the Cocoa Industry in West Africa

A history of exploitation

Anti-Slavery International 2004

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Introduction

When extensive child and slave labour was found on the cocoa farms of Côte d'Ivoire in late 2000, many British consumers were shocked. Chocolate companies, cocoa suppliers, and retailers searched for a way to address this serious problem. The way forward was unclear. The immediate reaction of some consumers was a decision to stop eating chocolate altogether or to call for a boycott of exports from Côte d'Ivoire. Yet it quickly became clear that a boycott might have disastrous results for both cocoa workers and Côte d'Ivoire as a whole. What was needed was more in-depth information of the conditions and extent of enslaved labour, of how cocoa from West Africa reaches the consumer, of what would be appropriate and reasoned responses to the problem.

In answer to this need and to provide information on the industry reaction and actions since, Anti-Slavery International has prepared this document – an in-depth analysis of how cocoa is produced and how child and slave labour enter its chain of production. It relates the history of cocoa and explores how this commodity fits within a global market. It also explains the events following the 'discovery' of slavery in cocoa farming, what actions have been and are being taken to remove slavery from the chocolate we eat. Drawing on a wide range of sources, it concludes with recommendations for consumers, the chocolate industry and governments on actions needed to address this serious problem.

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Cover: Cocoa workers in Côte d'Ivoire © True Vision

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Executive summary

In September 2000 a film was broadcast on Channel 4 television in the UK showing young Malian men working in conditions of slavery on cocoa farms in Côte d'Ivoire. Although there had been previous reports by international agencies and non-governmental organisations concerning the trafficking of people, particularly children, to work in exploitative conditions in Côte d'Ivoire, some of which mentioned the cocoa industry, this was the first time that any film of the issue had been seen. There was an immediate call by the public for action from the chocolate industry. The initial concern was reinforced by a series of further reports around Easter 2001, generating the most publicity for any issue of slavery that Anti-Slavery International has seen.

Since then the multinational cocoa/chocolate industry, governments from both cocoa producing and consuming countries and international agencies (International Labor Organisation/International Programme for the Elimination of Child Labour (ILO/IPEC), UNICEF, Interpol) have been working on possible solutions to the issues raised by the media investigations. This report puts the work that has been done into the context of both the development of the cocoa industry in West Africa and its markets in Europe and the USA and the information known to date concerning the labour conditions on farms in Côte d'Ivoire and elsewhere in West Africa. The report draws upon the experience of Anti-Slavery International and its partners in West Africa concerning the trafficking of people around the region and methods of protecting them from exploitation. It also benefits from the experience gained by Anti-Slavery International's sister organisation Free the Slaves, one of the NGOs closely involved with the development by the international cocoa industry of a protocol committing the industry to specific actions to end labour exploitation in West Africa.

The development of cocoa in West Africa has been linked to slavery and forced labour since the first commercial production in the late 19th century. Slaves were transported from Angola to the islands of São Tome and Principe to work on the new cocoa estates and, even though the large chocolate companies stopped buying from the islands in 1909, reports of forced labour continued to the 1950s. Similar cases of slavery and forced labour by both local chiefs and the colonial powers were widely reported on plantations in Fernando P , Côte d'Ivoire, Liberia and Cameroon, up to the Second World War. In Ghana the industry developed on a small local scale and so the problems of the use of migrant forced labour were avoided. It also became clear during this period that cocoa adapted better to traditional African smallholding methods of agriculture and, in the rapid development of the industry after the Second World War, the rest of region moved away from large plantations. This was particularly true of Côte d'Ivoire, which became the world's largest producer.

During the last 40 years the development of the cocoa industry in West Africa has been marked by changes in the marketing and export structure of the industry and the rate of this change has varied markedly across the region. Large variations in the world market price during the period from 1950 to 1980 led to linked changes in the rate of farm development and in the investment put into important issues such as pest control, the use of fertilisers and the development of higher yielding species. In the 1980s, and more markedly in the 1990s, these price changes were also linked to the demands for economic liberalisation led by the International Monetary Fund (IMF) and the World Bank. Except in Ghana, Governments in the region abolished the marketing boards set up to purchase the cocoa from farmers at a set price and to distribute and sell it on the world market. This left small farmers directly at the mercy of world market prices. At the same time the cocoa futures market, originally set up so large chocolate companies could guarantee their input prices for a season, has become an important commodities market where most of the trading is carried out purely for speculation. The result has seen larger and more rapid price movements, which are extremely difficult for the small farmers to bear.

The need to find ways of helping small farmers cope with the damaging effects of globalisation was one of the main driving forces behind the fair trade movement. Although now well developed, it has only achieved a small, albeit increasing, share of the world market for chocolate. Currently one of its main roles must be to influence public opinion and demonstrate to the industry working methods that can protect small farmers. Fair trade's working methods also have the clear advantage of linking the chocolate manufacturer directly to the cocoa growers, allowing messages about working practices and labour rights to be more easily discussed and monitored. The close links between the fair trade movement and its suppliers also allows the farmers to be involved in such discussions and to ensure that demands for ethical standards do not actually harm those they set out to protect.

Work carried out in preparing this report has shown that, although there is wide agreement on the existence of various forms of illegal labour on cocoa farms in Côte d'Ivoire and probably elsewhere in West Africa, there is still a lack of data on the labour used on cocoa farms and the working conditions. The chocolate industry, USAID and the ILO began to research this at the end of 2001, but the results published in July 2002 did not really provide the detailed information expected. Despite the increased international attention to the region and to the labour conditions in particular, well attested reports continue to appear from both NGO and press sources showing that illegal labour is still being used in Côte d'Ivoire. In addition, it is evident that neither the Côte d'Ivoire Government nor the chocolate industry has paid sufficient attention to informing farmers of the legislation applying to labour conditions in the industry and their intentions that that these are actually applied to all workers, both permanent and contract.

This report shows that prior to the publicity and consequent public concern about labour conditions on cocoa farms in Côte d'Ivoire, the industry had not considered its responsibilities towards the people producing the cocoa used in its products. Following the publicity the industry has worked hard to seek solutions to the issues raised and has established links with trade unions, NGOs and governments. It is difficult to judge the success of the moves made by the industry at this stage, but Anti-Slavery International believes that the type of approach used is preferable to calls for immediate boycotts or similar action. However, we are concerned by the lack of involvement of the farmers themselves in discussions about the issue and also that not enough account has been taken of the links between labour exploitation and trafficking in the cocoa sector and the whole issue of labour migration, trafficking and exploitation across the region. The danger of an isolated approach is that children and young men will simply be displaced from cocoa farms to other abusive and exploitative work. We are also worried by the industry's seeming concentration on child labour rather than a commitment to end all forms of forced labour.

The serious decline in prices received by cocoa farmers in the region for their production over the past 20 years may also be a factor. Although a definite link between the price fall and labour abuse cannot be demonstrated, it is evident that labour costs are the main expenses borne by the farmers and the only one over which they have any direct control. Normally this means squeezing their own incomes, but they will almost certainly seek to reduce the costs of any permanent or contract/temporary labour. Anti-Slavery International believes that for this reason the chocolate and cocoa industry must also seek to find long term methods of guaranteeing the prices paid to small farmers for their cocoa beans and to break the direct link with the commodity market. This can be done by adopting the fair trade principles or something similar or by the use of effective marketing boards. The problems experienced by the small farmers over the past 20 years demonstrate the dangers of a literal application of trade liberalisation.

1. History of commercial cocoa cultivation

The cocoa tree, *Theobroma cacao,* originated in South America, and its beans consumed as a drink by the Mayans and Aztecs. It was introduced to Spain by Hernan Cortés in 1528. After the addition of sugar, the drink became popular and Spain set up cocoa plantations in its West Indies colonies to meet demand. In the late 17th century, as cocoa drinking spread across Europe, French, English, and Dutch plantations were also established in the West Indies and South America. As with other colonial plantations in the 'New World', the production in these plantations used slaves from West Africa. In 1828, Conrad J. van Houten invented the cocoa press to extract cocoa powder from cocoa butter, and the first chocolate bar was created in the mid 19th century. These developments made chocolate affordable for the mass-market and demand for cocoa increased.

Although there were attempts at introducing cocoa into Africa much earlier, it was only in the late 19th century that production began on any significant scale. The first large-scale production was in the 1880s from Portuguese plantations on the islands of São Tomé and Principe.[1] These plantations became notorious for using workers who were slaves in all but name, despite slavery having been officially abolished in 1875. Between 1888 and 1908 over 67,000 people from the African mainland were shipped to the two islands, mostly from Angola.[2] In 1905 William Cadbury, concerned about reports of slavery, joined with Frys, Rowntrees and the Stollwerck chocolate firm of Cologne, and together sent Dr. Joseph Burtt to investigate conditions on the islands and in Angola. Burtt reported that Angolan people were taken to the islands "against their will, and often under conditions of great cruelty", and that it was almost unknown for them to return to their homeland. Death rates were extremely high, an average 11per cent per year for adults for those estates on Principe.[3]

In 1909 the four companies announced that they would boycott cocoa from São Tomé and Principe in future, but forced labour in the Portuguese colonies continued. In 1955, Gunter wrote that "some unlucky Africans…are deported to São Tomé and Principe, which have pronounced labour shortages. Here they do forced or directed labour on the cocoa fields in circumstances barely distinguishable from slavery".[4]

The Spanish island of Fernando P (Bioko), off the coast of Cameroon was also one of the earliest cocoa-producing colonies in Africa. Production by Europeans and Creoles took off in the 1880s and 1890s, largely triggered by the sharp downturn in prices for palm oil. Until the League of Nations intervened in the late 1920s, both Creoles and Europeans used servile and semi-servile labour on their plantations.[5] These labourers were imported from Sierra Leone, Liberia, and the islands of São Tomé and Principe.

In contrast, the expansion of cocoa production in Ghana is a success story of African smallholder farming. Although there were European cocoa plantations as early as 1890, these were unsuccessful over the long run, with the last only just surviving into the 1940s. The higher profitability of African farms is often explained by their access to family labour, but may in fact be due to less labour-intensive African methods (much criticised at the time).[6] Cocoa is especially suitable for smallholder farming because it can be mixed with traditional food crops.

The first successful introduction of cocoa is attributed to a Ghanaian, Tetteh Quarshie, bringing pods back from Fernando P in 1876. The popularity of cocoa among farmers can be partly attributed to the fall in prices for other commodities at the time. Between 1894 and 1908 a Ghanaian farmer could earn around ten times more from cocoa than palm oil.[7] From 1886 the authorities also encouraged cocoa cultivation, providing some support including seed and training.[8] Exports began in 1891 and within 20 years Ghana was the world's largest producer, exporting nearly 40,000 tonnes (t). The harvest rose further to over 200,000t in 1923, and 311,000t in 1936, a record that was unbroken until after independence.

The availability of forested land was important, as throughout the colonial period growth in cocoa production was achieved by increasing the area cultivated rather than by improving yields. The first farms were in the Eastern Province, with initial expansion into the Ashanti region. From the late 1930s, when swollen shoot virus and ageing trees began to be a problem in older areas, the cocoa frontier moved westwards, following timber prospectors, into Brong-Ahafo, Central and Western regions. As a general rule, planting on freshly cleared forest land, with fertile soil and a low incidence of pests and diseases, is much more profitable than using land previously planted with cocoa or other crops. Therefore, in the history of cocoa, expansion in production on new frontiers is often followed by decline in the long-term.[9]

Early cocoa production in Nigeria was encouraged by the Christian Mission, the African Church, and the Coker family. It began in the Western Region and later spread to the south west.[10]

In Cameroon, the *Duala* elite set up cocoa plantations from the 1890s, using the wealth they had gained from their monopoly of pre-colonial trade. This was largely without the knowledge of the German colonists who also grew cocoa on some of their plantations.[11] Slave labour was important on *Duala* plantations, along with wage labour and multiple wives. The conditions for these slaves were believed to be much better than those for Africans working as forced labour on German plantations. Slaves could cultivate their own plots in their free time, and could combine to exert pressure on their master. However, despite this better system they had little control over their own lives, e.g. a family member could be given away in payment of a debt.

Although the German authorities made little attempt to stop *Duala* slave ownership, towards the end of their rule it was gradually replaced by wage labour.[12] After the First World War, the French took over Cameroon and promoted the *Duala* plantations, but in the 1930s depression they became unprofitable because of the amount of labour needed to maintain them.[13] From 1914 onwards cocoa in Cameroon was produced mainly by African smallholders, the most important region being the south central cocoa belt. An exception was the plantations set up by *Beti* chiefs using forced labour, but the practice was abolished formally by the French in the 1930s. Freed from these obligations, production of cocoa from small family based plots increased. In the 1930s depression there was also a further switch to cocoa from oil palm as the former was more profitable.[14]

Falling prices of oil palm and wild rubber also encouraged cocoa cultivation among people in the forest regions of Côte d'Ivoire. The *Kru* people on the southwest border between Côte d'Ivoire and Liberia began cultivating cocoa and coffee by the 1890s, and cocoa production began in the south east in the 1900s. Production by the *Kru* ended for various reasons including disruption caused by demands for forced labour by the French colonial authorities.[15] The French attempted to make the planting of cocoa obligatory, but it was not popular with farmers.

During the 1920s the depreciation of the franc increased the profitability of export crops, including cocoa, and production in the south east increased. There was abundant forest-land, and extra labour was provided by *Baoulé* from central Côte d'Ivoire and *Bété* from the south western forests. These migrated to cocoa pioneer areas in the south east to avoid forced labour and a harsher colonial regime at home. The benefits of production were often divided between landowner and labourer in an *Abusa* contract (sharecropping), where the migrant worker kept one-third of the crop, giving the rest to the landowner. The French authorities encouraged migration of the *Mossi* people from Burkina Faso to work on their plantations, and from the 1930s they swelled the labour force for cocoa cultivation, finding it preferable to working for Europeans. In a change to the social structure, young people often started new cocoa farms, whereas in the past they would have worked on their parents' farms.[16]

In 1946, forced labour, used by the French in their colonies for building infrastructure, etc., was abolished. This helped cocoa production increase further in Côte d'Ivoire and Cameroon. In Côte d'Ivoire, with newly increased freedom of movement for Africans, a cocoa pioneer front moved westwards across the forested area, encouraged by high world commodity prices in the 1950s. After independence in 1960 forest reserves were opened, and further expansion of cocoa production strongly encouraged by the government. This was aided by plentiful migrant labour from Mali and Burkina Faso. In 1977 Côte d'Ivoire overtook Ghana as the world's largest producer (see graphs). Production has continued to increase dramatically by expanding the area under cocoa. In the 1980s, under international pressure to protect the remnants of Côte d'Ivoire's forests, the government prohibited settlement in the remaining forest reserves.[17] The policy of encouraging expansion of cocoa cultivation was officially reversed in 1988.[18] This seems to have had little effect on production, but the expansion in area does seem to be slowing now.

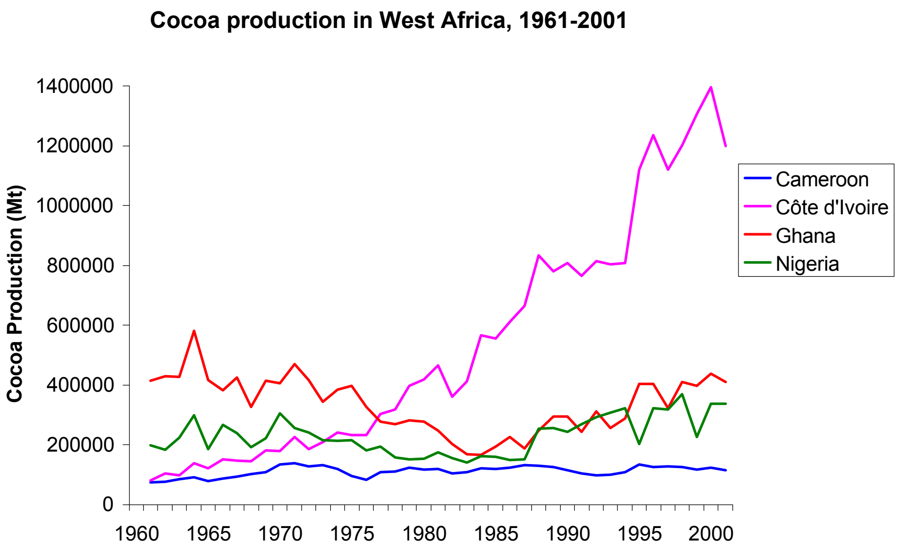
High world prices for cocoa in the 1950s also encouraged increased production in Ghana, and were the basis of ambitious plans for the country's development upon independence. World prices fell between 1960 and 1965, reducing the government's revenue, and the farmers' share of the world price, determined by the Ghanaian Cocoa Marketing Board, also decreased. Farmers responded to the fall in prices by reducing both the extent of new planting and investment in existing plots. Even during the boom in the late-1970s the real price received by farmers remained low, due to government price fixing and currency overvaluation (effectively another tax on farmers). The low productivity of old trees, often neglected, was exacerbated by drought and bushfires. By 1983, production had fallen to less than 170,000t, having averaged over 450,000t in the 1960s.[19]

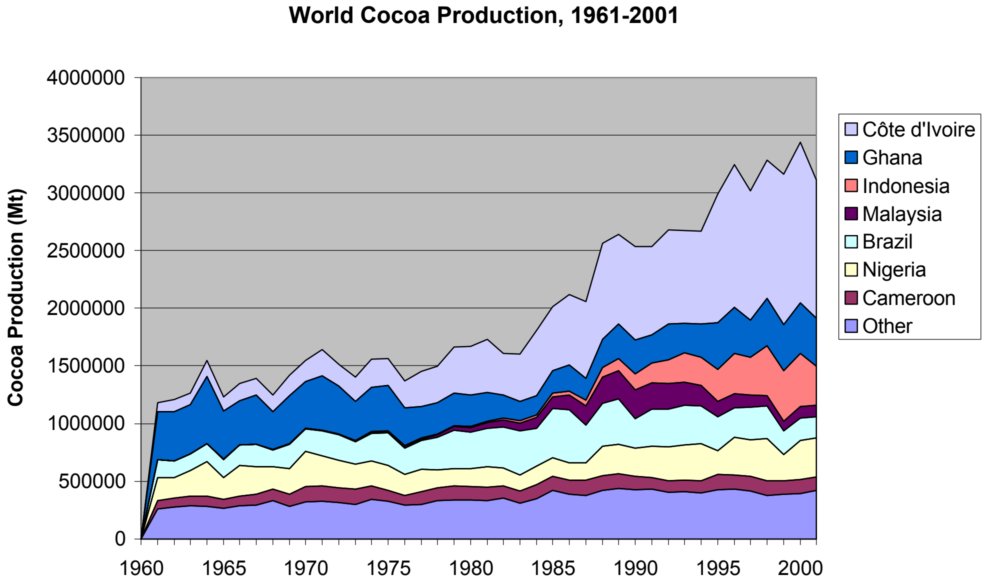
Another factor reducing official production figures in Ghana was that many people took advantage of higher prices in Côte d'Ivoire to sell cocoa across the border. Smuggling has always been common when there is a significant price differential in either direction. For example an estimated eight to ten per cent of Ghana's harvest was sold in Côte d'Ivoire and Togo in the early 1960s.[20] In the late 1980s international pressure was put on Ghana to raise producer prices. Since then production has recovered to levels approaching those of the 1960s, although with increased production elsewhere its share of the world market has been greatly reduced.

In Nigeria the 1970s oil boom led to massive rural-urban migration. Real producer prices were low until 1986/7 when marketing was liberalised.[21] Falling production recovered sharply from 1988 (see graphs).

A significant development for producers in West Africa has been the expansion of cocoa production in other parts of the world, notably Indonesia and Malaysia. Indonesian farmers benefited from a national expansion programme, where government grants were Dould Page 8 21/06/04made available to buy land, high yielding varieties, and technology imported from Malaysia. These factors led to high production from both small farms and plantations.[22] Production in Brazil, another major producer, has been decreasing since the mid 1980s, due to the impact of disease. Central and South America now produce around 15 per cent of the world's cocoa. [23]

A possible candidate for future expansion of cocoa cultivation is Vietnam, encouraged by the World Bank and others as a way of increasing its hard currency exports.





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2. Farming methods in the production of cocoa

The cocoa tree requires hot moist conditions, with soil moisture being particularly vital, and most cocoa is grown within eight degrees of the equator. The young cocoa plant needs shade, often provided by crops such as bananas and plantains. In West Africa planting in thinned forest is the most common method. The plant is susceptible to pests and diseases and for this reason there has been a tendency to open up new areas of forest to the industry, where the benefits of fertile soil and the lack of build up of pests and diseases offer significant advantages to planting on land previously used for cocoa or other crops. Cocoa is very suitable for adoption as part of a mixed cropping system with food crops, especially those that provide shade to the young plant, and so can be adopted with minimal disruption to traditional systems. Considerable labour is needed to clear forest for planting; subsequently only weeding is required before the trees are crop bearing. The main harvest is October to January with a secondary one in May-August. Spraying may be employed against pests.

Trees grow to between 12 and 15 metres high, begin to yield fruit after three years and are fully productive at five. They continue to produce for at least another 20 years, although lack of inputs, in particular weeding, can considerably reduce yields. The tiny blossoms are so intricate that insects have difficulty finding their way inside to fertilise the pollen. Because it is so difficult reach the flowers' stamen, out of the 10,000 blossoms produced by each tree, only 20 to 30 are pollinated and become cocoa pods. Each pod contains about 40 seeds that become cocoa beans. It takes one tree's entire crop for a year to make three large bars of chocolate.

The early popularity of cocoa as a crop stemmed from the fact that anyone endowed with muscles and patience could start a plantation by partially clearing a few hectares of virgin forest and introducing young plants. It is only 30 years later that problems arise, earlier if a plantation has not been properly maintained. On depleted soils, pests and disease attack aged plants, and the yields fall. Ageing cocoa plants are a serious problem throughout the region, including Côte d'Ivoire and Ghana; which between them account for more than half the world's output. In addition, a gradual reduction in rainfall since 1950 has encouraged attacks by pests (*mirids*), which cause young cocoa pods to wither.

In most of West Africa these factors mean that cocoa production has been associated with a continuous deforestation of virgin tropical forests. The mechanism is simple. A farmer cuts trees in a primary forest area, removes the stumps and plants cocoa. After four years the cocoa shrubs mature and until about 18 years after planting production increases annually. The yields begin gradually to decline due to exhaustion of soil nutrients, erosion and increasing occurrence of pests and plant diseases. Some 20 to 30 years after planting, the farmer is confronted with a major investment decision, either he invests in uprooting, replanting, soil improvement and future pest abatement or he moves to a fresh forest area. In sparsely populated regions it is simpler to shift the agricultural frontier further into forest areas. For small farmers the replanting option is often more expensive in terms of capital requirements, crop risks and labour and commercial inputs, such as herbicides, pesticides and fertilisers. In this way cocoa cultivation has steadily crept across the map of West Africa. During the last decade Côte d'Ivoire had an annual deforestation rate of 7.6 per cent of its closed forest area. This means that the area of forest has been more than halved in ten years.

Similar effects of cocoa production have also been seen in other countries. Cocoa farms are increasingly encroaching on valuable rainforest ecosystems and tropical dry forest areas, causing erosion and, sometimes, irreversible losses of ecosystems and biodiversity. Reversal of this practice requires public authorities to intervene. Imposing adoption of different farming methods upon small farmers would lower their income, diminish production if they act rationally, and would eventually lead to a lower export level for the country involved. Many developing countries cannot afford this to happen given their dependence on cocoa exports as a source of foreign exchange. Subsidies on replanting in order to scale down new planting could be the right approach and could also improve supply management. However, existing public deficits in many developing countries, and in West Africa in particular, are so high that governments would find it difficult to afford subsidies for preferred production methods, even if allowed under world trading rules. Unless importing countries are willing to pay a higher price for their cocoa, the forest depletion is likely to continue with its resultant environmental impacts, both locally and internationally.

Harvesting is labour intensive. The farmers cut the pods from the trees, which has to be done carefully in order to avoid damaging the rest of the tree. The pods are then split open with huge sharp bladed knives and the slimy pulp containing the beans is scraped out. Again this needs to be done precisely in order not to damage the beans. Attempts to mechanise the process failed because the cutting systems often damage the cocoa beans. Once harvested, the beans undergo a two-stage process to prepare them for sale: fermentation and drying. These processes begin the transition from bitter cocoa bean to the traditional chocolate taste.

Fermentation is a vital step in developing the cocoa bean's “aromatics”. They are heaped up on dark green plantain leaves and these are wrapped around the beans. The "parcels" are left in the heat for five to eight days to ferment. The fleshy pulp that holds the beans inside the pod is crucial to the development of the cocoa flavour and contains the sugars, acids and yeasts that catalyse the fermentation process.

The beans are dried to reduce the water content from around 60 per cent to 7.5 per cent. In Ghana raised bamboo mats are generally used, while in Côte d’Ivoire the beans are often dried on concrete. This has the disadvantage that the beans may dry too quickly and they are more easily subject to contamination. Also, in the event of rain, bamboo mats can be moved, or at least the rain will pass through them. Drying takes about five to 12 days in all, and during this time the beans must be sorted and turned so they dry evenly.

The care taken over these stages by the farmer is an important factor in the end quality of the cocoa, and the price it will fetch on local and international markets. The correct timing of harvesting is important, but fermentation and drying of the beans are most important in determining flavour and storage qualities.

A common problem in West Africa is the age of the tree stock. At 18-20 years production begins to decline. For example in Nigeria and Cameroon, the proportion of trees/farms over 30 years old is estimated at more than 60 per cent and 50 per cent respectively. The trees are generally younger in Côte d'Ivoire, where the proportion over 25 years is only 23 per cent. In Ghana many of the farms are approaching 50 years old and so the average age of the trees is correspondingly high. The effect of these average ages can be seen in the following table.

Yields and Returns

COUNTRY	ESTIMATED AVERAGE YIELD/HECTARE (ha) IN THE FIVE YEARS TO 2000[1]
Côte d'Ivoire	565 (450 for small farms)
Ghana	300
Cameroon	331
Nigeria	386

Therefore, a farmer owning two hectares in Côte d'Ivoire would produce 1130kg of cocoa beans. During the 1999/00 main season farmer prices averaged 300 FCFA/kg and so the farmer's total earnings from cocoa would be 339,000 FCFA (£331). During the 2001/2 season prices rose to 600 F CFA and hence the annual earnings would have been 678,000 FCFA (£661). This demonstrates clearly the huge swings in income resulting from global market pricing and the low incomes of the farmers generally.

Similarly a farmer owning two hectares in Ghana would produce 600kg and farmer prices were 2250cedis/kg in the same period. Hence the total earnings from cocoa would be 1,350,000 cedis (£107). For comparison the price of a litre of a common insecticide in the same period was 35,000 cedis (£2.76).

In February 2000 the official published production costs for Ivorian farmers ranged between 194 and 266 FCFA/kg for traditional production depending on whether the farmer was paying labour costs of between 800 FCFA and 1,200 FCFA per day[2]. For modern production, using hybrid seeds and inputs, production costs ranged between 224 and 285 FCFA/kg with labour costs between 800 and 1,200 FCFA per day. Modern hybrid trees produce up to 900 kilos per hectare per year, compared with 400 kilos from traditional methods, but the hybrids require more cash for spraying and fertiliser.

The most severe problem faced by cocoa farmers is pest and disease control. At a global level, yield losses due to disease are estimated at about 30 per cent[3]. In West Africa, it ranges from 10 to 80 per cent (10 to 30 per cent in Côte d'Ivoire, 30 to 50 per cent in Ghana and 50 to 80 per cent in Cameroon. However, the low prices paid to the growers, coupled with increases in the costs of pesticides following the international imposition of market deregulation, has led the growers to reduce their use of pesticides. It is reported that in the last few years only 0.3 per cent and 1.8 per cent of farmers in Ghana and Côte d'Ivoire[4], respectively, sprayed their farms against cocoa capsids four times a year as recommended. The majority of farmers spray their farms only once or twice a year, whilst 49.8 per cent and 33.8 per cent in Ghana and Côte d'Ivoire, respectively, do not spray their farms at all. In Ghana, the situation has worsened since 1996/97 when subsidies on cocoa pesticides and spraying machines were withdrawn, resulting in an increase of almost 600 per cent in the price of miridicides and almost 300 per cent in the price of motorized knapsack spraying machines. Since the price increases, many farmers have been unable to spray their farms and this is likely to have reduced productivity. The picture has been similar for the control of other diseases. The majority of farmers either do not spray their farms, or make only one or two applications instead of the recommended six to seven applications per year for black pod control, thus incurring heavy crop losses every year. Recently the Ghanaian Government reintroduced some state controlled and funded pesticide spraying, in order to ensure better disease control in the industry and to protect its reputation for high quality.

Weed control is also an important factor in farm productivity and there is evidence throughout the region that low prices for the cocoa have reduced weeding on the farms, presumably because of the extra labour costs involved. It was observed that only one-third of farmers, interviewed in a nation-wide survey in Ghana in 1991-1993, weeded their farms adequately (i.e. three to four times a year as recommended). Another constraint to Ghana’s cocoa production is the inability of growers to obtain adequate levels of necessary inputs. They tend to be available in the Ghanaian market, but they are not affordably priced. The Government removed its input subsidies about four years ago following the restructuring of the cocoa sector as suggested by the World Bank. This has been associated with a sharp run-up in input price levels. For example, a one litre container of a common insecticide used in spraying, which used to cost 10,000 cedis (£0.79), now costs about 35,000 cedis (£2.76).

Chemicals are available on the market in Nigeria, but cash-strapped farmers find them costly and largely unaffordable. In Cameroon the distribution of fungicides and insecticides by the state agents of the Societé de Developpement du Cacao (SODECAO) ended in 1992.

Size and Type of Farms

Major Producing Country	Cocoa Production (three year average to 1997/98) in tonnes	Estimated Number of Farmers (1997/98)	Estimated Area Under Cocoa Cultivation (Hectares)	Average Size of Farm (Hectares)
Brazil	195,000	35,000	702,000	20.06
Cameroon	129,000	400,000	427,000	1.07
Côte d'Ivoire	1,140,000	900,000	2,176,000	2.42 (3.5 other data)
Ecuador	80,000	55,000	263,000	4.78
Ghana	379,000	800,000	1,268,000	1.59 (3.46 other data)
Indonesia	312,000	400,000	421,000	1.05

Malaysia	**95,000**	**60,000**	**209,000**	**3.48**
Nigeria	**160,000**	**300,000**	**445,000**	**1.48**

The Federation of Cocoa Commerce Ltd.

There are three main types of cocoa farmer in West Africa[5]:

Farmers, who cultivate their own land. Most farmers who own and cultivate their own land integrate cocoa production with other farming activities. This is a common method of cocoa production in most of the well established producing areas.

Sharecroppers, who cultivate someone else's land in return for a share of the yield. Sharecroppers typically divide the crop with the landowner in a ratio of 1:2 (*abusa*) or less frequently 1:1 (*abuna*). Such systems have existed for a long time but are common in the newly cultivated areas, particularly in Côte d'Ivoire. In Côte d'Ivoire many of the sharecroppers are migrants from Mali or Burkina Faso. Because the sharecroppers receive less of the return from their production, their income is rarely sufficient to pay for labour, so they tend to use family labour or other cheaper methods. However, yields on sharecropper farms are typically higher than on the others.

Farm managers who manage farms and are paid a wage, fee or a future share in the farm. They are common on farms under development, before commercial production starts. But some small farmers also take on farm management for larger owners in addition to their own farms. The same problems with paying for hired labour tend to apply as in the case of sharecroppers.

Farm labour

Country	Total no. of workers (million)[6]
Cameroon	**1.60**
Côte d'Ivoire	**3.60**
Ghana	**3.20**
Nigeria	**1.20**

In both Ghana and Côte d'Ivoire migrants have played a special role in the development of the cocoa industry. It is estimated that about 50 per cent of growers in Côte d'Ivoire and 30 per cent in Ghana are migrants, mainly from Mali and Burkina Faso. These migrants have been especially involved in opening up new areas to production as they are much more flexible than local growers.

The types of labour found in West African cocoa production can be summarised[7]:

- Growers' own labour
- Labour of the grower's direct family
- Labour of the grower's extended family
- Daily waged labour
- Annual and other long-term contract labour
- Illegal labour (forced labour, slave labour, illegal child labour)

The majority of cocoa farmers in West Africa are smallholders, with 22 per cent of cocoa produced on farms of less than two hectares, 65 per cent on farms of between two and ten hectares and only 12 per cent on plantations of more than ten hectares. It is difficult to be clear about labour requirements, but farms of less than two hectares will be almost entirely family run and some of those in the lower end of the two to ten hectares will also be entirely family run. As a result of the significant movement in the 1980s and 1990s from rural to urban areas in the region, of mainly young people, the average age of most cocoa growers is quite old. This may have led to an increasing use of paid labour on the farms and increased use of share cropping arrangements. The average cocoa grower in Ghana is over 55 years old, and average ages are increasing in the other West African countries.

Co-operatives

The low production of cocoa by most growers and farmers in West Africa reduces their negotiating strength in the market. It also improves their access to information about the market and issues such as quality premiums. This leaves them at the mercy of independent traders or other large buyers of their cocoa. One method of improving their situation is the formation of co-operatives or other joint marketing ventures.

Four years ago the International Cocoa Organisation (ICCO) established a project to improve the functioning of cocoa markets. The specific objectives are: to improve the quality of exported cocoa; to facilitate financing of the trade; to provide market information; and to address trade and price risks. The project intends to achieve its objectives through technical assistance, training and practical implementation of new systems. Initially it is under trial through pilot projects in Côte d'Ivoire, Cameroon and Nigeria. The project components are:

- promotion of a privately run warehousing systems;
- development of cocoa marketing information systems;
- development of quality assurance and certification systems;
- development of systems of commodity trade finance;
- project implementation and co-ordination, at local level;
- project execution; staff training; and dissemination of project results.

After the liberalisation of the cocoa market in 1999, the Côte d'Ivoire Government announced its aim to help organise farmers into co-operatives capable of storing produce properly and negotiating directly with exporters. Hundreds of GVCs (*Groupement de Vocation Cooperative*) were created, but most are not operational, often because they do not have enough members and lack equipment and funds. Only in five locations - Divo, Gagnoa, Soubre, Oume and Adzope - are farmers more or less organised into GVCs that have minimum facilities. Most of these groups are gradually registering under the new co-operative law, which seeks to make them run as business entities and improve their credit worthiness with financial institutions. However, given the wholly insufficient government guarantee fund, about 6 – 10 billion F CFA (£5.8-9.8 million), the future of most of the co-operatives is precarious and to date they appear to have sold very little cocoa. The main problem is that the GVCs currently do not really offer any advantages to the growers; they do not have the funds to buy lorries to deliver product to the large buyers and unlike the local traders they do not pay the growers until they have themselves been paid. Hence, even though the eventual price received by the grower from the GVC would be higher, most growers prefer to take the cash up front. In the 2001 marketing year, the Government authorized 44 exporters of which only four were co-operatives.

Under the ICCO project, SOCATENE (Société Cooperative Agro-industrielle de la Téné), was created in Côte d'Ivoire. The plant started operating in January 2001. Its objective is to regroup about 30,000 farmers and aims to produce 45,000t of cocoa per year in the near future. All benefits realized by the co-operative will be distributed to the farmers. The concept of SOCATENE is strongly supported by the authorities in Côte d'Ivoire and the Head of State personally inaugurated the conditioning plant in November 2000. However, to date there has been little sign of its operations internationally.

In Cameroon, the Société de Développement du Cacao (SODECAO) encouraged the formation of farmers' groups and carried out training in marketing. Around 1,500 were created during in 1992/3 of which 322 adopted group marketing. Some farmers' groups reportedly negotiated prices almost double those achieved by individual farmers[8]. However, when ICCO produced an inventory of the organisations of cocoa farmers, developed criteria for their selection for participation in the project and made recommendations accordingly, it emerged that farmers' organisations had virtually ceased to trade in cocoa. Some of the organisations, all unions, do still have a large number of members, on paper at least, but there is little sign of them in the market. During this inventory of the co-operatives in Cameroon, it was noted that the South-West Farmers Co-operative Union (SOWEFCU) constituted the largest co-operative entity in the country, comprising all of the south west region of the country. However, even this union has ceased to function effectively. SOCACEN (Société Agro-industrielle des Producteurs de Cacao du Centre Nord), was set up recently by the ICCO project in the Central Region. It aims to produce between 15,000 and 20,000t of cocoa per year.

In Nigeria, the Ife CMPU (Co-operative Multi-Purpose Union) is the most active cocoa co-operative in the country. A number of companies are interested in participating in the ICCO project, including collateral managers, cocoa traders/exporters, co-operatives, commercial banks and forwarders.

The situation in Ghana is dominated by the large co-operative Kuapa Kokoo, but two other groupings: Ghana Co-operative Marketing Association Ltd., and the United Farmers' Marketing Co. Ltd. are recognised as exporters.

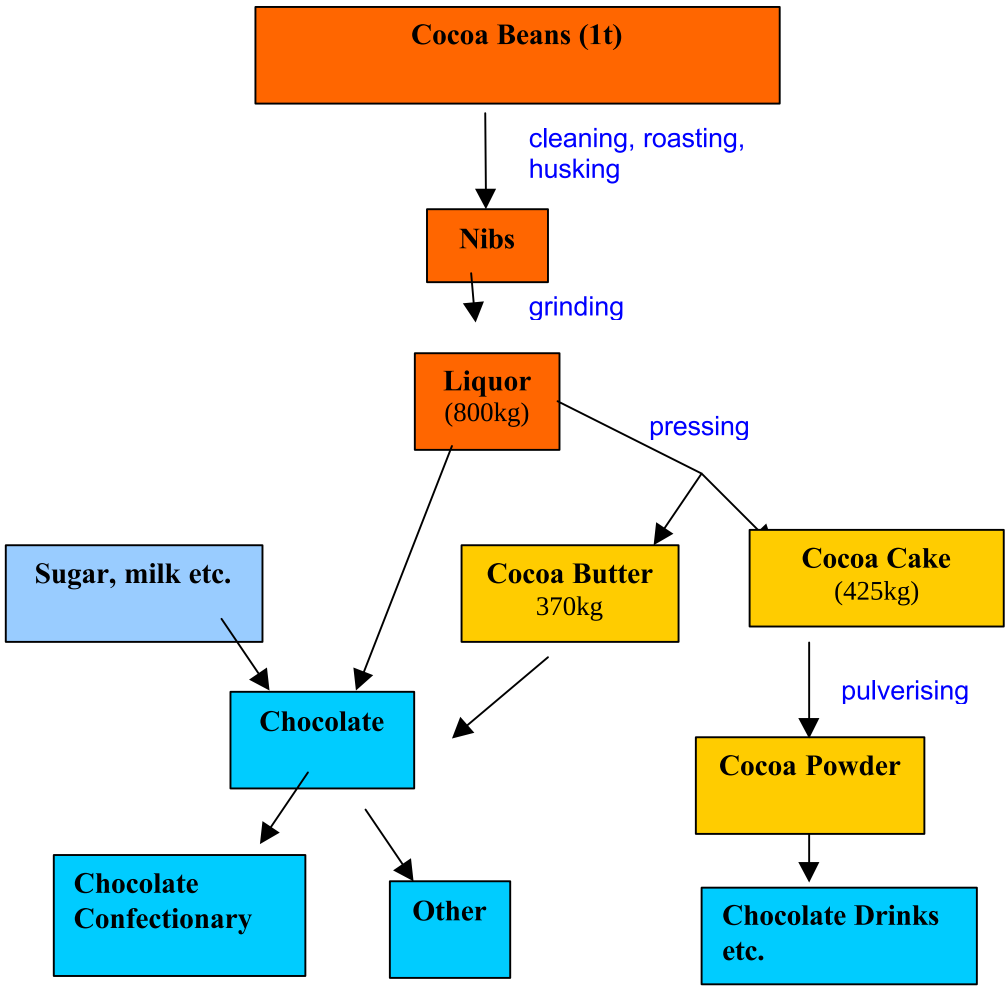
After the liberalisation of internal cocoa marketing in Ghana, some farmers led by Nana Abebrese, with help from Twin Ltd UK, established a cocoa farmers co-operative in 1993. This co-operative was called Kuapa Kokoo ('Good Farmers Cocoa' in the *Twi* dialect). Its purpose was to collect and sell members' cocoa to the government cocoa buying board for the members' own benefit. Over the years, Kuapa Kokoo has evolved into a formidable force as far as cocoa marketing in Ghana is concerned. Drawing its strength from a membership of more than 35,000 farmers from 937 societies and spanning five out of the six cocoa growing regions in Ghana, Kuapa Kokoo is now a composite organisation of five main units:

- Kuapa Kokoo Farmers Union. Made up of village societies that elect their representatives to the national union.
- Kuapa Kokoo Limited. The trading arm.
- Kuapa Kokoo Farmers Trust. Responsible for distributing the fair trade premium for community projects.
- Kuapa Kokoo Credit Union. Provides credit and banking services to the farmers.
- Day Chocolate Company. London based makers and sellers of Divine chocolate.

It operates on a democratic basis as a true co-operative and, in addition to buying from the farmers and selling to the Government Board, offers a full range of services to members from credit facilities to provision of advice on farming methods and provision of community facilities within villages. One of its main advantages is that it is trusted by its members in areas such as the weighing of the cocoa crop for sale, notorious for fraud by both state run buyers and independent traders.

Processing

After they have been harvested cocoa beans undergo various stages of processing before they become chocolate, other confectionery or various drinks. These are summarised in the diagram[9] below.



Adapted from Burger and Smit, 2000

There has been a steady increase in the level of grinding in West Africa and it is expected that in Côte d'Ivoire it will reach 24 per cent in 2002, but on average across West Africa it is still only around 15 per cent of production. The rest of the beans are mainly ground in the consuming countries, particularly in the Netherlands and the USA. In addition most of the grinding facilities in West Africa are owned by the large multinational traders, save in Ghana, and even here the first multinational owned plant opened in September 2001. The consequence of exporting most cocoa in unprocessed form is to reduce the level of employment in the industry in West Africa and to lower the overall income from cocoa exports.

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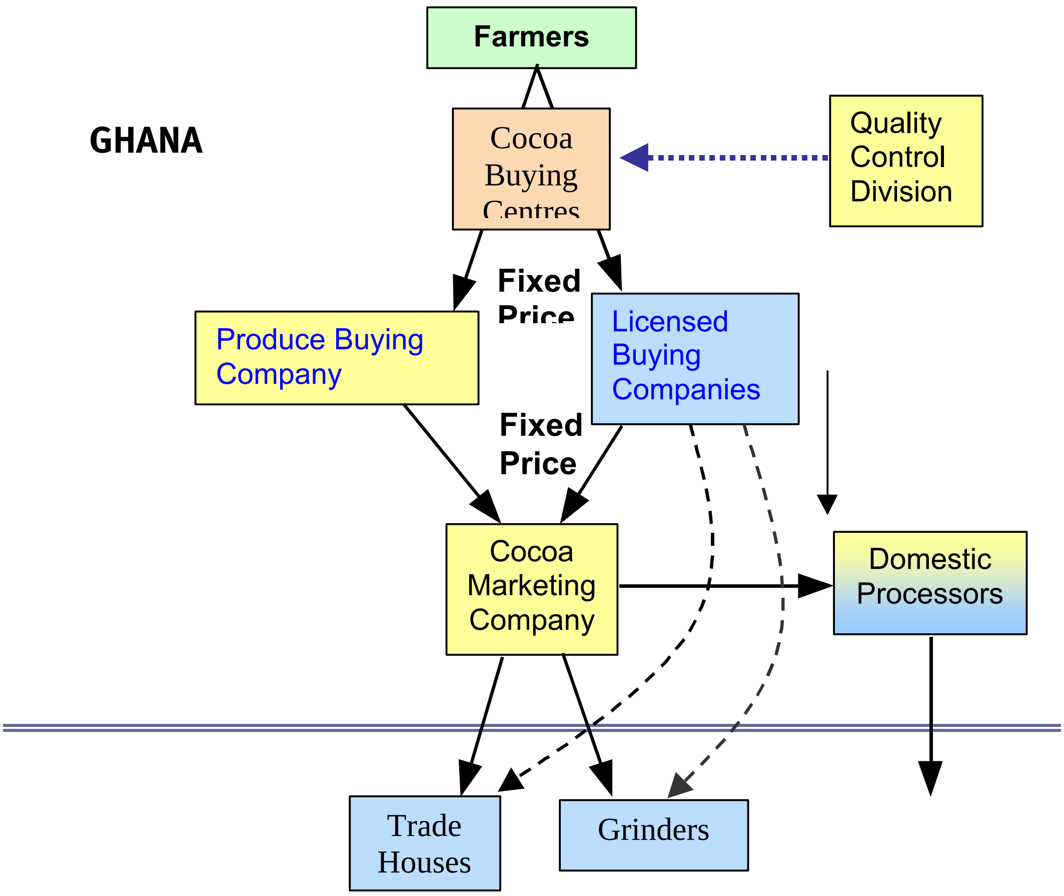
[1] ICCO estimates
[2] US attache report on Côte d'Ivoire cocoa. USDA, 7 February 2000
[3] Padwick, 1956
[4] Freud *et al.* (in press
[5] Working practices in cocoa in Côte d'Ivoire – A report for the BCCCA, January 2001
[6] www.icco.org
[7] Working practices in cocoa in Côte d'Ivoire – A report for the BCCCA, January 2001
[8] Shepherd and Farolfi, 1999
[9] Adapted from Burger and Smidt, 2000

3. Marketing structures in West Africa

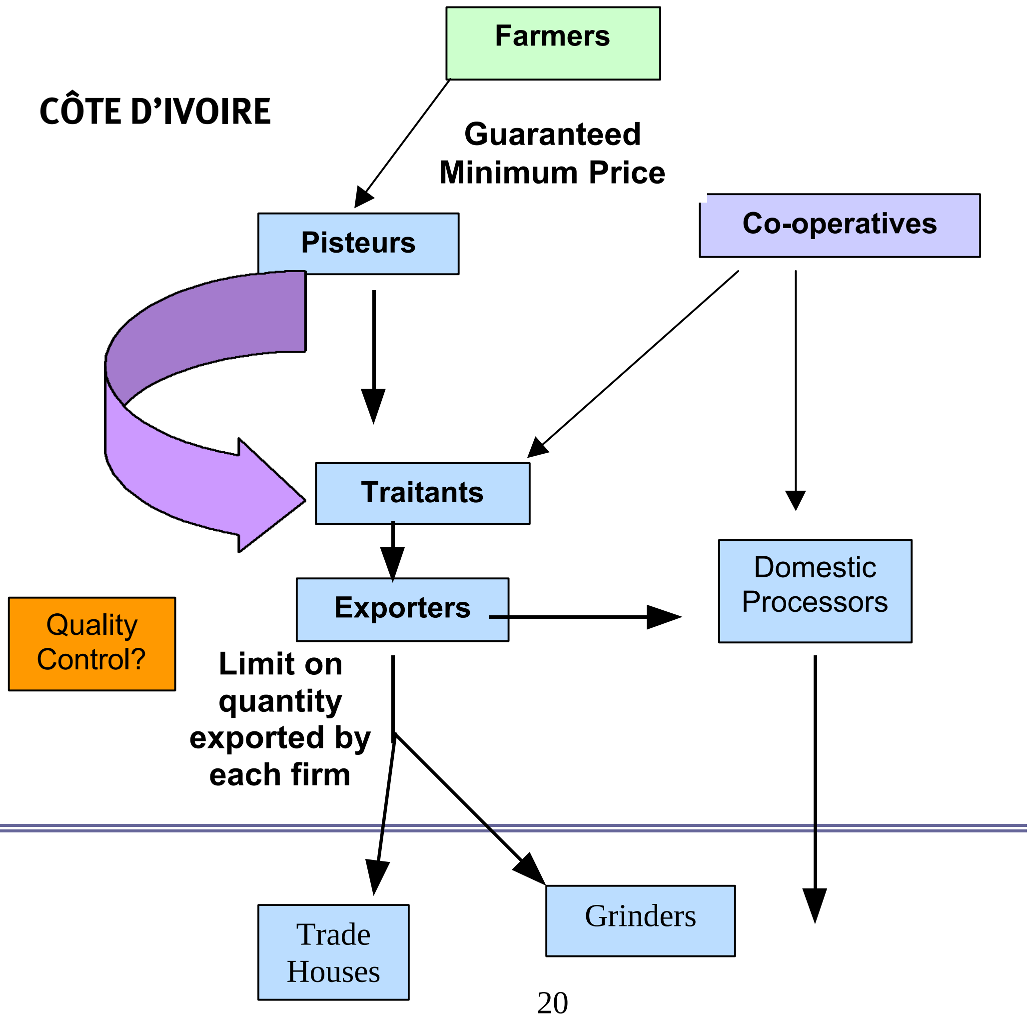
Ghana

1. Farmers take their cocoa to buying centres, operated by the Ghana Cocoa Board (Cocobod). Cocobod operates subsidiary organisations throughout the marketing chain, including the Produce Buying Company (PBC) and Cocoa Marketing Company (CMC).
2. The cocoa is weighed on certified scales. The PBC Quality Control Division then grades and seals it into export sacks.
3. Farmers are paid by Cocobod representatives or private buyers, who handle around a third of the crop (1996), in Cocobod cheques at a price fixed by Cocobod.
4. The cocoa is then taken to 'take-over points', such as Tema port, where it is sold to the CMC at a fixed price.
5. The CMC sells it to export companies, around 70 per cent having been pre-sold in forward sales.
6. The government is able to stabilise prices to farmers within a season.
7. A few licensed companies may be able to export up to 30 per cent of their crop directly, but according to the Day Chocolate Company this has not been put into operation yet.
8. Farmers may also sell their cocoa to co-operatives, notably Kuapa Kokoo, that sell to the government in the same way.



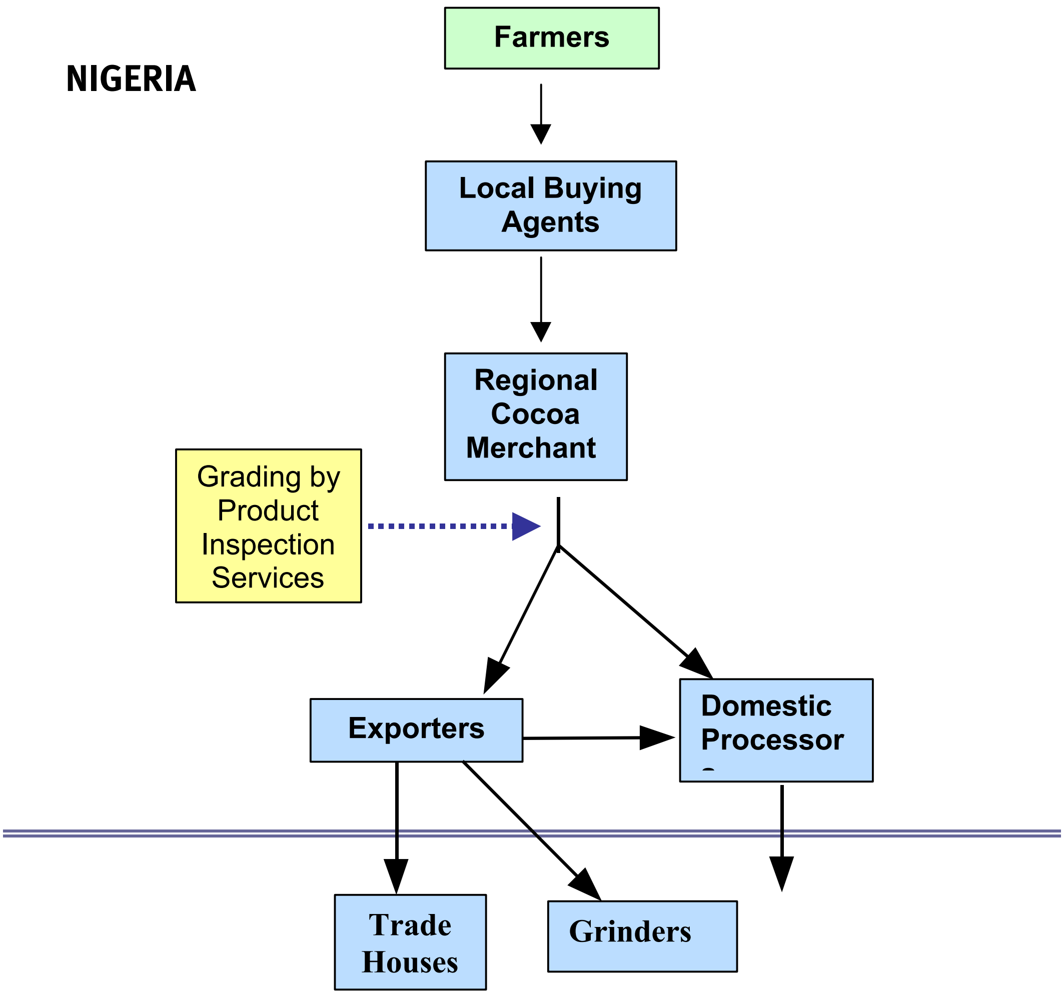
Côte d'Ivoire

1. Private itinerant buyers visit farms to collect cocoa. These buyers *(pisteurs* or *traitants*) work directly for, or under contract to, some of the large exporters.
2. They pay farmers in cash. A 'guaranteed minimum export price' is set by the BCC, but depending on demand buyers may pay farmers much more than this.
3. Cocoa is taken to collection centres in large towns where small *pisteurs* may sell it on to larger *traitants.* Alternatively it may be taken direct to export facilities at the ports.
4. It is taken the ports of Abidjan and San Pedro, and sold to exporters or local grinders.
5. Exporters having bought the cocoa may also sell it to local grinders.
6. Each exporter is only allowed to export a maximum total of 40,000t of cocoa beans bought up-country and 5,000t bought from other exporters.
7. The new system involves the refund of the loss in exports by the Board to exporters if prices fall and repayment of the gain by exporters to the board in case of price rise.
8. A proportion of farmers sell their cocoa to co-operatives who sell to *traitants* or directly to exporters or local grinders.
9. A government controlled stabilisation fund was established to stabilise prices each quarter, to start operating forward sales in 2002/3. Currently, the export tax of bulk cocoa is 160 F CFA/kg with further taxes and fees of 106 F CFA/kg. Under the new system, the BCC sets a minimum guarantee farm gate price at the beginning of each quarter. It also establishes prices for the collection and transport (the so-called *barême*) of cocoa and coffee from the bush to the ports of Abidjan and San Pedro.



Nigeria

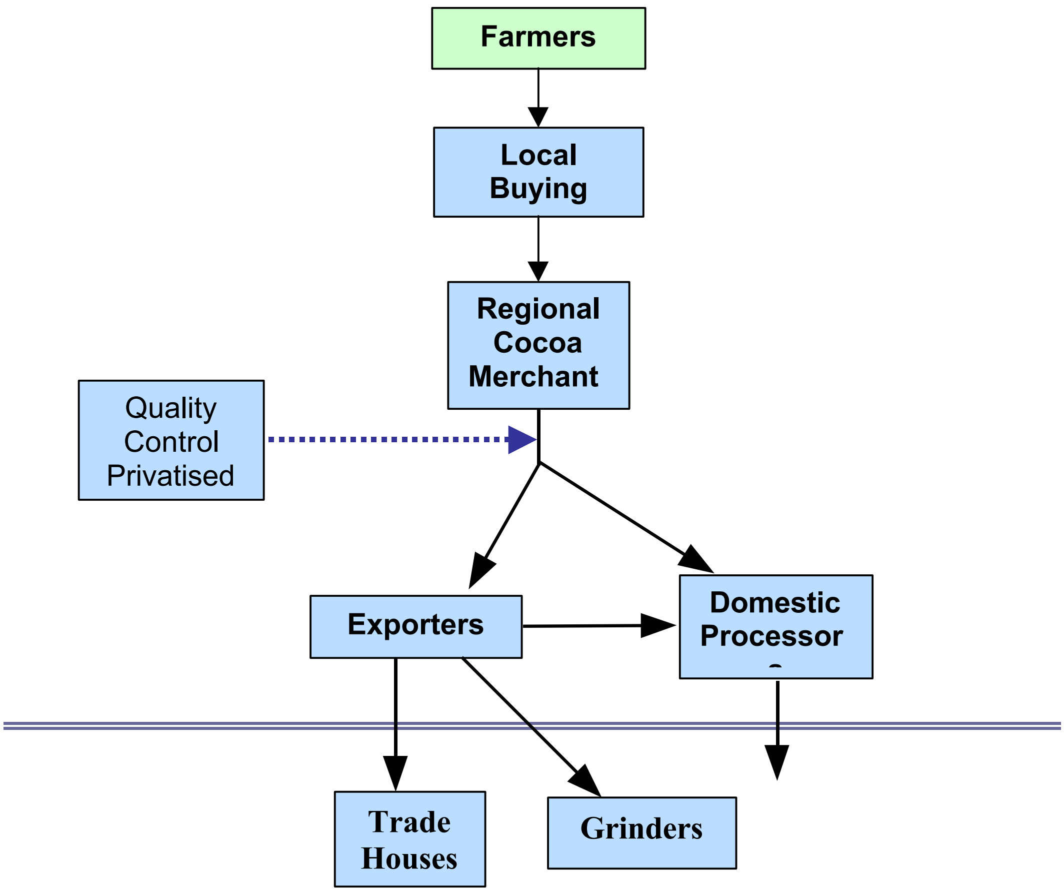
1. Farmers sell to local buying agents, typically funded by regional cocoa merchants (no price controls in the country).
2. The merchants deliver the beans to the state government produce inspection services for grading.
3. They then sell them to exporters or domestic processors.
4. Exporters may also sell to domestic processors or export the beans, selling them to trading houses or overseas grinders.
5. Export duties for cocoa do not exist in Nigeria, but there are grading fees, merchant registration fees, warehouse inspection fees and fees on the movement of cocoa, among others.



Cameroon

1. Farmers sell to domestic shippers (no price controls in the country).
2. These sell to exporters or domestic processors.
3. Exporters may also sell to domestic processors or export the beans, selling them to trading houses or overseas grinders.
4. Quality control is carried out by private local or multinational organisations: Société Générale de Surveillance (SGS), La Cordeler Cameroun SA and L'Observatoire Camerounais de la Qualite (OCQ) prior to export.
5. There are no direct export taxes on cocoa.

CAMEROON



4. Liberalisation and marketing structures

During the colonial period, governments controlled the cocoa market in most West African countries. After independence, governments often continued the marketing systems that they inherited from their former colonial rulers. In Ghana and Nigeria marketing boards followed on from structures set up by the British Government during the Second World War to control exports. In Côte d'Ivoire, the Caisse de Stabilisation et du Soutien des Prix des Produits Agricoles (Caistab) was created in 1964 following on from stabilisation funds for cocoa and coffee established by the French in 1955.[1]

In a marketing board system, cocoa is bought from the farmer by a government board or its purchasing arm, and is sold on to international trade houses and domestic processors. In contrast, a *caisse* system also acts to stabilise prices and costs for farmers and exporters through a stabilisation fund, but never takes ownership of the products it controls; purchasing of cocoa being carried out by private agents, licensed by the *caisse* marketing boards. They can control prices paid to farmers more effectively, since they act as the buyer, but both bodies control export prices. The structure in Cameroon before liberalisation was intermediate between these two models.

The main advantages of these systems were:

- protecting farmers from market fluctuations.
- Making it easier for the government to obtain revenue through export taxes.
- In the case of marketing boards, they were egalitarian, with all growers paid the same price for their crop.
- Marketing boards also often provided inputs to farmers on credit, recovering the cost from the price of the crop.
- More control over quality.

The main disadvantages were:

- the use of stabilisation funds for other purposes by governments.
- Bureaucratic inefficiency and corruption increasing marketing costs.
- Low farm-gate prices for the farmers resulting from these factors.

These disadvantages, along with the influence of the prevailing economic orthodoxy, led the World Bank and IMF to promote liberalisation of export crop marketing as part of structural adjustment programmes. Cocoa marketing systems were liberalized in Nigeria in 1986 and in Cameroon in 1991 and 1994. While in Nigeria, liberalisation occurred abruptly with little outside pressure. In Cameroon it was precipitated by falling world cocoa prices in the late 1980s. Although there were reforms in 1996, substantial liberalisation in Côte d'Ivoire did not occur until 1999, and this has now been partially reversed. Ghana is the only country where the state still controls cocoa marketing, through the Cocoa Marketing Board (Cocobod). Even in Ghana, private buyers are being allowed increased involvement.

In Ghana very limited liberalisation has occurred. In 1992/3 private firms were licensed to buy cocoa in addition to the Produce Buying Company (a subsidiary of Cocobod). They had to buy from the farmers at a fixed price and sell all the cocoa they bought to the PBC at a fixed price.[2] It was announced that from the 2000/01 crop season licensed buying companies would be allowed to export up to 30 per cent of their purchases directly, but according to local sources this has not yet come into effect. Cocobod still controls the majority of the harvest, and to reduce risk of being affected by falling world prices, it undertakes futures sales up to a year before the harvest. The prices obtained for these, along with forecasts of future prices, are the basis for the fixed, farm-gate price offered to growers.

In Côte d'Ivoire the role of the Caistab was:

- to set an official export price.
- To release exports negotiated by private exporters (*déblocage*).
- To allocate a proportion of the crop to exporters to sell on its behalf.
- Setting the *barème,* which was a schedule of prices establishing the farm-gate price and profits for domestic handlers.
- Quality control.

During the 1990s various reforms were introduced. The system of *déblocage* was made more transparent by using a sealed bid auction system rather than negotiations behind closed doors. Also the 'guaranteed minimum price' set for farmers was changed to an indicative price, recognising that in practice, traders were already treating it as a maximum. The price paid to farmers was established on the basis of the price obtained for forward sales by Caistab (in the same way as Cocobod in Ghana) rather than being based on the minimum growing costs, as previously.

In August 1999 more substantial liberalisation was introduced. The Caistab was privatised to form the Nouvelle Caistab, and its role as price fixer and export releaser was removed. Then world prices fell reducing farm-gate prices. In 2000 the Nouvelle Caistab itself was dissolved and another system was established, based on the BCC (Bourse du Café et du Cacao) and ARCC (Coffee and Cocoa Regulatory Authority). The ARCC is an independent public agency with a role similar to the Nouvelle Caistab, e.g. monitoring and international representation. The BCC board is made up of two-thirds growers, exporters and/or processors. It is responsible for setting a minimum producer price at the start of each quarter.[3] However, since there is no way to enforce this minimum price, it is largely theoretical. In a move intended to guard against large exporters monopolising supplies at the expense of small exporters and farmers, the government is setting a limit on the quantity of cocoa that can be purchased by an individual exporter during each quarter. For October-December 2001 this was set at 50,000t, of which 8,000t could be bought from other exporters, and for January-March 2002 the total amount was reduced to 45,000t. However, it was not generally believed that this would seriously limit large exporters in practice.[4] A Regulatory and Control Fund (FRC) was set up to sell a proportion of the 2002/3 crop in advance of the harvest, and to establish a minimum price for farmers.

effects of national policies on producer prices

Terminal market price + quality premium (discount) + forward premium
= cif (cost insurance freight) price
– shipping costs
= fob (free on board) price
– marketing costs – taxes
= producer price

Within the constraints of the world market price, government policies can affect farmers' income in several ways.

Government control/free market

Most simply, governments can control the marketing system, fixing the price that the farmer receives. Ideally the fixed price should benefit farmers by protecting them from rapid falls in the world price of cocoa, and ensuring some stability in their incomes. However, there are other factors that may negate the benefits of a stable price. As outlined above, inefficiencies may increase marketing costs; there is generally a lack of transparency that may harbour corruption; and they can be an easy way for governments to obtain high levels of revenue from farmers. In contrast, if liberalisation produces healthy competition among buying firms, this can increase efficiency and cut marketing costs.

Taxes

Even in liberalised systems governments can impose export taxes and other fees. For all the countries studied, export crops are an important source of revenue for the government, although to a lesser extent in Nigeria. Taxes on exporters will generally be passed on to farmers in lower farm-gate prices.

Exchange rate

A fixed exchange rate that is significantly different from the actual value of the currency can also affect the real price received by the farmer.

Inputs

As well as the price received for outputs (the cocoa produced), the cost of inputs (tools, seed, fertilizer, insecticides, labour) also affects a farmer's income, and this is affected by government policy, especially liberalisation of export crop marketing.

Effects of liberalisation on producer prices in practice

Criticisms that previous government controlled systems reduced the price that farmers received generally seem to be borne out by the figures. In 1995, for example, farmers received 89 per cent of the FOB price in Indonesia, 94 per cent in Malaysia and 82 per cent in Nigeria. All of these countries had essentially free market systems. In recently liberalised Cameroon the farmer received 71 per cent. However, in Ghana and Côte d'Ivoire farmers received under half of the FOB price at 49 per cent and 48 per cent respectively.[5]

However, more recently (in 1999) the gap between Ghana and Côte d'Ivoire and those countries with liberalised systems narrowed, as world prices fell even lower. At this time farmers in both countries were receiving over 70 per cent of the FOB price, compared with a more typical level of 50 per cent in the previous decade. In 1999 the government of Ghana initiated a price driven expansion programme to increase the proportion received by the farmer,[6] and from 2000 a separate price was set for each crop (the main harvest and the secondary), instead of one for the whole year.

During the first half of the 1980s both the Ghanaian cedi and the Nigerian naira currencies were considerably overvalued. This acted as an unofficial tax on farmers, and real producer prices were much lower in Ghana and Nigeria than in Côte d'Ivoire and Cameroon. In Ghana devaluation associated with exchange liberalisation and structural adjustment raised the price farmers received in cedis. In Nigeria, exchange rate fixing complicated the effect of liberalisation in 1986, because exporting cocoa allowed the naira to be converted into a hard currency. Many companies previously uninvolved in the cocoa industry rushed to take advantage of this and it led to higher prices for farmers in the short term. In the long term it led to problems such as defaults on forward contracts and falling quality. With foreign exchange liberalisation producer prices fell, but when access to foreign exchange was restricted once more in 1991/2 they rose again. Now that this problem has been dealt with and the system is completely liberalised, farmers are receiving around 85 per cent of the FOB price.

In Côte d'Ivoire and Cameroon during the 1980s the nominal producer price rose to keep track with inflation. In 1989/90 it became impossible to maintain price stabilization and the producer price was halved. In 1994 world cocoa prices started to recover, and the CFA franc was also devalued. As a result of this, prices rose in Cameroon and to a lesser extent in Côte d'Ivoire, but not enough to overcome the effects of inflation. The greater increase in Cameroon has been attributed to liberalisation, but even here real prices did not reach pre - 1989 levels.

The impact of liberalisation is hardest to determine in Côte d'Ivoire, because its experience has been so brief and disrupted by civil war. After liberalisation, farmers received a higher proportion of the export price,[7] but world prices fell, reducing their income. In the 1999/00 season farmers received 250-300 F CFA/kg for their crop compared to an official price of 575 F CFA/kg for the 1998/99 main crop, and in December 2000 world cocoa prices hit their lowest level for 30 years. The collapse in world market prices was believed by the government to be linked to the liberalisation of the system. Previously up to two-thirds of the crop had been sold forward, before the harvest. When this system was abandoned, the producers sold the whole of their crop at the same time, and this flooded the market and caused the drop in prices. However, this analysis is not shared by every observer. Almost immediately the government chose to return to a marketing system similar in many ways to that of pre-liberalisation.

During the 2001/02 season production in Côte d'Ivoire was lower than expected and world prices rose to a 14 year high in March 2002.[8] Farm gate prices have generally kept track with the increases. Although the official minimum producer price for 2001/2 was 325F CFA/kg, at the end of November 2001 buyers were paying 580-640F CFA/kg (about 60 per cent of world market price). By April, producer prices had risen to over 700F CFA/kg at times. Where prices are set by the market in this way, the price that farmers obtain depends to some extent on their location. In more remote areas there is less competition amongst buyers and farmers may be less informed about prices, additionally they must bear increased transport costs.

In March 2002 Ghana raised its producer price to 6200 cedis/kg (£5.70), comparable to prices in Côte d'Ivoire during the same period of 650-685 F CFA/te (£5.74-6.05).[9] One incentive for the government to do this was to reduce smuggling to Côte d'Ivoire by farmers taking advantage of higher prices. This is a common occurrence when prices are significantly higher in either of the two countries. In border areas children are often used to carry the bags of cocoa beans across the border at night.

Comparison of farmers' share of world market prices since 1980

	80/1 1.	85/6 1.	90/1 1.	94/5 2.	1995 3.	95/6 1.	1996 4.	Aug 2001 5.	Oct 2001 5.	Mar 2002 6.
World price US$/te 7.	2098	2149	1193	1440	1433	1438	1456	1034	1085	1592
Cameroon	67	49	73	75	71	57	71			
Côte d'Ivoire	65	47	66	46	48	45	48		50-53	54-57
Ghana	56	44	53	56	49	42	49	53	54	54
Nigeria	106	78	91	88	82		72	78		103
Indonesia				78	89		78			
Malaysia				91	94		94			
Brazil				72						

1. Per cent of world price (ICCO), Gilbert 1997,
2. Per cent of FOB price, Gilbert 1997, World Bank estimates
3. Per cent of FOB price, McIntire and Varangis, 1999
4. Per cent of FOB price, Gilbert 1997, LMC estimates
5. Per cent of world price (ICCO), compared to producer prices quoted in USDA Attaché Reports
6. Per cent of world price, otal.com
7. ICCO figures, average for period

Taxes

In March 2002, export taxes in Côte d'Ivoire were 300F CFA/kg, compared to farm-gate prices of 650-685F CFA/kg. This included a 60F CFA/kg levy to set up a new reserve fund for forward sales.
In Cameroon, export taxes on cocoa were 10per cent in 1999.
In Nigeria there are no export duties on cocoa, but other fees exist; for example a 3,000 naira/t grading fee, a 20,000 naira merchant registration fee and 5,000 naira warehouse inspection charges.

Comparison of cocoa collection systems in Ghana and Côte d'Ivoire

In Ghana farmers take their cocoa to a local buying centre where it is weighed on certified scales. Cocobod's Quality Control Division grades the cocoa and seals it into export sacks. The cocoa is then delivered to 'take-over points', such as Tema port, where it is sold to the Cocoa Marketing Company (part of Cocobod).

In Côte d'Ivoire itinerant buyers (*pisteurs*) visit the farms with small pick-up trucks, and buy the cocoa after a cursory check of quality and weighing (on scales which are very rarely checked). The cocoa is then taken to collection centres in the large towns and sold to *traitants* (middlemen), who take it to the ports of Abidjan and San Pedro, and sell it to exporters. Sometimes the *traitants* will deal directly with the growers.

It has been suggested that, as well as more careful checks on quality in the Ghanaian system, it promotes better post-harvest processing, because when a buyer only visits a farm occasionally, the farmer will sell the cocoa whether it is ready or not. In Ghana the buyer pays not in cash but in Cocobod (*Akafua*) cheques. The problem with these is that they may lose value due to inflation and on occasions there have not been enough funds in the banks to back them up. Some reports say that a few licensed buying companies do pay in cash, although this is officially illegal.

In Côte d'Ivoire the buyers who visit the farms are generally financed by Lebanese businessmen or the large cocoa exporters, and this enables them to offer cash in hand to the farmers. The advantage of this to the farmers is so great that they are prepared to accept a lower price than they would otherwise. Co-operatives, lacking the same funding and forced to work on credit, find it difficult to compete, even though they pay a higher price.

Inputs

Liberalisation of export crop marketing is often accompanied by the removal of the provision of inputs such as fertilizers and pesticides from government control, and the removal of subsidies. Currency devaluation, for example that of the CFA Franc in 1994, has also caused increases in the price of inputs in some countries. Another factor that may make it more difficult for farmers to buy inputs after liberalisation is that marketing boards previously provided them on credit, deducting the cost from the price paid for their crop, whereas now they may be prevented from using the necessary fertilizers and pesticides by lack of cash.

Quality

In both Cameroon and Nigeria quality declined on liberalisation, resulting in a fall in the prices of cocoa from those countries on the world market. This is generally seen as a direct result of liberalisation, but others argues that the situation is more complex. For Cameroon, factors such as movement of production to more humid areas; bulk transportation mixing good and poorer quality beans (made possible by liberalisation); and a reduction in the power of traditional exporters committed to high quality, all affected quality. In Nigeria the initial drop in quality after liberalisation was partly due to inexperienced exporters paying high prices for cocoa of any quality. As a monopoly exporter, the Cocobod in Ghana can ensure high quality levels, with the result that Ghanaian cocoa enjoys a premium on the world market. The extent to which exporters are trusted to honour their contracts is also important in determining the price for cocoa from a particular origin and Cocobod is seen as a trusted partner on the world market.

Local exporters

Liberalisation affects the structure of the internal market for cocoa and makes it easier for processors and trade houses to integrate vertically by taking control of operations further back into the supply chain. One motivation is to take advantage of savings from bulk transport (e.g. shipping un-bagged cocoa in containers). Another is fear of disruptions in supply, especially in Côte d'Ivoire, due to the changes in the marketing system. Where significant economies of scale are available, larger firms will tend to expand at the expense of smaller ones, and mergers will be more common.

The effects of liberalisation on exporters were most dramatic in Cameroon, where after the 1991 reforms 606 exporters registered, though most lacked capital. The number of exporters has now dropped to around 25, with the three largest multinationals, Cargill, ADM and Callebaut handling the vast majority of all exports. Traditional exporters, which had been saddled with arrears from the ONCPB, were generally reduced to the status of t*raitants*, selling to these companies rather than exporting directly[10].

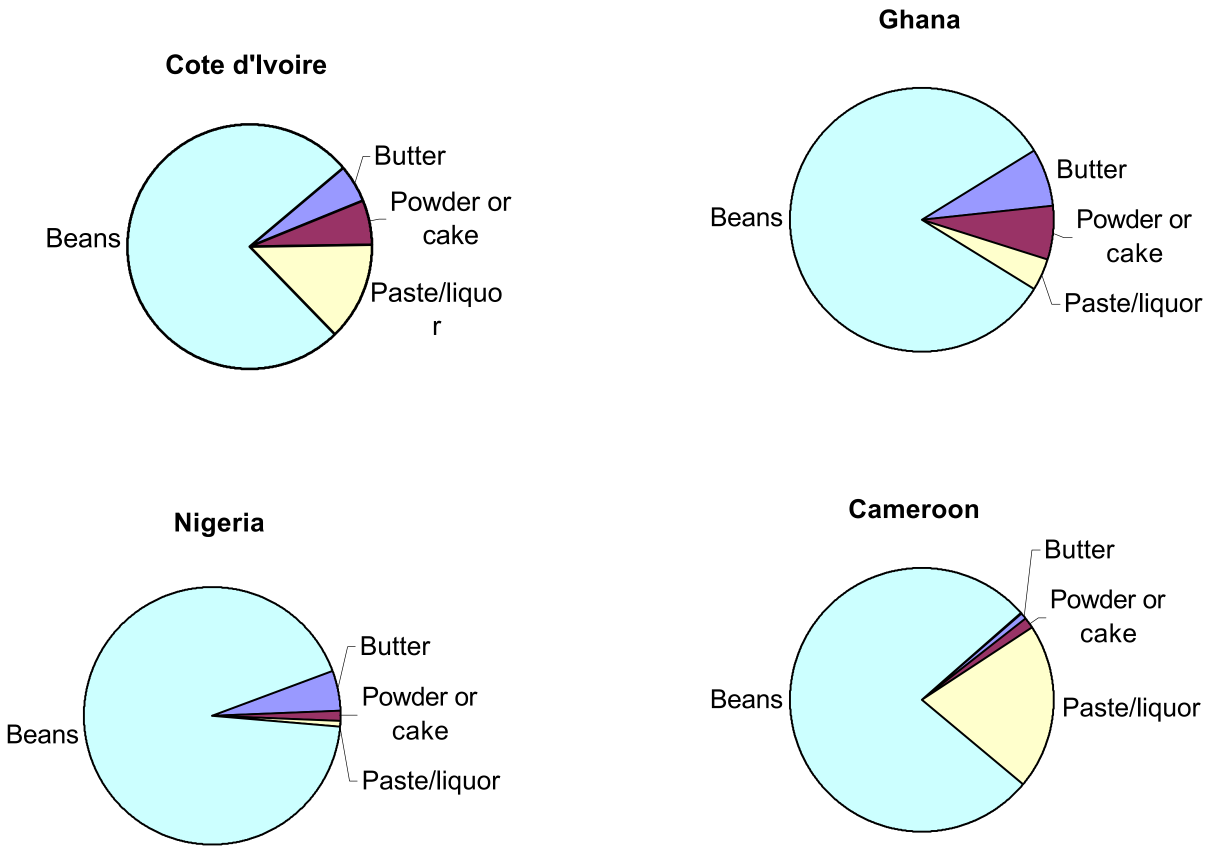
Similarly, after liberalisation in Côte d'Ivoire in 1999, local exporters were disadvantaged against large multinationals, such as Cargill and ADM. As well as finding it more difficult than the multinationals to obtain capital, local firms were also inexperienced in using forward contracting on international exchanges to hedge price risk. Previously risks due to changes in the world market price had been borne by Caistab, as exporters effectively always sold at the official export price, either paying back any surplus to Caistab or being refunded the difference if the price at which they sold was lower. To some extent local exporters may be protected in the new system by limitations on the quantity of unprocessed cocoa beans that can be exported by a single exporter, along with tax breaks for smaller firms.

In Ghana, private buyers have to compete not with multinationals, but with the government. The 19 licensed buying companies (LBCs) that currently operate account for around a third of purchases. The government announced that LBCs would be allowed to export up to 30 per cent of their purchases directly from the 2000/01crop season, but this has still not come into effect[11].

Multinationals and local processing

As mentioned, in all the countries studied, except Ghana, the three largest multinationals, Cargill, ADM and Callebaut, are increasingly involved in purchasing. There has also been an expansion in their local processing capacity, especially in Côte d'Ivoire.

Exports of West African countries as cocoa bean equivalent 2000/01[12]



There are ten major companies exporting from Côte d'Ivoire, led by Cargill and ADM. The other main non-local exporters are Callebaut and Cemoi, a French company. These all tend to work through local subsidiaries, for example ADM increased its share in SIFCA, Côte d'Ivoire's largest exporter, to 85 per cent in June 2000. Each of the four also has local grinding capacity:

Groupe CEMOI's CEMOI-CI plant: processing 60,000t of beans per year.
ADM-SIFCA's UNICAO plant: 86,000t.
Barry-Callebaut's two SACO/Chocodi plants: joint capacity of 100,000t.
Cargill's Micao plant: 65,000t (from 2000/01). Being extended to 100,000t to bring Côte d'Ivoire's total processing capacity up to 346,000t per year.

Côte d'Ivoire's processing capacity has grown considerably over recent years (see graph) so now about a quarter of its exports are in processed form (bean equivalent).

Côte d'Ivoire exports

Country	Cake (%)	Paste (%)	Butter (%)	Powder (%)	Chocolate (%)
Major EU buyers	64	78	69	41	98
USA	30	2	5	45	1
Others	2	17	25	3	0
Not named	4	3	1	11	1
Total (tonnes)	34,554	91,049	40,166	12,690	5,680

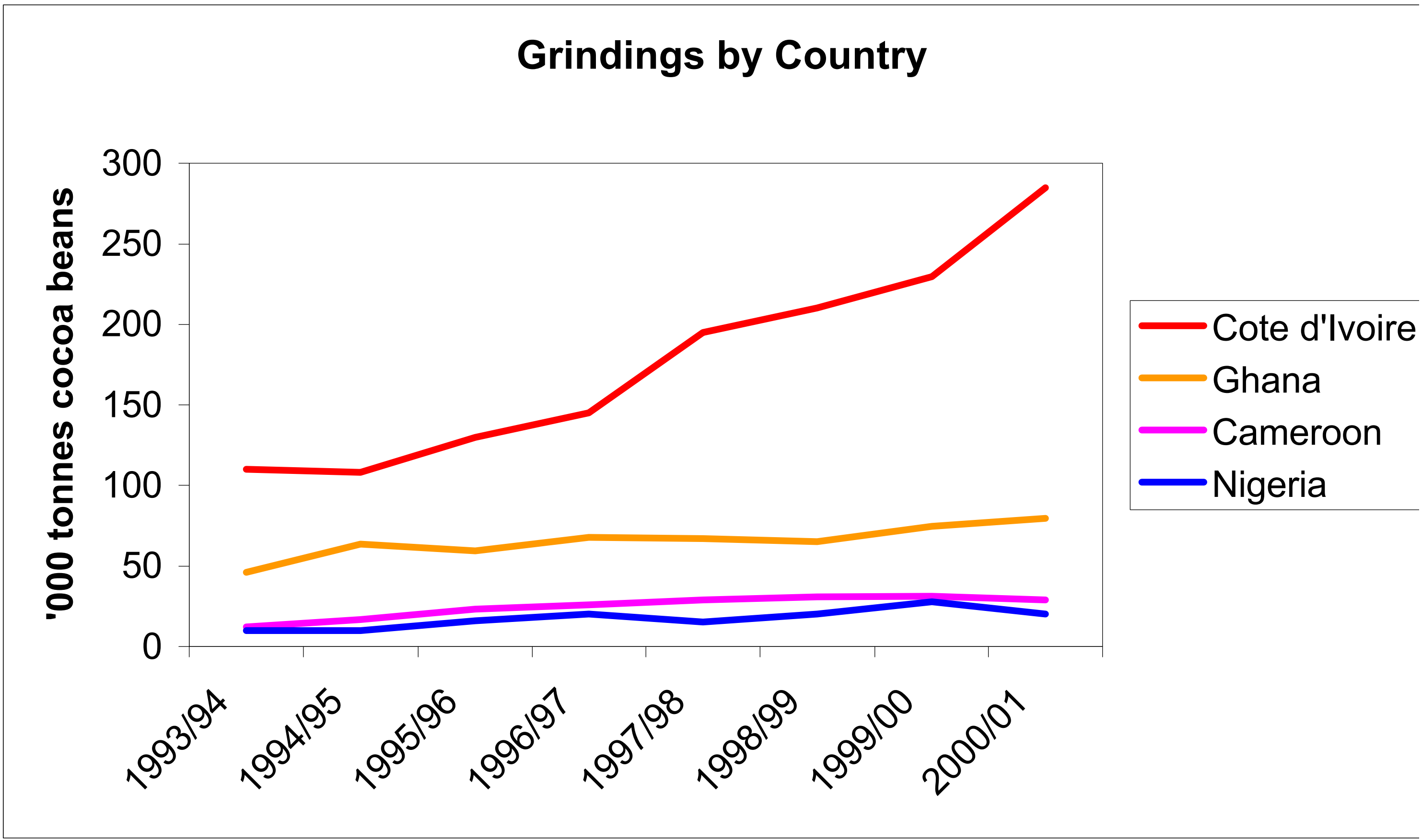
In Ghana, local processing has to date been largely state-controlled. In September 2001, Barry Callebaut's plant in the port of Tema opened to produce cocoa liquor for export to France. It has a capacity of 30,000t, which is expected to double to 60,000t within the next two years. The remainder of Ghana's processing capacity is divided between two plants in Takoradi port, and the Portem cocoa processing plant in Tema. The former belongs to WAMCO (West African Mills Company Ltd), a joint venture between Germany's Hosta Group of Companies and Ghana's Cocoa Board, and the latter to the state Cocoa Processing Company. There is also a Portem confectionery plant in Tema, which uses the cocoa liquor and cocoa butter to produce finished confectionary, some of which is exported.

Barry Callebaut has a processing plant in Cameroon, and a fifth of the country's cocoa exports are as cocoa liquor/paste (bean equivalent). Processed cocoa is mainly exported to France, with some to the Netherlands. The other main buyers in Cameroon are ADM and Cargill, exporting mainly to the Netherlands for grinding.

Nigeria has 17 cocoa processing plants with a combined annual milling capacity of 220,000t of cocoa beans, but only six of these were operating in 2001 and even these were working below capacity[13]. It has been suggested that this is because relatively high prices to growers in Nigeria make processing less profitable than in neighbouring countries[14].

All in all the cocoa market has been stormy for individual farmers. Between government controls and multinationals using commodity market pricing, the small farmer is buffeted by economic forces far beyond his control. Farmer cooperatives, that might soften these blows, are hindered by a lack of basic resources and capital. Yet, for a small, but growing, number of farmers there is another model that serves their interests better – fair trade.

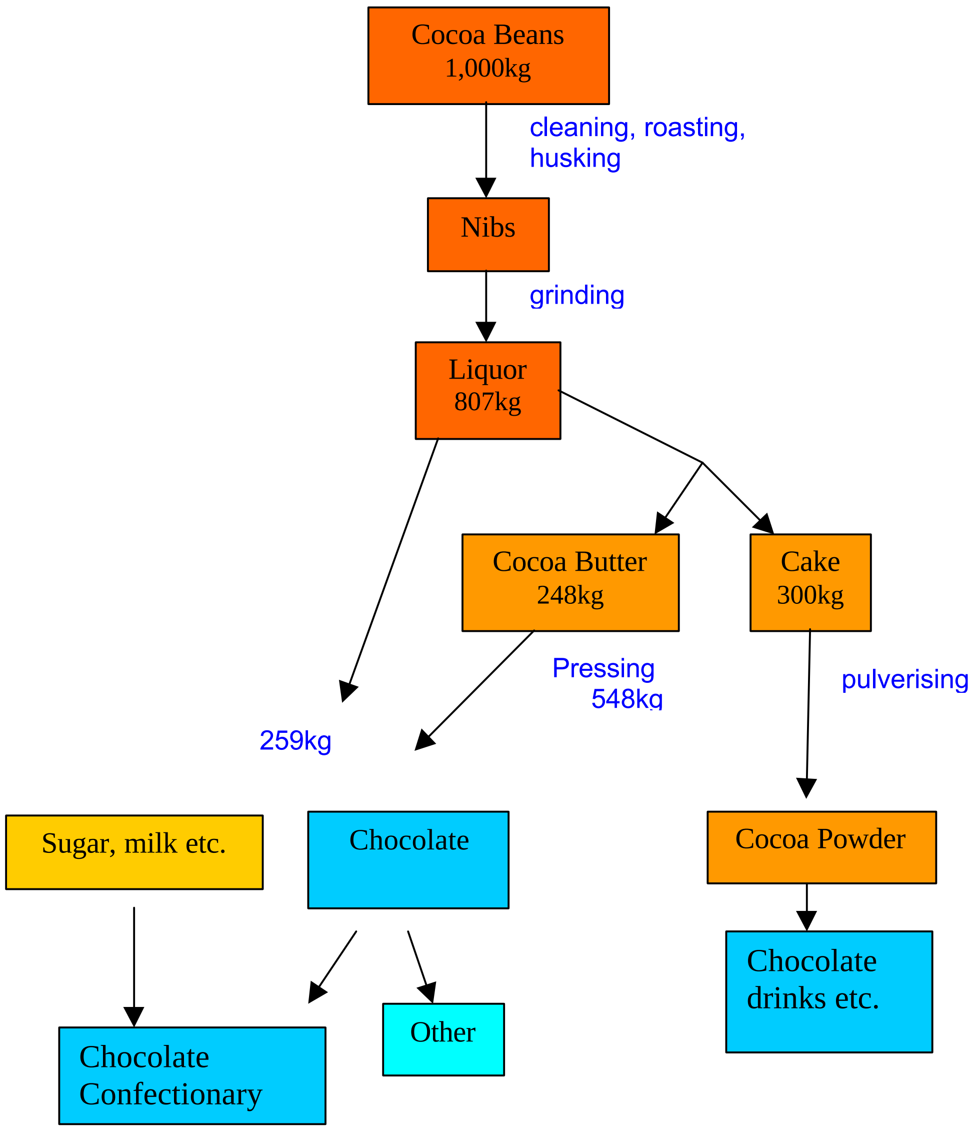
Cocoa grinding development in West Africa



[1] McIntire, J. & Varangis, P., "Reforming Côte d'Ivoire's Cocoa Marketing and Pricing System" Washington, The World Bank, 1999
[2] Gilbert, Christopher L., *Cocoa Market Liberalisation: Its Effects on Quality, Futures Trading and Prices*, London, The Cocoa Association of London, 1997
[3] USDA Foreign Agricultural Service, *Cote d'Ivoire New Marketing System For Cocoa and Coffee 2001,* GAIN Report #IV1013, 18/10/2001
[4] http://www.otal.com/ccocoa.htm
[5] McIntire, J. & Varangis, P., "Reforming Côte d'Ivoire's Cocoa Marketing and Pricing System" Washington, The World Bank, 1999
[6] USDA Foreign Agricultural Service, *Ghana Cocoa Annual Report 1999*, GAIN Report #GH9002, 22/9/1999
[7] USDA Foreign Agricultural Service, *Cote d'Ivoire New Marketing System For Cocoa and Coffee 2001,* GAIN Report #IV1013, 18/10/2001
[8] http://www.otal.com/ccocoa.htm
[9] Dow Jones & Company Inc., Oster Dow Jones Cocoa Report 6/3/2002
[10] Gilbert, 1997
[11] Personal communication, Day Chocolate Company
[12] (International Cocoa Organisation (2002) Quarterly bulletin of cocoa statistics Vol. 28 No. 2, London
[13] USDA Foreign Agricultural Service 08/01
[14] Ibid 09/00

5. World trade in cocoa

The cocoa transformation process



Adapted from Burger and Smit, 2000

After preparation and roasting, cocoa beans are ground to make cocoa liquor. Cocoa butter is extracted by pressing, leaving cocoa cake, and this is ground to make cocoa powder. Cocoa butter and cocoa liquor are combined in chocolate and chocolate products.

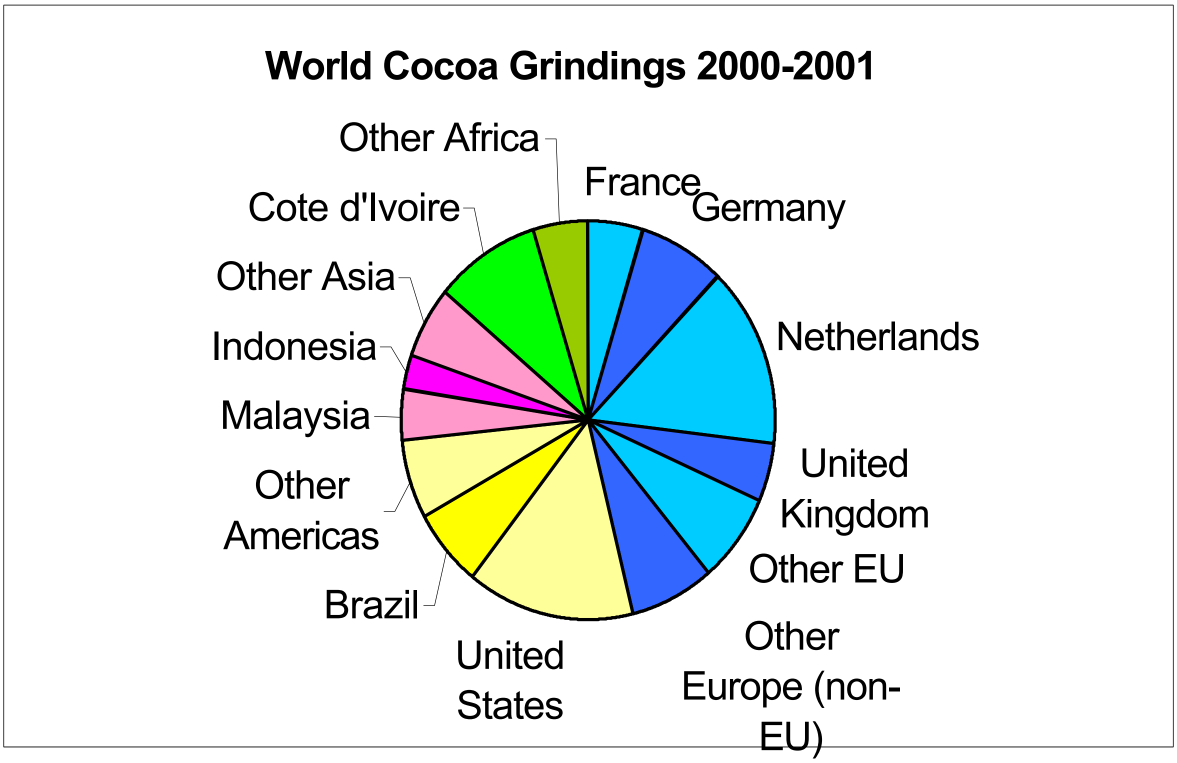
The price structure of cocoa butter is simpler than that of powder because the latter is manufactured in a variety of forms for different end-uses. Because it has generally been in excess supply, processors have tended to regard cocoa powder as a by-product of grinding and have priced it to cover milling and distribution costs[1].

However, in the last five years the ratio of the price of cocoa butter to that of beans has fallen from about 2.5 times to around 1.8, and that of cocoa powder to beans has risen from around 0.75 times to around 1.3[2]. This is due to a growth in the demand for cocoa powder, while the demand for cocoa butter has not kept pace, largely owing to greater acceptance of substitutes. The net effect of these changes, along with an expansion in world processing capacity, has been to reduce the profitability of cocoa processing.

Industry structure

Since the 1980s there has been a reduction in the involvement of chocolate manufacturers in the early stages of cocoa processing. In 1988/89 they processed 42 per cent of the world's cocoa crop but by 1999 this had fallen to 33 per cent[3]. In 1995 the industrial cocoa and chocolate market was dominated by five major groups grinding around 35 per cent of the world's crop. By 1999 their number was reduced to three, Barry Callebaut, Archer Daniels Midland (ADM) and Cargill, who are responsible for grinding over 38 per cent of the world's cocoa production[4]

While chocolate production is generally dispersed, often taking place in relatively small-scale units, grinding is increasingly consolidated to benefit from economies of scale. The processing facilities of ADM and Cargill in the Netherlands have resulted in that country becoming the world leader in grinding, surpassing even the USA in market share.



Traditionally, cocoa trading houses, often part of larger trading groups, have contracted shipments of beans from the growers and negotiated sales to processors. There has been a strong trend towards vertical integration of processors into countries of origin, and an increased share of their processing occurring there. Despite this, in 2000/01 only 32 per cent of grinding was done in producer countries[5]. One factor, which has limited producer country involvement, is the imposition by consumer countries of higher tariffs on processed goods than raw materials in order to protect their domestic industry. These tariffs protect domestic processors at the expense of potential profit for the consuming industry and the ability of producing countries to maximise their export potential.

Before changes agreed in the Uruguay Round were implemented, standard European Union (EU) import tariffs were three per cent for beans, 15 per cent for cocoa liquor, 12 per cent for cocoa butter and 16 per cent for cocoa powder. The EU has now abolished its import tariffs on cocoa beans and reduced its standard rates for processed cocoa products. As African, Caribbean and Pacific (ACP) countries, Côte d'Ivoire, Ghana, Nigeria and Cameroon are exempted from these tariffs altogether. Indonesia and Malaysia have some reduction under SPGL preferential rates, while Brazil pays standard rates. However, the EU retains a safeguard that allows it to re-impose tariffs if imports threaten its own domestic producers.

European Union tariffs 2003

Product	Standard Tariff (%)	SPGL Tariff (%)	ACP Tariff (%)
Cocoa beans	0	0	0
Cocoa liquor/paste	9.6	6.1	0
Cocoa butter	7.7	4.2	0
Cocoa powder	8	2.8	0

The USA does not now charge import tariffs on cocoa beans, cocoa liquor, or cocoa butter. Its tariffs on other semi-processed cocoa products are low, approximately 0.2 per cent on cocoa cake and 0.4 per cent on cocoa powder.

For both the EU and the USA, tariffs on chocolate are complex and depend on the starch, sugar, milk fat and milk protein content. For non-ACP countries they are much higher than those for products that mainly contain cocoa solids, in order to reduce competition to domestic producers.

Futures trading

Cocoa trading houses hold stocks of cocoa beans to allow them to co-ordinate sales and purchases, as do processors. This is especially important as cocoa stores poorly in the tropical climatic conditions of producer countries, but creates a risk of losses if the value of their stock falls on the volatile world market. Futures markets were created to make it possible to guard against this risk by choosing to buy contracts whose value will move in the opposite direction and thus cancel the risk. This is termed 'hedging'.

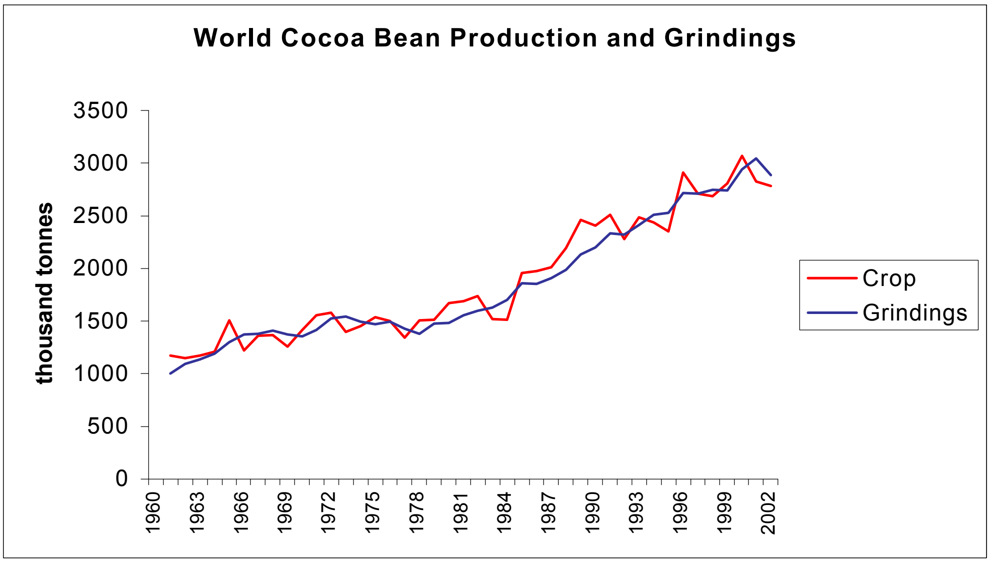
A futures contract is a standardised, binding agreement to make or take delivery of a specified quantity and grade of a commodity at an established point in the future at a price fixed at the time of the agreement. Contracts on the cocoa futures markets are traded in lots of ten tonnes of dried beans. They may be for delivery in March, May, July, September or December. Futures contracts can be settled by physical delivery of the commodity or through cash payment. Futures contracts can also be freely bought and sold before the date for delivery or payment and their value fluctuates during this time, reflecting the changing price of the underlying commodity.

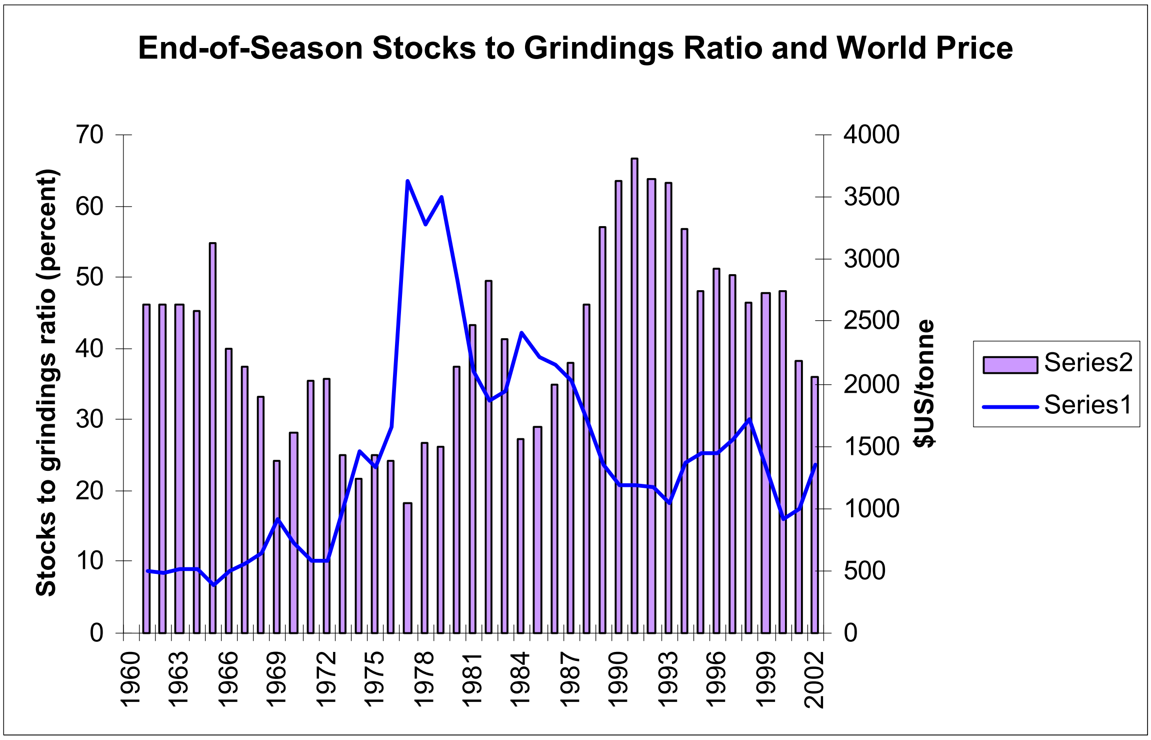
Any organisation holding a quantity of cocoa and wishing to protect itself against a fall in price undertakes a forward sale on the futures market of the same value as the stock held. Buyers of cocoa, such as chocolate manufacturers, may also choose to hedge by forward purchases on the market to protect themselves against a rise in the cost of cocoa beans. However, today futures markets are also used for speculation as well as insurance. Cocoa is particularly popular with investors in commodities, because of its price volatility. It is traded on the London International Financial Futures and Options Exchange (LIFFE) and the Cocoa, Sugar and Coffee Exchange (CSCE) in New York, and the futures markets have expanded to such an extent that on today's markets only 1.5 per cent to 2 per cent of contracts at LIFFE actually result in physical delivery of beans[6].

When successful, investors can make substantial profits relative to the capital invested because only a down payment or margin is paid when the contract is agreed. Options on cocoa futures, where the buyer obtains the right (but not the obligation) to buy or sell futures at a predetermined price, before the expiration date, commenced trading on the CSCE in 1986. These are popular because they allow traders to limit their potential losses while the potential gain is unlimited.

World prices

Both world production and demand, as measured by the total volume of grindings, have been rising over the past forty years, but while the rise in grindings has been relatively steady, production has been erratic, due to factors such as weather and pests. When cocoa production is low, world stocks start to be consumed to enable processing to continue at normal levels. When stocks fall below a certain level, industry move to replenish them and prices are forced upwards, for example in 1976/77. Conversely, in years where there is a production surplus, stocks are built up, and until they are depleted their presence puts downwards pressure on cocoa prices. This was seen in the price falls of the early 1990s, caused by high production in the late 1980s.





When cocoa prices change, farmers have only a very limited ability to adjust their production in line with demand. This is because of the time taken for a cocoa tree to reach full production, and because once it is bearing, the cost of harvesting its fruit is low compared to that of planting another crop[7]. The interaction between changes in world prices and farmers' responses, such as planting new trees or abandoning old plantations, and the time lags are responsible for long-term cocoa price fluctuations. An example are low prices in the 1930s causing a decline in planting and the consequent fall in production leading to a renewed interest in planting in the 1950s.

Intermediate price fluctuations are generated by changes in stock levels caused by annual variations in world cocoa production and the industry response to these. Short-term month-to-month price fluctuations are caused by the alternation between bullish (when buying is popular and prices rise) and bearish (selling popular, prices fall) tendencies in the world's cocoa markets. For example, if it is believed that a particular event is likely to increase the price of cocoa some traders will alter their positions on the strength of this. Their actions cause the price to rise, which encourages other traders to join them. Over time events will be re-evaluated and it is likely that the current price will be seen to be too high. The traders involved at the start take their profits and the price begins to fall, the market becoming bearish.

The steep long term fall in the price of cocoa since 1980 can be seen in the context of a general decline in the prices of primary commodities over the same period (see table below). The list includes several traditional African export commodities. Coffee in particular is also an important smallholder-grown export crop in Côte d'Ivoire and Cameroon.

World price decreases of commodities in real terms, 1980-2000[8]

Decrease by 0-25 per cent		Decrease by 25-50 per cent		Decrease by over 50 per cent	
Banana	**-4.4**	**Aluminium**	**-27.2**	**Cocoa**	**-71.2**
Iron ore	**-19.5**	**Coconut oil**	**-44.3**	**Coffee**	**-64.5**
Phosphate rock	**-21.6**	**Copper**	**-30.9**	**Lead**	**-58.3**
Tea	**-7.5**	**Cotton**	**-47.6**	**Palm oil**	**-55.8**
		Fishmeal	**-31.9**	**Rice**	**-60.9**
		Groundnut oil	**-30.9**	**Rubber**	**-59,6**
		Maize	**-41.6**	**Sugar**	**-76.6**
		Soybean	**-39.0**	**Tin**	**-73.0**
		Wheat	**-45.2**		

One factor that may reduce demand for cocoa in the future is the Directive issued by the EU in 2000 (implemented from August 2003). This allows the replacement of cocoa butter with cocoa butter substitutes up to 5 per cent of the weight of the finished product. This would be the equivalent of a loss in demand for beans of up to 184,000t. It is predicted[9] that the effect of this reduction of demand relative to stock levels could reduce prices by eight per cent compared to the path expected otherwise. Ten years afterwards the reduction in prices caused by the directive is estimated at nine per cent. The effect would be doubled, however, if the USA adopted the same regulation and its industry took advantage of it. These changes by the EU might be seen to protect their own farmers, and appear to be in direct contradiction to the tariff price reductions agreed as part of the WTO agreements and specific benefits offered to ACP countries under the Lome Agreements. However, for the moment the only substitutes allowed would also have to be imported from the same developing countries. Overall a loss of 5% of their sales to the European Union would reduce the income of world cocoa producers by around $650 million[10]

International Cocoa Agreement

The first, United Nations inspired, International Cocoa Agreement in 1972 aimed to stabilise world cocoa prices by the use of export quotas for member countries and a buffer stock. This was unsuccessful as members experienced difficulties paying their levies and there were many disagreements about implementation. After the 1993 International Cocoa Agreement, the buffer stock was liquidated. The 1993 agreement set out a new strategy for achieving equilibrium between world production and consumption through indicative production targets for member countries. This was also unsuccessful, as members did not adhere to the targets. The main problems were that the targets were not enforceable; that cocoa production is so variable between years; and that one of the largest producers, Indonesia, was not a member. The latest agreement in 2001 did not contain any specific plan to limit production, whilst stating that 'exporting members may undertake to co-ordinate their national production policies' on the basis of production and consumption forecasts. The objectives included 'promoting consumption' and 'a balanced development of the world cocoa economy'.

Members of the agreements include importing and exporting countries and votes are divided amongst each group according to market share. Decisions are usually passed if over half the votes in each group are in favour. Article 52 states that ‘Members shall give consideration to improving the standard of living and working conditions of populations engaged in the cocoa sector, consistent with their stage of development, bearing in mind internationally recognized principles on these matters’, with the proviso that ‘labour standards shall not be used for protectionist trade purposes’.

In West Africa there have been attempts to deal with the natural volatility of the world cocoa market. These have included government control of the cocoa market, but as shown in the next chapter, at times such controls and local environmental variation, have actually added to the insecurity of cocoa farmers.

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[1] Gilbert 1997
[2] ED&F Man, 2002
[3] Vermaut, 1999
[4] Ibid
[5] ICCO II 2002
[6] www.icco.org
[7] Oxfam 2002 trade report
[8] Ibid
[9] ICCO, September 2003
[10] Ibid

6. Fairtrade and cocoa

Fair trade contributes to the alleviation of poverty in the South through establishing a system of trade that allows marginalized producers to gain more direct access to Northern markets. This alternative trade builds on the producers' skills and enables communities to play an active part in their own development, while at the same time satisfying a consumer demand in the North for products with demonstrable benefits to less advantaged farmers in the South.

The fundamental characteristic of fair trade is that of equal partnership and respect - partnership between the Southern producers and Northern importers, fair trade shops, labelling organisations and consumers. Fair trade ‘humanises’ the trade process - making the producer-consumer chain as short as possible so that consumers become aware of the culture, identity and conditions in which producers live and work. The significance of the fair trade model for improving conditions for farmers and workers lies principally in the potential for communication, mediation and dialogue with specific groups of individuals and workers. In general, a problem for the conventional supply chain is the anonymity and lack of capacity for contact and outreach. The significance of this was clearly seen in the issues raised around labour conditions on cocoa farms in Côte d’Ivoire, where the multinational chocolate and cocoa industry’s lack of contact with its suppliers was part of the problem.

Fair trade standards agreed by the Fairtrade Labelling Organisations stipulate that traders must:

- Pay a price to producers that covers the costs of sustainable production and living;
- Pay a premium that producers can invest in business development and/or social improvements;
- Make partial advance payments when requested by producers;
- Sign contracts that allow for long-term planning and sustainable production practices.

Fair trade is different from ethical trade, which should be the minimum aim of all companies. Ethical sourcing tries to ensure that decent minimum labour, living wage, health and safety standards are met in the production and sourcing of the whole range of a company’s products. It should be noted, however, that labour standards, while applying to the considerable workforce involved in transportation and processing part of the industry, do not strictly cover or benefit small-holders, the majority form of production in West Africa, who are “technically” self-employed.

Although the Fairtrade concept has been developing for more than two decades, the Max Havelaar Foundation sold the first Fairtrade labelled chocolate in Europe by in 1993 (coffee had been launched in 1989) and the Fairtrade Foundation introduced the same concept to the UK in 1994. Today fairly traded cocoa products on the market include: chocolate, cocoa powder, chocolate spreads, and even cosmetics using cocoa butter.

The Fairtrade Labelling Organisations International (FLO) was set up in 1997 by the different national initiatives, such as the Fairtrade Foundation in the UK, and now covers 17 countries.

National initiatives license retailers to use their label (the FAIRTRADE Mark in the UK) on products where the ingredients, such as cocoa, are purchased either directly from producers registered with the FLO or from importers registered with FLO. The FLO also sets fair trade criteria for each product in consultation with producers, and audits the supply chain to be able to guarantee to consumers that the criteria are met.

Producers' organisations are monitored once a year, mainly focusing on democratic procedures and systems for making sure standards are adhered to. Checking all members' farms would rarely be feasible, so random checks are made on individual farms. The supply chain is also audited to ensure that cocoa in chocolate being sold as fair trade has been produced and purchased according to fair trade standards from the identified suppliers.

For small farmers to join the Fairtrade system they must form associations, such as co-operatives, that are able to contribute to the social and economic development of members and their communities, and that are democratically controlled by their members. Before registering, certain minimum standards must be met, and there are other requirements on which the organisation must continue to show improvement once it has registered. These standards focus on democracy, participation and transparency in the organisation; non-discrimination; logistical capability to bring a quality product to market and to administer the Fairtrade premium transparently and democratically; environmental protection; and labour conditions.

Fairtrade Standards on Forced Labour and Child Labour[1]

FLO follows ILO Conventions 29, 105 and 138 on child labour and forced labour. Forced or bonded labour must not occur. Bonded labour can be the result of forms of indebtedness of workers to the company or middlemen. Children may only work if their education is not jeopardised. If children work, they must not execute tasks, which are especially hazardous for them due to their age.

4.1.1 Minimum requirements
4.1.1.1 Forced labour, including bonded or involuntary prison labour, does not occur.
4.1.1.2 Abuse of child labour is not allowed.
4.1.1.3 Working does not jeopardise schooling.
4.1.1.4 The minimum age of admission to any type of work which by its nature or the circumstances under which it is carried out, is likely to jeopardise the health, safety or morals of young people, shall not be less than 18 years.
4.1.1.5 Employment is not conditioned by employment of the spouse. Spouses have the right to off-farm employment.

4.1.2 Process requirements
4.1.2.1 Children are not employed below the age of 15.

There are currently eight cocoa producers' organisations registered with FLO. By far the largest is Kuapa Kokoo in Ghana, with over 35,000 members. Apart from MACEFCOOP in Cameroon (1,300 members), the rest are all in Central and South America. These range from Conacado in the Dominican Republic, with over 9,000 members, to the Toledo Cocoa Growers' Association in Belize with 150 members. Other members are: El Ceibo in Bolivia (1,000 members); APPTA in Costa Rica (900 members); MCCH in Ecuador (1,000 members); CACAONICA in Nicaragua (350 members)

Commercial companies in Europe must have a contract with FLO. This restricts them to purchasing only from registered producer organisations and selling only to other licensed companies further down the supply chain. As cocoa processing requires specialist and expensive machinery, processors, registered with FLO, are required. Individual Fairtrade chocolate companies do not, at present, operate on the scale needed to process economically themselves. Large groups involved in the business, apart from the well known brands selling FAIRTRADE Mark chocolate direct to the consumer, include:

Daarnhouwer & Co BV – a long established Dutch commodity trader, which currently handles about 70 per cent of all Fairtrade registered cocoa imported into Europe. This company holds stocks of Fairtrade cocoa in Europe, which means that Fairtrade chocolate suppliers can avoid lengthy supply delays. However, levies are charged to cover the stock holding costs.

Dutch Cocoa BV – A small cocoa processing company in the Netherlands that processes more than 60 per cent of the Fairtrade cocoa products produced in Europe.

Chocolat Bernrain – Swiss cocoa processor that has been dealing in Fairtrade since the beginning. Produces chocolate that is as Fairtrade as it can be, in that the sugar is also Fairtrade.

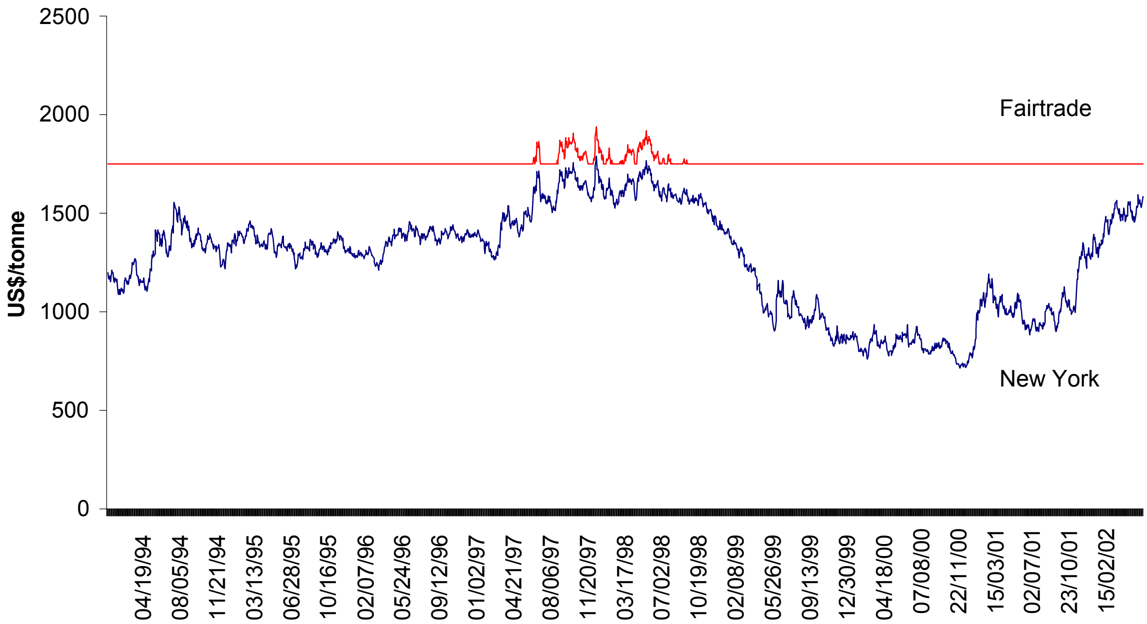
Weinrich and Co – German chocolate manufacturer.
Manufacturing and distribution of Fairtrade chocolate are done under licence from the labelling organisations of FLO and distributors pay a royalty for the use of registered trademarks. The royalties are used to fund the monitoring of the supply chain and to promote awareness of the Fairtrade concept.

Fairtrade pricing

The price paid to the producers' organisations for Fairtrade cocoa is established as follows:

The minimum price, which should cover the cost of production and ensure a living wage for growers, is set at US$1,600/t FOB. The Fairtrade premium, set at $150/t is added so that growers receive $1,750/t. If the world market price rises above $1,600/t the Fairtrade price is calculated by adding the $150 premium to the world market price. For cocoa sold as organic, a further premium of $200 is added. If producers wish they must be offered part-payment in advance, at reasonable commercial rates, by the buyers.

Comparison of Minimum Fairtrade Price and New York 2nd Position Price for Cocoa



While the Fairtrade price on the graph is that paid to producers' organisations by Fairtrade buyers, the New York price does not directly translate into the price received by farmers outside Fairtrade. The latter varies between countries according to their marketing system, as described earlier and, even within a country, some farmers may obtain a better price than others. For example, in February 2000, when the world price of cocoa was very low, a typical farmer in Côte d'Ivoire might receive around CFA300,000/t (US$450)[2], while the average New York price for that month was US$860/t, and the Fairtrade price was US$1,600/t (excluding the US$150/t premium). In March 2002, while the Fairtrade price remained the same, the New York price had risen to an average of US$1,510/t. The estimated producer price in Côte d'Ivoire was still much lower than the Fairtrade price, at around CFA670,000/t (US$890/t). At times the market price rises above the Fairtrade price and then this price is paid by the Fairtrade buyer, along with the normal premium.

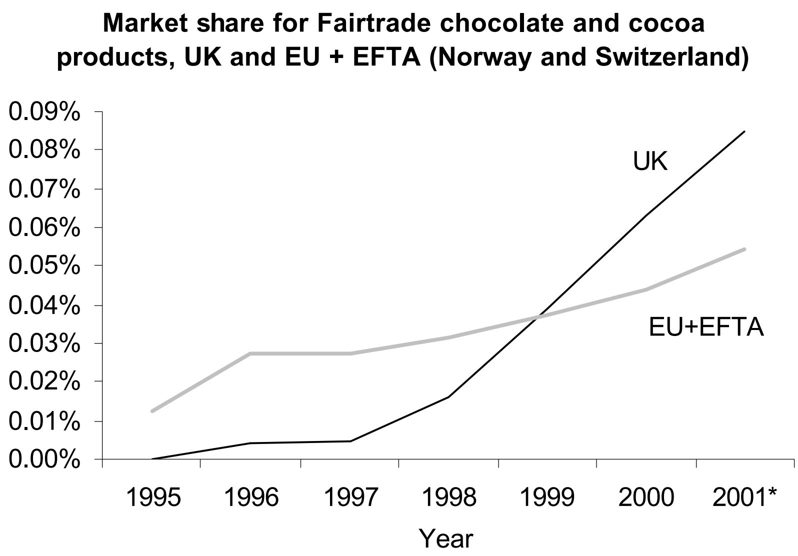
The premium of $150/t is intended for social and economic development projects and the producers' organisations must decide democratically how it is spent, that is, how much will go directly to the farmers, how much is spent on social projects, and how much is invested in developing the organisation.

Owing to the limited size of the Fairtrade market, it is usually the case that the larger a co-operative, the smaller the proportion of its cocoa it can sell in this way. This means that, while the farmers in a small co-operative may enjoy the full Fairtrade price for all of their cocoa, in larger organisations the benefits to individual farmers of a higher, more stable price are reduced by sharing the extra revenue amongst the whole co-operative. For farmers who are members of large co-operatives, such as Kuapa Kokoo, the much higher prices paid by the Fairtrade buyers are shared out in line with the overall percentage of Fairtrade cocoa sold by the co-operative. Currently for Kuapa Kokoo, only around three to five per cent of its output is sold as Fairtrade cocoa, and so if the extra price paid for Fairtrade material to Kuapa Kokoo is around $600/t (see graph above), then the growers benefit by an average of around $20-30/t on the total of their supplies to Kuapa Kokoo.

The price charged for Fairtrade cocoa products by suppliers may be complicated by the cocoa treatment process. There are frequently imbalances in the supplies of cocoa butter and cocoa powder. Hence if a Fairtrade processor has an order for Fairtrade cocoa butter, but cannot find a Fairtrade buyer for the equivalent powder, then the price of butter will be weighted upwards to cover the extra costs of the Fairtrade cocoa beans needed. This situation is worse when the market price for cocoa beans is very low and can lead to the bizarre situation that a fall in the world price of cocoa beans can cause the price of one Fairtrade ingredient to rise.

It should be noted that the cost of the cocoa only makes up a small percentage of the price to the consumer of a bar or a box of chocolate, and this will vary according to the level of cocoa solids (normally the more cocoa solids, the richer the taste of the chocolate) included in the confectionery. Chocolate in the shops will vary from a low of 20 per cent cocoa solids for milk chocolate to a high of 70 per cent for dark chocolate. Other costs included in the final price to the consumer include taxes, transport and processing costs, packaging, and retailers' margin. The end result is that even for FAIRTRADE Marked chocolate as little as six per cent of the price paid by a consumer for a bar of chocolate actually goes to the original farmer and for conventional non fairly traded products it can be as little as two per cent.

Market share

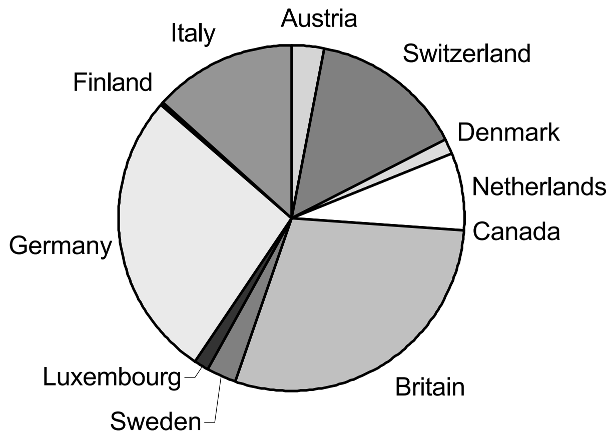


Based on figures from the FLO and the Manufacturing Confectioner 2002
* Size of total market in 2001 estimated from 2000

The market share of FAIRTRADE Marked chocolate and cocoa products is growing, but is still very small. It is highest in Switzerland, where they account for an estimated 0.275per cent of sales, followed in turn by Italy, the Netherlands, and the UK, although the volume of FAIRTRADE Mark chocolate sold is highest in the UK and this should increase with the decision of the Coop to use FAIRTRADE Marked cocoa for all its own brand chocolate. Outside Europe sales are currently negligible, but sales of certified Fairtrade chocolate began in the USA in 2003.

In the UK, Fairtrade chocolate first went on sale in a few supermarkets in 1994 (Maya Gold), but the main change came in 1998 (see the UK market share graph above) with the introduction of two new brands of Fairtrade chocolate specifically aimed at the mass market (Green and Blacks and Divine). Currently around 95per cent of UK Fairtrade sales are made through supermarket sales rather than the specialised Fairtrade shops. This demonstrates clearly that if fair trade is to make any significant impact on the average prices received by growers in West Africa or elsewhere, then the supermarkets and their main brand name suppliers must be targeted. At the end of 2002 the first breakthrough in this area occurred when the Co-operative Group in the UK announced that 100% of its own brand chocolate products would be based on fair-trade supplies. This is likely to double the total sale of Fairtrade chocolate in the UK and increase Kuapa Kokoo sales of Fairtrade cocoa by some 30%.

Sales of Fairtrade cocoa products by volume, 2001



Fairtrade chocolate represents an extremely small proportion of the total cocoa market, with even the larger growers' organisations, that supply the Fairtrade market, selling most of their crop elsewhere. The chocolate market is dominated by a few large companies that own most of the many brands available. Therefore, to improve the lot of small cocoa growers worldwide (ICCO estimates 2.5 million farming operating on less than less than 3ha), either the large cocoa buyers must be converted to Fairtrade, or we must see the erosion of their market share by independent or new niche chocolate companies. Failing this, other means must be sought to generate a reasonable income for these small growers.

Kuapa Kokoo

Fairtrade cocoa from West Africa is supplied almost exclusively by the Kuapa Kokoo co-operative in Ghana. It was set up in 1993 with the assistance of Twin Trading in the UK. From small beginnings, it now has a membership of over 35,000 farmers in 937 societies, in five out of the six cocoa growing regions in Ghana[3]. Despite its size, it is democratically based. Village societies elect a village committee and their representatives at regional level and these in turn elect representatives to the national farmers' union. Two representatives from every village society attend the AGM each year. Society development officers work with village societies. They not only provide agricultural training but also advise on the democratic structure of the societies, for example gender representation.

Kuapa Kokoo now sells over 30,000t of cocoa a year, about seven per cent of Ghana's total cocoa production[4]. A small proportion of this (350 to 850t in recent years) is sold to the European Fairtrade market at the Fairtrade price[5]. The extra income generated by the higher price from these sales is set aside and invested in the Kuapa Kokoo Farmers' Trust, which distributes the money for community projects. As well as this benefit from cocoa sold to the Fairtrade market, there are other important benefits for farmers who belong to Kuapa Kokoo:

- Transparency, for example in the weighing of cocoa. Recorders are employed by the village societies and scales can be checked, whereas elsewhere in West Africa small farmers complain of systematic cheating by under-weighing.
- Kuapa Kokoo can pay farmers slightly more than the going rate for cocoa, as profits are returned to farmers and they have efficient operating methods, such as using members for processes such as weighing and bagging cocoa. Depending on profit margins farmers may receive a cash bonus at the end of the season.
- Farmers are paid immediately in cash, but if they agree to wait for payment, which reduces the amount Kuapa Kokoo has to borrow at high rates of interest, they receive a bonus.
- Agricultural training by society development officers to improve the quality and quantity of cocoa produced.
- Some communities benefit from Kuapa Kokoo funded projects, agreed democratically.
- Farmers can buy materials, such as agricultural tools, more cheaply from Kuapa Kokoo, benefiting from their greater purchasing power.
- Efforts to promote women's participation.
- A credit union that provides loans to members at competitive rates.

In 1998, the Day Chocolate Company was founded by Twin Trading and Kuapa Kokoo, with the support of The Body Shop International, Christian Aid, UK Department for International Development and Comic Relief. Kuapa owns one third of the shares in the company, two elected farmer representatives sit on the board of The Day Chocolate Company and one board meeting is held in Ghana each year. Kuapa Kokoo therefore shares in the profits from the final product and its farmers also have a say in the company's decisions about manufacture and sale.

Only one other producers' organisation in West Africa is registered with the FLO as a supplier of Fairtrade cocoa, the Mamfe Central Farmers Cooperative Society in Cameroon.

In 2000 they exported 25.4t, but they had extreme difficulties in exporting, related to the country's poor infrastructure, inadequate communications and internal difficulties in their organisation[6]. Other reports suggest they have had difficulties in repaying credit loans.

Labour issues

For organisations to be registered with FLO as Small Farmers Organisations eligible to supply Fairtrade produce, the majority of members, providing at least 50 per cent of the total product, must be small farmers ('not structurally dependent on permanent hired labour, managing their farm mainly with their own and their family's labour force'[7]).

Of the requirements for these organisations, the section which deals with labour conditions applies directly only to employees of the organisation itself, and not to the employees of its members. It is stated however, that "the organisation is expected to encourage its members to share the benefits of Fairtrade with their workers and to improve the working conditions in line with these standards". Kuapa Kokoo staff is well trained and also has a dedicated staff shareholding in the trading company where dividends are converted into staff benefits.

Without giving an absolute guarantee that slavery could never occur, it is very unlikely that farmers could be a member of a co-operative such as Kuapa Kokoo and be able to consistently use forced labour on their farm. The democratic structure of the organisation means that other members locally ensure that all live up to the centrally agreed standards, because they can see the benefits and the risks.

For farmers working outside the Fairtrade system, the lack of price stability and community support means that they can be tempted to bend or violate the laws that protect labourers. In some situations this means using child labour to the point that the children cannot get the schooling they need. It can also mean putting children or other workers at risk in hazardous working conditions, or even slavery.

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[1] Extract from FLO Fairtrade standards for cocoa, 25/4/2002
[2] USDA Foreign Agricultural Services, Côte d'Ivoire. Cocoa annual report 11/2000
[3] Kuapa Kokoo website
[4] ibid
[5] FLO
[6] FLO report 2000/1
[7] FLO

7. Labour practices on cocoa farms

When consumers are told that their chocolate may have been produced with child or slave labour, they are shocked. Child and slave labour are repugnant, and the idea that these crimes feed into the chocolate we enjoy brings a sharp reaction. The fundamental outrage felt when slavery is discovered calls for an immediate and clear response. Unfortunately, the enslavement of people on cocoa farms occurs in a context, which is complex, beset with local issues, buffeted by international economics, and obscured by trickery and corruption. The right solution is not always the most obvious one, and since slaves and children are extremely vulnerable, they can be the first to be hurt by the wrong approach. In this section we hope to clarify the situation of labour in cocoa production, and to use that knowledge to point out ways to get the help to those who need it most.

One of the things that need clarification for most in the developed world is that in West Africa generally, and in Côte d'Ivoire particularly, cocoa is grown on small family farms, not by large 'agri-businesses'. Part of the misunderstanding has been linguistic. French is widely spoken in Côte d'Ivoire and serves as the common language of government for the many ethnic groups there. The French word normally used to describe these small farms is *plantation* – a word that in English carries the picture of the vast plantations of the American Deep South with their gangs of slaves. In fact, almost all cocoa is grown on some 650,000 small farms that average less than four hectares. At the same time, these family farms grow other crops besides cocoa, often on the same piece of land.

Since cocoa grows on small trees, the earth beneath the trees can be planted with a variety of crops. Coffee bushes represent another cash crop for the farmer, and yams, peppers, and squash can be grown for sale in the local market and for the farmer's family to eat. Larger trees, for timber or nuts, can be interspersed with the shorter cocoa trees. Cocoa is the product of poor, small-scale farmers, and that means few machines are used – cocoa is cultivated with simple hand labour.

The mix of cash crops and food to eat is essential for the survival of the small farmer. The economics of cocoa production mean that farmers face an unreliable income from this cash crop. Most small growers have to accept whatever price they are offered 'at the farm gate' by middlemen dealers. These dealers buy up the cocoa from small farms and then re-sell it to processors and exporters. As shown above when the price of cocoa is low on the world market, the price of cocoa falls at each link in the chain until the grower is getting very little for their crop. The farmer is only able to sell cocoa once or twice a year, for the rest of the time he often has to borrow, or arrange for food or fertilizer on credit. The interest on such debt eats into the return on their crop.

Farmer cooperatives

Some farmers form co-operatives to get better prices. In some cases this helps, and the co-operative helps stabilize farm income. But co-operatives in Côte d'Ivoire are relatively new, and are often formed without either the needed capital and equipment or the training in good management that is needed. A shortage of trucks means that the co-operative cannot move all its members' cocoa at harvest time, nor will it have on hand the money to pay the farmers 'at the farm gate' for their crop. This means the farmer has to wait for payment. Often weeks will pass before the co-operative is able to sell off the stock and pay out to the farmer-members. Sadly, with little training in good management, some co-operatives have failed through fraud or theft, leaving the farmer with nothing. In an attempt to avoid this, most members of co-operatives will insist that all funds be shared out each year, but that leaves the co-operative with no capital with which to operate – and the cycle begins again.

Farmer co-operatives can dramatically improve the lives of cocoa farmers when they work well, but there is still a long way to go. Most farmers do not belong to a co-operative, and of those that do, only a minority are really helped. Before the co-operatives can have a real impact in improving the conditions of farmers three things need to happen. Firstly, the co-operatives need to stabilize their operating capital, and this is difficult when levels of trust are so low. Secondly, the co-operative members need training in how to run their organisation efficiently and without the chance of fraud – this would increase levels of trust. Thirdly, and this is beyond the ability of most co-operatives, the roads that serve the rural farmers must be improved. When roads are impassable harvested crops sit unsold on the farms. When the roads are usable, the poor quality of the roads takes a heavy toll on the trucks used by the co-operative, increasing their costs. More and more co-operatives are being formed, and training programmes exist, but there are other growers the co-operatives cannot help.

Farm labour and child labour

A well-run co-operative may have only a marginal effect on 'sharecroppers'. Many of those who grow cocoa do not own the land they farm. These sharecroppers hand over between 50 and 66 per cent of their crop to the landowner, putting severe pressure on them to keep their own costs as low as possible. One way to keep costs down for both sharecroppers and smallholders is to use their own children and other family members as their workforce. For this reason, the use of child labour is widespread, and in the more isolated areas, many of these children have little or no access to schooling. Côte d'Ivoire outlawed child labour under the age of 14 in 1995, but the law applies only to the formal business sector, not family farms. It is difficult to gather precise information about the extent of such child labour, but recent estimates suggest that two-thirds of farms have children working[1]. Similar laws apply across West Africa, and this means that illegal child labour is involved in cocoa production. The survey of labour on West African cocoa farms undertaken by IITA in 2001/2 showed the extent of this family child labour in the industry.[2]

Though child labour is widespread, it is still not enough to meet the demand, and this is where slavery can enter cocoa. A recent study by the International Labour Organisation[3] suggests that perhaps one-third of cocoa farms use non-family labourers. Some of these are paid, others are abused and enslaved, still others are terribly exploited but may not be enslaved. These other workers come to the farms in several different ways. As is often the case in West Africa, traditional forms of labour migration, or the 'placement' or 'apprenticeship' of children are misused and can lead to abusive working conditions.

For example, one of the main groups farming cocoa in Côte d'Ivoire is the Burkinabe people originally from Burkina Faso to the north. One Burkinabe farmer explained how he recruited labourers from his old village back in Burkina Faso:

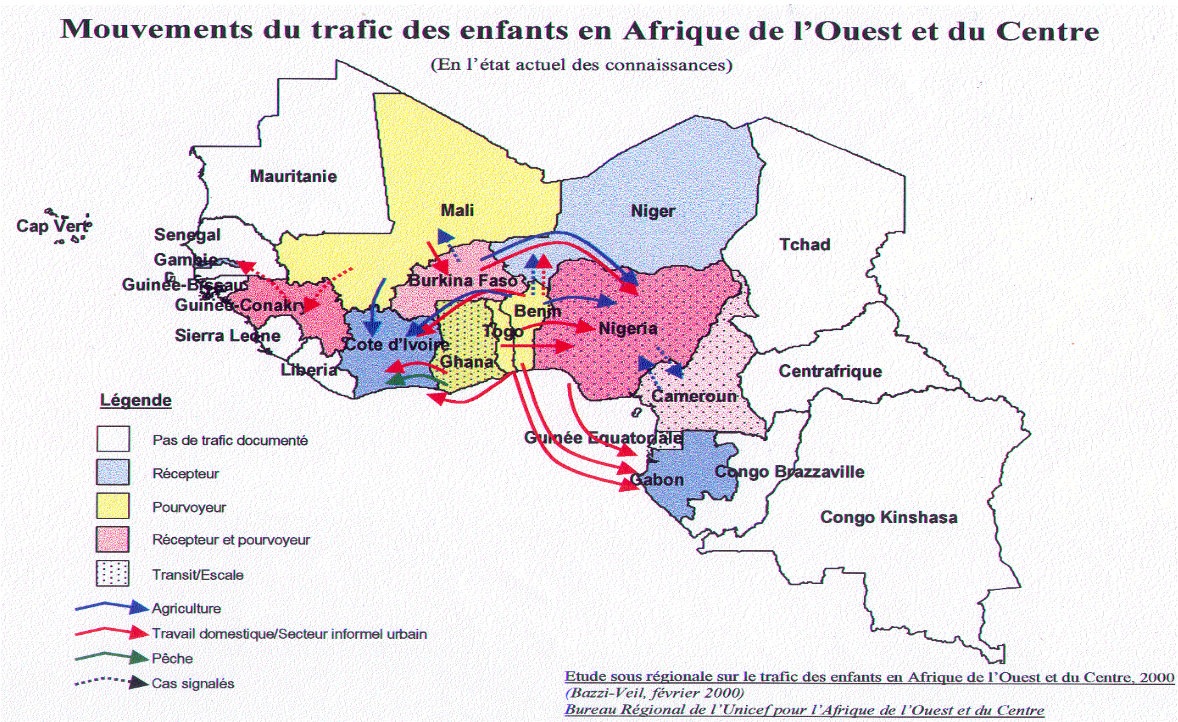
"When I need workers I go back to my village in Burkina Faso and tell my relatives that I want people to help me on my cocoa farm. If they have children who are still in the village, they will send them with me. I settle on a price with their fathers for each child and on the number of years they will stay. The father then sends them to my farm or, if they are too small to find their way, my brother goes to get them. I pay about 100,000 CFA (ca £100) when the child is older, and 70,000 CFA (ca £70) when the child is small"[4].

These children may stay on the farms for several years enduring hard farm work and receiving no education. They may or may not be physically abused by the farmers who have recruited them. The high level of poverty in Burkina Faso means that their parents are sufficiently desperate to gamble that their children might achieve a better life and bring home some money. For some children the work is hard, but they are able to return home with some earnings, for others the situation slides into enslavement. In any case most of the children are working illegally and are certainly working under conditions that fall into the category of 'worst forms of child labour'. Those that return home successfully can create a 'lottery effect' in their villages. Though many children may have gone off to work, and only a handful successfully returns, these are the ones who are noticed by the people of the village. Like the rare lottery winner, they give their destitute neighbours the idea that letting their children go to the farms may be worth the gamble. After being purchased in a market in Côte d'Ivoire by an undercover journalist, one young man from Mali, aged about 19, explained that:

"We had heard that terrible things could happen if you came to the farms, that some were taken into slavery, but we never thought it would happen to us"[5]

Farm labour and human trafficking

This young man from Mali was one of another group that makes up the extra labourers on the farms. These young men come from the countries that surround Côte d'Ivoire searching for jobs and a better life. Côte d'Ivoire is richer than its neighbours and there is a constant flow of economic migrants from Mali, Burkina Faso, Liberia (which has been racked by civil war), and Ghana. These are some of the least developed countries in the world, and the young men are likely to come from villages without access to the wider world and little chance of education. Such migration has a long history and includes both young men and women. In 2002 a research study of the migration patterns from Mali showed how simplistic it was simply to categorize all such migration as trafficking and the various problems caused by regularly changing employment opportunities and government regulations.[6] The map below gives some idea of the complex flow of trafficked people within the region.



Driven by a desire to better themselves and to send money back to their families, the children and young men head for their richer neighbouring country. Away from their villages and families, they easily fall victims to traffickers who promise them jobs in Côte d'Ivoire. As they travel toward the border, they are 'befriended' by men who assure them of transportation and work. Once in the hands of the traffickers, they are normally loaded onto trucks and driven to a house that serves as a way-station. Here they will be locked in and fed very little, the process of suppressing their will and enslavement has begun. Since the Mali and Côte d'Ivoire governments instituted tighter border controls in 2001, the trapped children and young men are often made to wait for days before they are transported through back roads and forests into Côte d'Ivoire.

The traffickers take their victims to market towns in the cocoa producing areas and offer them for sale as workers on farms, in mining, as porters or as domestic labour. The young men, weakened and hungry, do not realise they are being sold since the negotiations take place in, what is for them, a foreign language. Handing over the young men to the farmers or to contractors supplying temporary labour for hire, the traffickers pocket their profits and return to Mali, or another neighbouring country, for another batch of victims. Travelling back to the farm with their new 'employer', the young men look forward to the promised job, food and a good night's sleep. Sadly, it is not to be. The workers are told that they now owe the farmer, other employer or contractor a large sum of money, and that they will not be allowed to leave until it is all paid off. If they try to run, they are told, they will be caught and killed.

Drissa's story[7]

A young man named Drissa (approximately 19 years old) was brought down from Mali in this way. Once in Korhogo, in Côte d'Ivoire, Drissa and his friends were offered what sounded like a good job on a cocoa plantation, but when they reached the isolated farm, they were enslaved. More than 300 miles from home, far from any settlement, not even knowing where he was, Drissa was trapped. When he tried to run away he was savagely beaten. At night, along with 17 other young men, Drissa was locked into a small room, with only a tin can for a toilet.

On the farm the work was hard. In oppressive heat, with biting flies around their heads and snakes in the undergrowth, they worked from dawn till dusk tending and collecting the cocoa pods and doing other work on the farm. Often given only braised banana to eat for months at a time, they developed vitamin deficiencies. Weak from hunger they staggered under great sacks of cocoa pods. If they slowed in their work, they were beaten.

The farmer who held Drissa and the other young men captive controlled his slaves not only with simple brutality, but also with a more subtle psychological terror. The farmer told them that he had put a magical spell on them, and that if they tried to run away they would be paralysed and he would easily recapture them. If they dared to break this spell and ran away, worse came when they were captured (as they almost always were). These teenage slaves were beaten as an example to the others. Stripped of their clothes, with their hands tied behind their backs, they were viciously whipped. The beatings continued, twice a day, for several days. The farmer repeatedly demanded an answer to the impossible question ‘How did you break my spell?’ Some boys didn’t survive. Those that did were sent back to work as soon as they could walk. Their wounds became infected and they had to rely on the maggots feeding on their flesh to clean the wounds and save them from gangrene. The brutality, the isolation, the hunger and exhaustion, all combined to break the spirit and will of Drissa and his fellow captives, locking them into years of slavery. This was the situation discovered by a British film crew in the spring of 2000, and its exposure in the world’s media brought an immediate and far-reaching response.

The public learns about slavery in chocolate

Before filmmakers, Brian Woods and Kate Blewitt of TrueVision Productions, alerted people in Britain to this slavery in September 2000, concern about the problem had been growing in the region. In 1998 the government of Mali had set up a National Commission on Child Trafficking. In 1999 Anti-Slavery International was one of the leaders of the campaign for the adoption by the UN of the Worst Forms of Child Labour Convention (International Labour Organisation Convention 182). This Convention called for immediate and comprehensive action to end the worst forms of child labour, such as slavery. In the summer of 1999 Anti-Slavery International made the case clear in a submission to the United Nations Working Group on Contemporary Forms of Slavery[8].

“Large numbers of children from Benin, Burkina Faso, Ghana, Mali, Nigeria and Togo are trafficked to Bénin, the Congo, Côte d’Ivoire, Equatorial Guinea, Gabon and Nigeria. …….Children in West and Central Africa are trafficked into several types of economic activity. Studies have shown that children are trafficked from Benin to Gabon to be used as domestic servants, from Mali to Côte d’Ivoire to work on agricultural plantations, from Togo to Gabon, Nigeria, Côte d’Ivoire, Burkina Faso and also on occasions to countries in Europe for use as domestic servants, market traders, child beggars and prostitutes.” Information was also provided by children who had escaped from cocoa farms and returned to Mali.[9]

This information provided by Anti-Slavery International was highlighted in the official report of the Working Group. The problems in Côte d'Ivoire were thrown into sharp relief by a *coup d'etat* at the end of 1999, and a continuing fall in the price of cocoa on the world market. The political turmoil and economic depression led to outbreaks of ethnic tension and violence. This in turn brought the withdrawal of some aid workers. On the other side of the border, in early 2000 the Mali government invited Anti-Slavery International to help them establish a system of rehabilitation for trafficked children. By mid-2000 the problem of trafficking and the enslavement of children and young people on the cocoa farms and in other industries was well-known to aid and human rights workers as well as international agencies. What was missing was public awareness, and in late 2000 that changed.

When Woods, Blewitt, and the TrueVision crew filmed slaves on the cocoa farms of Côte d'Ivoire, they realised that this was a story with far reaching implications. With such a large proportion of the world's cocoa originating there, and with the British having an enormous appetite for chocolate, it clearly touched the lives of nearly everyone in the UK. Since the issue was somewhat complex, being linked to the world's commodity markets and international debt, Channel 4 took the important step of producing a fully illustrated booklet[10] to accompany the broadcast, as well as linking public response to Anti-Slavery International. The response was significant.

Recent investigations in Côte d'Ivoire

Despite the international furore concerning slavery in the cocoa industry, recent small investigations of some of the cocoa producing areas of Côte d'Ivoire continue to highlight ongoing abuse. In the spring of 2002 a BBC journalist visited Mali and Côte d'Ivoire. At the same time a researcher from the International Labor Rights Fund in the USA went to Côte d'Ivoire. Operating separately, both found many children, mainly from Burkina Faso and Mali working in the cocoa industry. Both noted that during the high season for cocoa many farms employ contract labour. Independent labour contractors provide such workers to the farmers and many of them are children. The contractors supply labour for maize and coffee growing as well as cocoa. Information from these sources shows that the children and young men employed in this fashion are under the control of the labour contractor and have often been trafficked from neighbouring countries.

These researchers also pointed out that there was little evidence among the farmers of any knowledge concerning the issues involved and the fact that it was illegal to employ children in this way. In the light of the chocolate industry activity to reduce child and slave labour, it is surprising that the industry has not made more attempts to influence the cocoa growers. Even though the main chocolate companies do not buy direct from farmers in Côte d'Ivoire, the larger trading houses, such as Cargill, ED&F Man and Barry Callebaut, do employ *traitants* who purchase from the farms and there seems little doubt that they could pass on their concerns in this fashion. It should also be pointed out that there are no signs that the Government of Côte d'Ivoire has made any effort to inform its farmers of the laws concerning forced labour and the employment of child labour. Although the civil war in Côte d'Ivoire did make government and communication more difficult during 2002/3.

Industry and government responses

A media blitz accompanied the broadcast of the film, with articles and interviews in newspapers, on TV and the radio. The reaction from the chocolate industry was an immediate denial of significant use of slavery in cocoa. The day after broadcast the UK Biscuit, Cake, Chocolate and Confectionery Alliance (BCCCA) said: 'we do not believe that the farms visited by the programme are in the least representative of cocoa farming in Côte d'Ivoire, although the claims cannot be ignored.'. The BCCCA said representatives of their member companies made regular trips to Côte d'Ivoire and added: 'if any evidence of these abhorrent practices is revealed we will inform the appropriate authorities and insist they take the necessary preventative action'. The government of Côte d'Ivoire was also quick to deny slavery in cocoa, rejecting the claims as 'nonsense' and 'wildly inaccurate'. The country's ambassador to the UK, H.E. Kouadio Adjoumani, condemned the 'unsubstantiated allegations damaging Côte d'Ivoire. The absurdity of the claim that 90 per cent of farms use slave labour is shown up by the simple fact that this would mean that nearly every one of the 700,000 farmers employs slaves, patently nonsense as anyone with any knowledge of our country would know.'

To be clear, the film did not claim that 90 per cent of the farms used slaves. This figure was an estimate given by Diabe Demeblé, President of the Malian Association in Daloa (Côte d'Ivoire), when he was interviewed in the film, and based on his 17 years experience with cocoa workers. The film-makers then made the point that if that Demeblé's estimate were true, then a large part of the chocolate we eat would be tainted with slavery. Today it may seem odd to concentrate on precisely who said what, when the key point was that children and young people were being enslaved, but in late 2000 this estimate became a point of controversy and consumed some of the efforts of the chocolate industry as well as human rights organisations.

In fact, no one knew how many slaves were being used on the cocoa farms. In an attempt to refute, or at least clarify, estimates of extensive slavery in cocoa, the BCCCA commissioned a confidential desk research report[11]. Written without on-the-ground surveys in Côte d'Ivoire, the results of this inquiry did little to resolve the outstanding questions. 'There is evidence', the Report stated, 'that slave labour is used in agriculture, and that child slave labour in particular can be found in other sectors, such as cotton, rice and maize farming, as well as in urban domestic tasks.[12]' The report explained that the situation was complex, but that: 'there is evidence that in certain circumstances the conditions exist in Côte d'Ivoire that would give rise to both the need and opportunity to use such [slave] labour.' Overall, the report simply confirmed the existence of the issues highlighted in the TrueVision film.

Aid agencies were also quick to respond. Two days after the news broke, a meeting between government donors from France, Germany, Canada and some NGOs was convened to discuss a $1 million donation to enact a national action plan to repatriate, rehabilitate and resettle the Malian children trafficked into other countries. A determination to retrieve the children either by expulsion or force was formed. Either action was dependent upon the political climate in the trafficking countries. 'There are two scenarios,' said Michel Larouche, director of Save the Children (Canada) in West Africa. 'One is that all the children could be expelled and then we're going to need a lot more money because it will become a full-blown emergency. Or we may have to change our strategy to pull them out of the plantations. Either way, we will do it.'

These reactions by the chocolate industry, the NGOs, the governments, and the media to the 'discovery' of slavery in chocolate were unco-ordinated and often at odds. If there was a consensus it was that a problem existed, but the best way forward was not agreed, and much energy was being spent trying to avoid blame. The key players – the industry, human rights organisations, development agencies, governments, and international agencies – were often suspicious of each other, and were not sharing their resources and expertise. The intervention of an American member of Congress helped to speed up the discussions and to bring some of the key players together.

The 'Cocoa Protocol'

In January 2001, Representative Eliot Engel, a Democrat from New York, attached an amendment to a bill passing through the US Congress that called for setting up a labelling system so that consumers could be assured no slave labour was used in the production of their chocolate. In the House of Representatives the amendment was passed by a vote of 291 to 115, and sent a shockwave through the chocolate industry. This was rapidly followed by a second wave of media reports concerning the use of slave labour in Côte d'Ivoire cocoa industry at Easter 2001. The chocolate industry knew that, given the current level of information available, it would be impossible to certify that cocoa in their products was free of slavery. Cocoa from Côte d'Ivoire would be effectively off-limits. That being the case, the cocoa available for use would be severely restricted, and their production and sales would fall dramatically. Led by the largest chocolate makers, they began to seek new solutions. At the same time the Côte d'Ivoire Government initiated urgent talks with both the chocolate industry and the governments of the main cocoa consuming countries.

The first step taken by the US chocolate industry was to agree to fund a major research effort in Côte d'Ivoire that it was hoped would give a clearer picture of working conditions there. Conducted under the auspices of the US Agency for International Development, the study included 2,000 farms in Côte d'Ivoire and 1,000 farms in Ghana, constituting a statistically representative sample of cocoa farms in these countries. A trained team including human rights, labour, and research experts, as well as US and local government officials, was to contribute to the study.

As importantly, under the guidance of Senator Harkin, a long-time campaigner against child labour, negotiations began that would bring the various groups together. Some chocolate companies, such as Hersheys and M&M Mars[13], had a complex of reasons for being seen to take action to end slavery in cocoa. Others were perhaps more motivated by the threat of Representative Engel's labelling amendment. Whatever the case, since the amendment had passed the House of Representatives, passage in the Senate would take it near to being national law. Senator Harkin, the amendment's sponsor in the Senate, made it clear that a better plan of action would need to be in place before the labelling requirements were shelved.

That 'better plan of action' was argued over and worked out during the summer of 2001. By September a basic agreement was reached that involved the chocolate industry, the US and Côte d'Ivoire governments, human rights organisations, trade unions, and international agencies like the United Nations. Originally called the Harkin-Engel

Protocol, the agreement was made public on the first of October. Public response to the Protocol was muted, and the media all but ignored it. Many people saw it as an attempt by the chocolate industry to divert attention from the slavery problem. In fact, the Protocol could prove an important step in the work against slavery and illegal child labour.

The Protocol[14] set a timetable for five specific tasks to be accomplished:

- The first was to support and complete the research into child labour conditions in Côte d'Ivoire.
- The second was to have all the 'stakeholders' (as the participating organisations were called) agree a more detailed plan of action by 1 December 2001.
- The third task was that all stakeholders would agree a binding agreement by 1 May 2002. This agreement would commit them to carrying through the plan of action and further specify the detailed actions to be taken.
- By the first of July 2002 a Foundation would be established to carry out work in Côte d'Ivoire. This foundation would be funded by the chocolate industry but not under its control. The foundation board would have representatives of all stakeholders. The aim of this foundation would be to support projects that would liberate, rehabilitate, and possibly repatriate, children and enslaved adults from cocoa farms.
- The final task was given a longer deadline. It was agreed that by July 2005 there would be an inspection, verification, and certification system in place that was fully independent of the chocolate industry. This system would randomly inspect cocoa farms and find a way to certify that the cocoa purchased by consumers was not tainted with slavery.

After the launch of the agreement in October, the stakeholders sought to bring other organisations and companies on board. This was not easy. Many chocolate companies were unwilling to take responsibility for their entire product chain, arguing that it was the responsibility of the Côte d'Ivoire Government to enforce the laws against slavery and child labour. Some human rights organisations were suspicious of forging links with industry, thinking that profit making would always take precedence over rights. Other consumer groups were worried that the extreme wealth of the industry (sales of over $13 billion in the US alone) would give them far too much power. Virulently anti-globalization groups saw the corporations as inherently flawed and complicit in the destruction of livelihoods in Africa and elsewhere, and they suspected that any human rights organisation that joined the Protocol was just 'selling out'.

On the other hand there were groups that saw the Protocol as a breakthrough. One of these was Anti-Slavery International's sister organisation in the United States, Free the Slaves – one of the original signatories of the agreement. For more than 200 years, industries that used raw materials produced with slave labour had been making the same arguments: that they could not control events and farmers in foreign countries; that they were commercial firms, not police or governments; that it was not their responsibility to protect foreign workers; that if they did stop using slave-made goods, other firms would continue to do so; and that their job was to ensure the best product at the cheapest price and that meant using the least expensive raw materials. Whether the product was the slave sugar spooned into tea in the 18th century, slave cotton used in England's 19th century mills, or slave-made rugs in 20th century Europe or the USA, these arguments had reverberated across time and been used to avoid responsible corporate behaviour. By signing the Protocol the chocolate industry took the crucial step of accepting moral, social, and financial responsibility for their raw materials, wherever they were produced.

The Protocol also represented a breakthrough in the team that was assembled to carry it forward. The stakeholders brought a mix of resources and skills that meant the complex problem of child and slave labour should be well understood. The chocolate companies brought significant financial resources to the problem, but equally had a deep understanding of the cocoa market. Additionally, in 1995 many of the chocolate companies had combined to establish the Sustainable Tree Crops Programme (STCP) whose main purpose is to help small tropical farmers build sustainable livelihoods through mixed agriculture. The anti-slavery and anti-child labour organisations had expertise in uncovering and helping slave and child workers. The trades unions brought the skills needed to ensure and protect core labour standards. Governments helped hold the stakeholders together, and smoothed the way with local officials. Instead of a boycott that might have hurt enslaved and child workers as well as innocent cocoa farmers, this joint approach promised a comprehensive action plan.

Anti-Slavery International and others pointed out that the agreed Protocol only covered illegal child labour, whereas any such commitment ought to apply to all forms of slave or forced labour. As a result the industry wrote a side letter to Free the Slaves and the National Consumers League to confirm that forced labour of adults was also covered.

Industry action since 2001

In 2001/2 the International Institute of Tropical Agriculture (IITA), through the Sustainable Tree Crops Programme (STCP), commissioned and carried out research in Cameroon, Côte d'Ivoire, Ghana, Guinea and Nigeria. The remit of the study was to look at a number of issues, including the prevalence of child labour on cocoa farms, the first task set by the Protocol. A USAID Technical Advisory Committee was established, made up of 16 independent experts from international research institutes, the World Bank, UN agencies, national research organisations, trade unions, and the NGO community. It was their role to ensure the methodology used was appropriate and rigorous.

In all of the countries the research took the form of baseline producer surveys, examining wider issues and constraints in both cocoa and coffee production. A part of these baseline studies focused on labour supply and utilization, within which child labour was specifically examined. In Côte d'Ivoire two further surveys were also carried out at the request of the Ivorian government, for an in-depth investigation of labour practices in the cocoa sector. The producers/workers survey collected quantitative data by using two separate structured questionnaires for farmers and workers.

Both the baseline survey and the producers/workers survey were quantitative in nature, which unfortunately means that they were unlikely to discover very much of the nature of children's employment. This may have been exacerbated by the fact that the producers/ workers survey relied purely on information supplied by the farmers in relation to those children (12,000) having no family tie to the head of household. In the other surveys, carried out in countries other than Côte d'Ivoire as part of this research project, no information about this category of worker was solicited. Community surveys were also implemented in Côte d'Ivoire. These assessments sought to collate qualitative data to supplement the quantitative data collected in the above two surveys. They took the form of rapid rural assessments following UNICEF/ILO guidelines.

The findings of the surveys were published in August 2002 on the IITA website[15] in the form of survey analysis, they have never been published in report form. The survey reported that 284,000 child labourers work in hazardous conditions on cocoa farms in West Africa, 200,000 of which work in Côte d'Ivoire and most of whom work alongside their families. Such hazardous work includes spraying pesticides without personal protection and clearing undergrowth with machetes. The survey also produced evidence that up to 2,500 child workers may have been trafficked for cocoa work in Côte d'Ivoire and Nigeria and that around 12,000 children were not employed on family farms. Despite assurances that the data sets of the surveys were to be made available, this has never happened. Given the confusing nature of many of the findings drawn from the data, it is difficult to reach any conclusions about the state of child labour and child slavery on cocoa plantations in West Africa, and it seems impossible to rule out the continuing existence of child slavery on cocoa farms in West Africa.

Save the Children Canada, in their report “Children Still in the Chocolate Trade”[16], voice doubts about the ability of the survey to disprove that child labour and child trafficking are endemic to the chocolate trade for a number of reasons. The report notes that a communication between Save the Children Canada and a researcher working on the IITA study indicated, “that some of the researchers expressed unease in interviewing farmers about children’s work” (p46).

The IITA study had a broad remit covering agricultural issues seen to be hindering the development of more productive cocoa farming, as well as socio-economic conditions. It therefore seems that the focus on child welfare was only secondary. Because the study did not address issues of trafficking it is unlikely that the survey can be said to either prove or disprove the level of trafficking used in the recruitment of permanent and temporary labour for cocoa farms in West Africa. At March 2004 even the original survey synthesis appears to have been withdrawn from the websites of IITA, USAID and the US Department of Labor.

The survey findings have been questioned, in part because the IITA has not released statistical data on which they are based. In addition, the research findings have been criticised due to perceived problems with the methodology. Although Anti-Slavery International recognises that the survey was an important step in making the child labour debate a part of work which up until now has mainly focused on the ecological factors affecting cocoa production, by joining the two issues together it seems that the scope and depth of the research into child labour issues has in fact been sidelined. This may have been exacerbated by the fact that the surveyors used were not specialists in the collection of data on child labour. Anti-Slavery International believes that it would be useful to publish the full data from the survey and the methods used or at least to make it available to specialists in the field. This will allow the results of the survey to be compared with the methodology and provide good learning for future surveys.

Following the publication of the study summary, the cocoa industry generally limited its statements to reiterating that the problem of illegal child labour is not as prevalent as had previously been thought, and that child slavery only exists to a very limited extent if at all.

Despite the limitations of the survey, November 17 2002 saw the launch of the STCP pilot programmes in Accra, Ghana. The programme involves USAID, US Department of Labour, IITA, Government of Ghana and the International Cocoa Industry, with the ILO/IPEC being responsible for the implementation of the child labour element of the programme through a broader ILO designed and managed programme, the West Africa Cocoa/ Commercial Agricultural Programme to Combat Hazardous and Exploitative Child Labour (WACAP). The STCP alliance claims that the overall pilot programme takes a more holistic approach, having a broad focus on social economic and environmental concern, and not just the issue of child labour. The elements of the pilot programme carried out by the national networks of the STCP focus on the strengthening of farming communities. Specifically this includes the strengthening or creation of local community farmer organisations; the testing of different market information systems to increase efficiency and farmer control over timing of sales to take advantage of fluctuations; dissemination of technology; and radio education to both educate farmers on safe farming and responsible labour practices, and offer at home education to children.

It seems that the issue of child trafficking has been sidelined in the STCP managed part of the programme. John Rowsome, President of the Confectionary Manufacturers Association of Canada (CMAC) said that, “working closely with our partners, we are focusing our resources on where they will do the greatest good – on the ground, at the individual farm level.”[17] The industry has persistently reiterated that the issue of child labour is not one of slavery but rather that it must be understood in the context of family farming: “[child labour] was presented as slavery, but it was just the normal practice of families using children to run the family freeholding” said a spokesman for Nestle Switzerland.[18] Such a focus may preclude action on addressing the trafficking networks that supply child labour to many of these individual farms.

The International Cocoa Initiative (ICI) was established in July 2002 with the aim of eliminating abusive child labour practices in cocoa farming. The main stakeholders who participated in the establishment of the ICI are:

a) Cocoa and chocolate industry:

- Association of the Chocolate, Biscuit and Confectionery Industries of the EU (CAOBISCO)
- Chocolate Manufacturers Association of the USA (CMA) and the National Confectioners Association
- Confectionery Manufacturers Association of Canada (CMAC)
- International Confectionery Association (ICA)
- Cocoa Merchants Association of America (CMAA)
- The Federation of Cocoa Commerce, Ltd. (FCC)
- European Cocoa Association (ECA)
- World Cocoa Foundation (WCF)

b) Non governmental organizations/unions:

- Child Labor Coalition
- Free the Slaves
- Global March Against Child Labour
- International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations (IUF)
- National Consumers League

c) Advisors:

- International Labour Organization (ILO)

Two people with extensive NGO and other experience in Africa were appointed in 2003 to manage the initiative. It plans to carry out its goal through supporting field projects, developing joint action programme of research, information exchange and action against the worst forms of child labour and forced labour practices by enforcing ILO standards in the growing of cocoa. It is also in the ICI's remit to help determine the most appropriate, practical and independent means of monitoring and public reporting in compliance with these labour standards. However, it now seems that the industry is developing the monitoring and verification of labour standards independently of the ICI, and that the ILO is reluctant to take on the role of monitoring and verifying the 'no child slavery' label, which is favoured by many.

The cocoa industry is continuing to focus on the July 2005 deadline for the introduction of a certification system to help consumers choose chocolate produced without abusive labour practices. The plan is to establish a system of public certification that the cocoa used in the production of chocolate was not grown with abusive child labour, with the aim of reassuring consumers as well as being mutually acceptable, credible, voluntary and consistent with all applicable US federal law.[19]

A civil war broke out in Côte d'Ivoire in September 2001 following a military coup in 1999 and subsequent military uprising and increased violence throughout the country. Much of the fighting was concentrated in cocoa growing regions destroying crops and interrupting harvesting. The small farmers, many of whom are from Burkina Faso, have faced reprisals as a result of suggestions by the Ivorian government that Burkina Faso was behind the failed *coup d'etat*.[20] The instability in Côte d'Ivoire was reflected by instability on the world cocoa markets. Persistently small yields over the two previous years had been driving prices up, and in conjunction with the war October 2002 saw 17-year highs of $2,405 a ton for cocoa on the world market. Unfortunately it is commodity trading firms and middlemen who have benefited from these fluctuations. Confectionary makers such as Hershey and Nestle are large enough to have been able to limit their exposure to the rising costs of cocoa.

The civil war lasted for nine months prior to the agreement of a ceasefire. Despite the security situation, the industry says it continued its work in some parts of Côte d'Ivoire.[21] As of July 2003 activities were temporarily suspended in areas considered to be of high instability, whilst in areas considered relatively stable the programme was being implemented. Radio education programmes are continuing to be used as a way of reaching farms in inaccessible areas.

By July 2002 three of the first four steps agreed in the Protocol had been achieved on time. Meanwhile, as the Protocol stakeholders attempt to build a partnership to take slavery out of chocolate, the governments of the region are also mobilising.

ILO action in West Africa

The International Labour Organisation, through its International Programme on the Elimination of Child Labour (IPEC), launched a new initiative, 'Combating Trafficking in Children for Labour Exploitation in West and Central Africa' in the year 2000. Participating countries include Burkina Faso, Mali, Côte d'Ivoire, Ghana, Togo, Benin, Nigeria, Cameroon and Gabon. With the completion of the analysis phase in July 2000, the operational phase started in June 2001 and will last three years.[22]

Following the focus on cocoa farming and its links with child labour and trafficking, The West Africa Cocoa/ Commercial Agricultural Programme to Combat Hazardous and Exploitative Child Labour (WACAP) was launched by ILO / IPEC in 2003. The programme has a budget of $600,000, from the US Department of Labour and the chocolate industry. The element of the programme that focuses on child labour standards in cocoa producing areas of West Africa is being run by the ILO/IPEC as part of the STCP alliance, working with government agencies, UN agencies, employers’ organisations, and NGOs. WACAP is responsible for the implementation of the child labour element of the pilot programme set up by the IITA as a result of the STCP surveys carried out in 2001/2002.

The programme operates in five countries: Ghana, Côte d’Ivoire, Guinea, Cameroon and Nigeria. Through social protection, capacity building, child labour monitoring, knowledge dissemination and awareness raising, the programme aims to achieve three main objectives:

- to establish a sustainable mechanism to withdraw and prevent children from hazardous child labour in the cocoa sector.
- Strengthening the capacity of national and community level agencies and organisations to plan, initiate, implement and evaluate action to prevent and progressively eliminate child labour.
- To remove all children involved in hazardous work in the cocoa sector, to prevent children at risk from entering such work, and to improve the income earning capacity of adult family members, particularly women, through social protection schemes. [23]

By early 2004 the programme was well underway and new help and support is being provided to farmers across the region in the development of better farming practices and techniques and in providing them with more information about the international and national markets for cocoa.

Government action in West Africa

The question of child and slave labour in cocoa has to be understood in the broader context of human trafficking and child labour throughout West Africa. This trafficking extends far beyond the use of young people and children on cocoa farms. The government of Côte d'Ivoire was surprised and suspicious when the attention of the British and international media focussed on their cocoa crop. They were surprised because the trafficking of young people into and through Côte d'Ivoire was well known in many areas besides agriculture. They were suspicious because cocoa is the mainstay of their economy, and an enemy could hardly do better than threaten the income from the national cash crop. For those reasons the actions of the Côte d'Ivoire Government were initially mixed, denials from one part of the government and positive actions from another.

One of the first actions taken by Côte d'Ivoire was to forge an agreement with the government of Mali to combat child trafficking. The Bouake Accords[24] called for stronger policing of the border and the return of any children found working. Signed in August 2000, more than 270 children were returned to Mali within six months. Some of these passed through a rehabilitation centre run by Save the Children Canada, others went directly to their home villages. Next, in June 2001, the Côte d'Ivoire Government summoned all the law enforcement agencies to a meeting to stress the need to take child trafficking seriously, to arrest the perpetrators, and take the children into custody until they could be handed over to their consular authorities. In this meeting there was a heavy emphasis on the cocoa industry, which was clearly the result of the bad international press, and fears of a boycott of their most important crop. The accords and increased police action were important, but trafficking from Burkina Faso and other countries was down-played, and there was less weight placed on the fate of girls who are also brought to Côte d'Ivoire in large numbers to work as child minders, market/street porters and kitchen maids. This demonstrates the need to place action to counter exploitation in the cocoa industry within the context of trafficking and other abusive areas of work within the region.

Potentially the most important action taken by the government of Côte d'Ivoire, along with the other countries of the region, was the agreement of a Plan of Action against human trafficking in December 2001. This Initial Plan of Action against Trafficking in Persons was prepared for the Economic Community of West African States[25] (ECOWAS) and agreed by the leaders of those countries. The areas covered by the Plan were extensive. The countries committed themselves to adopt laws criminalizing trafficking in human beings and to build the necessary administrative structures. Working in co-operation with local NGOs, ECOWAS countries agreed to take responsibility for protection of trafficking victims, and develop public awareness campaigns aimed at potential victims of trafficking. Under the Plan there are new special police units to combat trafficking of persons, along with improved training for police, customs and immigration officials, prosecutors and judges. ECOWAS also agreed to set up direct communication between their border control agencies and expand efforts to gather data on human trafficking. Today, Côte d'Ivoire and its neighbours are using the Plan to guide their joint work against trafficking, using the results of a law enforcement conference on trafficking convened in Abidjan, the capital of Côte d'Ivoire, in June 2002.

The 'First Specialised Meeting on Child Trafficking and Exploitation in West and Central Africa' was organised by Interpol in January 2001 in Yamoussoukro, Côte d'Ivoire. The meeting, attended by representatives of the majority of West and Central African States, identified three priorities for the region in tackling child trafficking:

- the establishment of legislation that is specific to child trafficking, and not just in relation to children's well being in general terms.
- To ensure uniformity across the region, sufficient funding and the necessary equipment to provide more accurate and efficient administrative activities and security operations.
- It was also recognised that as a first step it was important to carry out research into the numbers of children involved, as no accurate data existed.

The agreed approach focused on the use of legislation to tackle the issue of child trafficking, and did not really seek to address the root causes of the trafficking of children. By the end of 2001, eight West African countries announced the creation of a new body to investigate child trafficking and provide information on child trafficking in the sub-region. The countries involved are Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo. The regional convention is set to be ratified in 2004, when a meeting will be hosted by Burkina Faso.[26]

Although Nigeria and Benin signed a memorandum of understanding to fight crime, including trafficking in August 2003, in November of that year Nigerian police estimated that between 6,000 and 15,000 children trafficked from Benin were being used as child labourers. The majority was working on cocoa farms, mainly in south western states.[27] Late in 2003 and early in 2004 the Nigerian police carried out several raids and released children working in stone quarries and returned them to Benin.

Mali and Côte d'Ivoire signed a bilateral co-operation agreement on 1 September 2000 to fight cross-border child trafficking, the first such agreement in Africa, the UN Children's Fund (UNICEF) regional office in Abidjan reported. The agreement in February by West and Central African nations followed the adoption of a common plan, worked out at a conference in Libreville co-sponsored by UNICEF and the ILO, to end child trafficking and exploitation.[28]. The agreement identifies areas for cross-border cooperation in combating child trafficking, such as the repatriation of trafficked children and the detection and tracking of child trafficking networks [29]

Will the ECOWAS agreements and other actions really make a difference? Today the answer is unclear. Historically, many cultures have allowed the transfer of human beings within their society, or between societies, or both. The cultures of West Africa were for centuries affected by the transatlantic slave trade. In many West African countries, the transfer of children between families to work as domestic servants may have a basis in historical and benevolent cultural forms. Around the world, trafficking and enslavement are ancient human activities that were sometimes embedded in cultures, and these forms of trafficking are also changing and evolving, making the enforcement of law and protection of victims difficult. However, this should not prevent governments from enforcing the laws that protect children and adults from forced or slave labour.

In West Africa the trafficking of young people is extensive, and the involvement of organised crime groups in this traffic across the world, is an issue of concern. This criminal activity has expanded rapidly in recent years, at both national and international levels. It is often transnational in scope. With improved communication and information technology, the activities of criminal organisations have become more sophisticated, and new criminal networks have emerged. In addition to being lucrative, trafficking in persons is attractive to organised crime due to the low risk of being apprehended and the relatively light penalties received if caught.

The available information indicates that trafficking in children occurs in most countries of West Africa, either within national borders from rural areas to the cities, and/or across national borders to neighbouring countries. Trafficking in women also occurs on a large scale to countries outside the sub-region, especially to Europe, the Middle East and Asia. Poverty is a major cause in the rise of trafficking in persons. The lure of lucrative jobs abroad exercises a powerful appeal for people who are unable to find any local employment and who lack vocational training and education. Today, it is possible to identify two main types of trafficking in the sub-region: trafficking in women and children for sexual exploitation, mainly outside of the sub-region; and trafficking in children and young people mainly for domestic work and farm labour across and within national borders.

The young people and children forced to work on cocoa farms are just one part of the larger problem of trafficking across the region. What is clear is that the public awareness about slavery in chocolate has driven a rapid series of actions – from the Cocoa Protocol to the ECOWAS Plan of Action. This shows how the concern of consumers in Britain, Europe, and North America can have a positive impact on such issues. It is now vital that the initiatives taken are translated into real improvements in the lives of children and other workers and that changes in the cocoa industry are made in close consultation with regional initiatives to tackle trafficking and forced labour.

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[1] Private communication
[2] IITA "Child Labor in the Cocoa Sector of West Africa", August 2002
[3] ILO Community Survey 2002
[4] ibid
[5] quoted in *Slavery: A Global Investigation*, TrueVision Productions, Sept 2000
[6] The International Migration of Young Malians: Tradition, Necessity or Rite of Passage, by Sarah Castle and Aisse Diara, 2003
[7] TrueVision 2000
[8] Child trafficking in West and Central Africa. Report by Anti-Slavery International to the UN Working Group on Contemporary Forms of Slavery, 24th Session 23 June – 2 July 1999
[9] [9] Save the Children, Canada (7 April 2003) "Children Still in the Chocolate Trade: The Buying, Selling and Toiling of West African Child Workers in the Multi-Billion Dollar Industry" Working paper series: Children in Global Trade, no.1
[10] Slavery – Commodities and disposable people in the modern world. Channel 4, September 2000
[11] Working practices in cocoa in Côte d'Ivoire – a report for the BCCCA, January 2001
[12] Ibid
[13] Both of these companies had reasons to resolve the child and slave labour problem beyond simple commercial concerns. The majority of stock in Hersheys is owned by a school for orphaned and disabled children set up by Milton Hershey, the company's founder. The idea that a school for disabled children would benefit from the enslavement of other children was unacceptable and pressure was brought for immediate action. The Mars company is a family firm, and the Mars family were reportedly shocked by the revelations of slavery in cocoa, they also ordered and immediate response.
[14] Protocol for the Growing and Processing of Cocoa Beans and their Derivative Products. Signed 19 September 2001.
[15] IITA "Child Labor in the Cocoa Sector of West Africa", August 2002
[16] Save the Children, Canada (7 April 2003) "Children Still in the Chocolate Trade"
[17] "Global chocolate / cocoa industry partners meet in Ghana to launch region-wide programme" 21 November 2002, PRNewswire Europe

[18] Quoted in Alan Cowell, The New York Times, October 2002
[19] Terms of reference, Technical Advisory Committee on Cocoa and Child Labour
[20] Alan Cowell, New York Times, 31 October 2002
[21]
[22] UN OCHA Integrated Regional Information Network 11 Jun 2002 available at http://www.reliefweb.int/w/rwb.nsf/0/fd495522edd2811249256bd60009c213
[23] http://www.ilo.org/public/french/region/afpro/yaounde/mdtyaounde/download/wacapsye.pdf
[24] Co-operation agreement to halt trafficking between Mali and Côte d'Ivoire signed 1 September 2000
[25] The 15 ECOWAS member states are Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo.
[26] UN OCHA Integrated Regional Information Network 11 Jun 2002 available at http://www.reliefweb.int/w/rwb.nsf/0/fd495522edd2811249256bd60009c213?
[27] AllAfrica "Traffickers Hold Thousands of Children, Women in Bondage" 12 November 2003 FACTIVA document AFNWS00020031128dzbc00027
[28] IRIN-WA Weekly Roundup 36, 2 to 8 September 2000
[29] UNICEF Factsheet: Trafficking, available at http://www.unicef.org/protection/trafficking.pdf

8. Recommendations for action

For companies

Taking a pro-active approach by anticipating and preventing labour problems is often the best way for a company to ensure that it does not find itself engaged in or condoning poor practices, like harmful child or forced labour. Promoting culture change often requires leading by example, particularly for transnationals. This entails actively communicating company values from the top, both internally and externally, and developing specific measures that reinforce the commitment to good workplace practices.

It is essential that chocolate companies develop purchasing systems for cocoa, and other similar products, that ensure a decent return to small farmers for their land and labour. In a globalized world, international prices are set by forces that allow large, rapid fluctuations. Large companies devise systems that allow them to work with, and even benefit from these fluctuations, but it is not possible for small farmers and sharecroppers on farms of three hectares to cope with the consequences. Such systems could involve the basic criteria of Fairtrade or some refinement of previous government controlled price schemes or efficient and properly constituted co-operatives, or a mixture of all these.

Ensure that the initiatives on child labour being taken by the cocoa industry as part of the Cocoa Protocol also apply to the use of forced labour in the industries supply chain.

Large retailers should discuss these issues with their suppliers and ensure they are happy with the responses. Here are 12 steps companies can take:

- Develop and promote from the top a company policy prohibiting harmful child labour or forced labour in the workplace and the workplaces of any suppliers doing business with the company.
- Ensure that any monitoring and compliance scheme adopted by the industry takes full account of the need to protect all workers from forced labour no just children.
- Identify and adopt all relevant national and local labour laws.
- Communicate the policy to employees, suppliers/contractors and the community.
- Cultivate a core group of committed, senior staff to act as ‘champions’ of the issue.
- Provide training and awareness programmes for employees at all levels.
- Train staff to raise the issue when harmful child or forced labour is suspected.
- Build accountability by assigning clear responsibilities at all levels.
- Actively monitor and enforce company policy.
- Reward staff for their efforts towards eliminating harmful forced or child labour.
- Create a mechanism by which employees and others can report violations.

The industry should speak to USAID, STCP and IITA about the need to make available full details of the survey on cocoa farmers in Cameroon, Côte d’Ivoire and Ghana carried out by the International Institute for Tropical Agriculture in 2002. Even though there are concerns about the validity of all the data in this study as mentioned earlier in this report, release would allow everyone to understand the information that has been published better and to learn from any mistakes made in devising and carrying out the survey.

When working together as part of initiatives such as the Cocoa Protocol, companies should ensure that recommendations for action by the cocoa industry are developed in close co-operation with local Governments in the countries concerned (both sending and receiving countries), relevant international agencies, local NGOs and trade unions. Only in this way will they ensure that changes in employment practices on cocoa farms are integrated with other programmes to prevent trafficking, illegal child labour and forced labour, and that they are linked to the development of policies for rescuing and resettling children or offering alternative education and employment opportunities to those most at risk.

When they introduce a monitoring and certification process in 2005 companies should not pass on the costs of the auditing to the small farmers growing the cocoa. These costs should be born by the large cocoa exporters/merchants and the chocolate companies.

For individuals

When individuals want to take action against the crime of child and slave labour, there are three basic steps:

- **Learn –** this report is just a start to help reach an understanding of how slavery and child labour can touch our lives. If we are to combat child labour and slavery effectively we have to gain a deeper understanding of it. There are several good sources, books, videos, and reports available from groups like Anti-Slavery International. Being an informed consumer isn't just about knowing where to get the best deal, it is also about knowing how to buy the things we want without hurting others.
- **Join –** none of us can bring an end to slavery and child labour by ourselves. We need to work with others who know that they do not want to live in a world with slavery. By joining organisations like Anti-Slavery International, Save the Children, Oxfam, or campaigns such as the Trade Justice Movement, you can help support work to better the lives of child workers, influence governments to enforce their laws, and persuade companies to act responsibly.
- **Act –** guided by organisations that combat child labour and slavery you can take actions that are effective, and made more so since you are acting in concert with others. This may mean contacting your MP, or writing to businesses. It may mean making donations so that public awareness campaigns can bring others into action. With chocolate, it is important to support fairly traded products. Increased demand for Fairtrade chocolate would demonstrate to small farmers and their co-operatives that people are willing to pay a fair price for their labour and would ensure the system grows and more farmers and workers are helped. It also helps to demonstrate your commitment to ethical purchasing to the large chocolate companies.

For governments

It is important that we do not forget that the enforcement of laws that protect people from unacceptable working conditions is the direct responsibility of the Governments concerned. In order to do this effectively they must make employers aware of the legislation and help to create a climate of public opinion that persuades those concerned that the Government will enforce the legislation vigorously. Governments can also educate public opinion about the benefits of education and the rights of workers, particularly migrant workers. In the region Governments should:

- Continue to work for regional solutions to the issues of trafficking of children, particularly the care and rehabilitation of the victims of trafficking. Such solutions need to consider alternative opportunities for young people and children in the sending countries.

- Improve training for border guards and migration officials to ensure that they understand their responsibilities towards illegal child migrants and other victims of trafficking.

- Ensure that all employers are aware of the laws that protect people's rights at work and that offenders are punished.

- Work with village councils and others to raise awareness of the dangers of trafficking and of the long term benefits of education.

- Include a commitment to eliminating forced labour and illegal child labour in national Poverty reduction Strategy Programmes (PRSP) and ensure that civil society is consulted in its development. Such consultation also applies to the implementation of ILO Convention 182 on the Worst Forms of Child Labour.

Governments in the North should assist the authorities in West Africa by providing assistance for the development of the cocoa industry and in taking action against all forms of trafficking in persons. This includes not harming the cocoa exports of West Africa and other countries by new rules designed to reduce the level of imported cocoa in chocolate, such as the new rules to allow up to 5% of "cocoa butter substitutes" in chocolate produced in the European Union. Governments also need to consider the regulation of the activities of large transnational corporations, which now control a significant proportion of the exports of cocoa from West Africa. The proposed UN Human Rights Norms for Business[1] offer one possibility for the future.

The Government of Ghana should consider ratification of ILO Convention 138 concerning the minimum age for the admission to employment. Even though this Convention is now obligatory on all member states of the ILO, ratification would send a positive signal concerning the Government's intentions. All the governments concerned in the region should ensure that the reports made to the ILO under ILO Convention 182 on the Worst Forms of Child Labour include information concerning the use of child labour in the cocoa industry and efforts made to protect children from exploitation.

The new programmes under development by the ILO and Governments in West Africa are an encouraging sign of progress.

For everyone - forge partnerships

When it comes to tackling child labour issues, consumers, NGOs, trade unions and private sector companies need not go it alone. In fact, some of the more successful initiatives have been the result of partnerships in which all concerned groups have come together. Communities, businesses, government agencies, NGOs, trade unions and international organisations can work in partnership toward a common objective. Such partnerships improve understanding of the issues and ensure good communications between the different actors involved.

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[1] UN Norms available at http://www1.umn.edu/humanrts/links/norms-Aug2003.html

Anti-Slavery International is committed to eliminating all forms of slavery in the world today, including: debt bondage, forced labour, forced marriage, the worst forms of child labour, human trafficking and traditional slavery. We campaign for slavery's eradication, press governments to implement national and international laws against slavery and support local organisations' initiatives to release victims of slavery by exposing current cases. It is inconceivable that in the 21st century, slavery is allowed to exist. We will continue the fight against it until everyone is free.

anti-slavery
today's fight for tomorrow's freedom

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