



EUROPEAN PARLIAMENT

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*Committee on International Trade*

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**2010/0343(NLE)**

22.11.2011

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## **DRAFT RECOMMENDATION**

on the draft Council decision on the conclusion of the International Cocoa Agreement 2010  
(09771/2011 – C7- 0206/2011– 2010/0343(NLE))

Committee on International Trade

Rapporteur: Vital Moreira

***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

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## **DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION**

**on the draft Council decision on the conclusion of the International Cocoa Agreement 2010  
(09771/2011 – C7- 0206/2011– 2010/0343(NLE))**

**(Consent)**

*The European Parliament,*

- having regard to the draft Council decision (09771/2011),
  - having regard to the draft International Cocoa Agreement 2010 (08134/2011),
  - having regard to the request for consent submitted by the Council in accordance with Article 207(3) and (4) and Article 218(6), second subparagraph, point (a)(v), of the Treaty on the Functioning of the European Union (C7-0206/2011),
  - having regard to Rules 81 and 90(7) of its Rules of Procedure,
  - having regard to the recommendation of the Committee on International Trade (A7-0000/2011),
1. Consents to conclusion of the Agreement;
  2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States.

## **EXPLANATORY STATEMENT**

### **Introduction**

The 2010 International Cocoa Agreement<sup>1</sup> will replace the existing 2001 Agreement to which the EU is a party<sup>2</sup>. The new agreement's objectives are to promote international cooperation in the world cocoa economy; to provide an appropriate framework for discussion on all cocoa matters among governments and with the private sector; to contribute to the strengthening of the national cocoa economies of Member countries; to strive towards obtaining fair prices leading to equitable economic returns to both producers and consumers; to promote a sustainable cocoa economy in economic, social and environmental terms; to promote transparency in the world cocoa economy through the collection, analysis and dissemination of relevant statistics and the undertaking of appropriate studies; to strive for elimination of trade barriers; to promote and to encourage consumption of chocolate and cocoa-based products; to encourage members to enhance cocoa quality.

Overall, the agreement intends to bring more transparency and sustainability into a sector on which 50 million livelihoods depend throughout the world<sup>3</sup>. The International Cocoa Organisation (ICCO), established in 1973 and located in London, UK, will administer the provisions and supervise the operation of this Agreement. All parties to the Agreement are members of the ICCO.

The 2010 Cocoa Agreement is open for signature and deposit of the instruments of acceptance, conclusion and ratification until 30 September 2012. Therefore, the EU must finalize its ratification procedure in accordance to Lisbon Treaty requirements before that date.

Since the implementation of the Lisbon Treaty, all agreements covering fields to which the ordinary legislative procedure applies are subject to the European Parliament's consent. This includes the EU's common commercial policy, of which the 2010 Cocoa Agreement forms part. Consequently, the 2010 Cocoa Agreement must be granted Parliament's consent before it can be concluded. Parliamentary consent is the formal step that follows signature of the Agreement by the Council of the EU and that precedes the formal conclusion of the Agreement by the Council.

The 2010 Cocoa Agreement was signed by the EU on 10 June, 2011, and it has been provisionally applied since that date. By the end of October 2011, the 2010 Cocoa Agreement had also been signed by the 3 biggest cocoa exporters (Côte d'Ivoire, Ghana and Indonesia) and Switzerland.

### **International Cocoa Agreement 2010**

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<sup>1</sup> <http://www.icco.org/pdf/agree10english.pdf>.

<sup>2</sup> Earlier International Cocoa Agreements date back to 1972, 1975, 1980, 1986, 1993 and 2001.

<sup>3</sup> ICCO and World Cocoa Foundation data.

On 25 June 2010, the United Nations Cocoa Conference<sup>1</sup>, which assembles the world's leading cocoa-producing and consuming countries, agreed on the International Cocoa Agreement 2010, which will replace the one dating to 2001. The new pact will be applicable for a period of 10 years and may be extended for two additional two-year periods.

The 2010 Agreement aims to create conditions for fairer and more sustainable global trade in cocoa by strengthening international co-operation between producers and consumers within the ICCO framework. The Agreement will provide for a more efficient and inclusive governing structure of ICCO, whose member countries currently represent almost 85% of world cocoa production and more than 60% of world cocoa consumption. Exporting and importing members hold identical share in votes in the International Cocoa Council (ICC), the highest governing body of the ICCO. Voting weight is proportional to the average volume of exports and imports in the preceding three cocoa years. The EU is a single contracting party, holding over half of importing members' votes.

The 2010 Agreement will improve market transparency by enhancing the role of the ICCO in collecting, processing and distributing data and its co-operation with industry and NGOs. The agreement reinforces ICCO's mandate for projects aimed to strengthening national cocoa economies' capacity and responsiveness to evolving demand. The new pact elaborates clear objectives for sustainable cocoa economy, recognising the importance of economic viability and of social and environmental responsibility throughout all stages of the value chain. It recognises the need to ensure fair cocoa prices and equitable returns, as well as to promote the quality of cocoa and develop food safety procedures.

### **Cocoa production and its global supply chain**

Cocoa crop provides revenue for growing, processing and consuming countries. Farmed on over 8 million hectares of tropical land in 40 countries, it travels through long and complex global supply chain from producers via traders, exporters, processors, chocolate manufacturers ("chocolatiers") and retailers to consumers.

Africa is the largest cocoa-producing region, with 70% of global production, originating mainly in Côte d'Ivoire and Ghana. Latin America and Asia & Oceania each produce 13% of cocoa crop<sup>2</sup>. The EU imports over 80% of its cocoa from West Africa. The European chocolate industry is the largest worldwide.

Over 90% of world's cocoa is cultivated by 5.5 million smallholders<sup>3</sup>, with further 14 million rural workers directly dependent on its production<sup>4</sup>. Poverty, outdated farming techniques and child labour are widespread in cocoa cultivation. **Being world's main importer and consumer of cocoa and home to its major processors and chocolate manufacturers, the**

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<sup>1</sup> Organised under the auspices of United Nations Conference for Trade and Development (UNCTAD).

<sup>2</sup> The Future of the World Cocoa economy: Boom and Bust? Dr. Jean-Marc Anga, ICCO ([http://www.icco.org/pdf/Boom\\_and\\_Bust.pdf](http://www.icco.org/pdf/Boom_and_Bust.pdf)).

<sup>3</sup> Large-scale cultivation takes place in Brazil, Ecuador, Indonesia and Malaysia.

<sup>4</sup> World Cocoa Foundation and Tropical Commodity Coalition estimates, Cocoa barometer 2010 ([http://www.koffiecoalitie.nl/tcc/content/download/416/2948/file/TCC\\_COCOA\\_Barometer%202010%20\(final\).pdf](http://www.koffiecoalitie.nl/tcc/content/download/416/2948/file/TCC_COCOA_Barometer%202010%20(final).pdf)).

**EU bears a large share of responsibility for increasing sustainability of cocoa sector<sup>1</sup>.**

### **Concerns related to child labour**

One of the main issues raised by Members of the European Parliament during the examination of this agreement was the use of child labour on cocoa fields. The extraction of cocoa seeds remains a labour-intensive activity as the mechanical cutting often damages the seeds. Numerous reports have exposed that the cocoa farmers still make use of child labour in cocoa farms. Even though a lot of child labour is done within the family framework, the situation is worrying. The problem of the worst forms of child labour needs to be addressed urgently.

In this context, the INTA Committee organized a hearing in the European Parliament on March 16, 2011, with representatives of ILO, ICCO and the World Cocoa Foundation. It was generally agreed that the objectives of the 2010 Cocoa Agreement are consistent with ILO principles and that articles 42 and 43 of the Agreement are starting points to address the issue of child labour.

Child labour is an issue of great concern to Members of the European Parliament and they have expressed it regarding child labour in general, and exploitation and trafficking of minors in cocoa sector in particular, in numerous resolutions and questions to Commission, calling for a ban on child labour in trade and possible introduction of "child-labour free" product labelling<sup>2</sup>.

Your Rapporteur judges that this issue merits to be addressed separately in a resolution of the International Trade Committee, to be adopted along this report in order to raise awareness on the problematic of child labour on cocoa fields.

### **Conclusions**

Your Rapporteur strongly believes that 2010 International Cocoa Agreement will have a positive impact on all actors participating in the cocoa economy and hopes that it will translate into tangible long-term benefits for small-scale farmers and their communities. As such, your Rapporteur recommends that Parliament gives its consent to this agreement.

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<sup>1</sup> According to ICCO, the EU grinds and consumes around 40% of world's cocoa.

<sup>2</sup> Texts adopted, P6\_TA(2005)0272.