



COCOA

Learning About Fair Trade

Region: West Africa **Focus:** Child Labour



Photo: Just Us! Coffee Roasters

What's Inside?

Concepts and definitions 2

Map 2

1. Fair What? 3

Cocoa Facts: Did you know? 4

Who Gets What?
Distribution of Income
in the Cocoa Industry 5

Labour Standards in
the Cocoa Industry of
West Africa 6

2. From Bean to Bar: The Story of Cocoa Production 7

Production photo-story 8

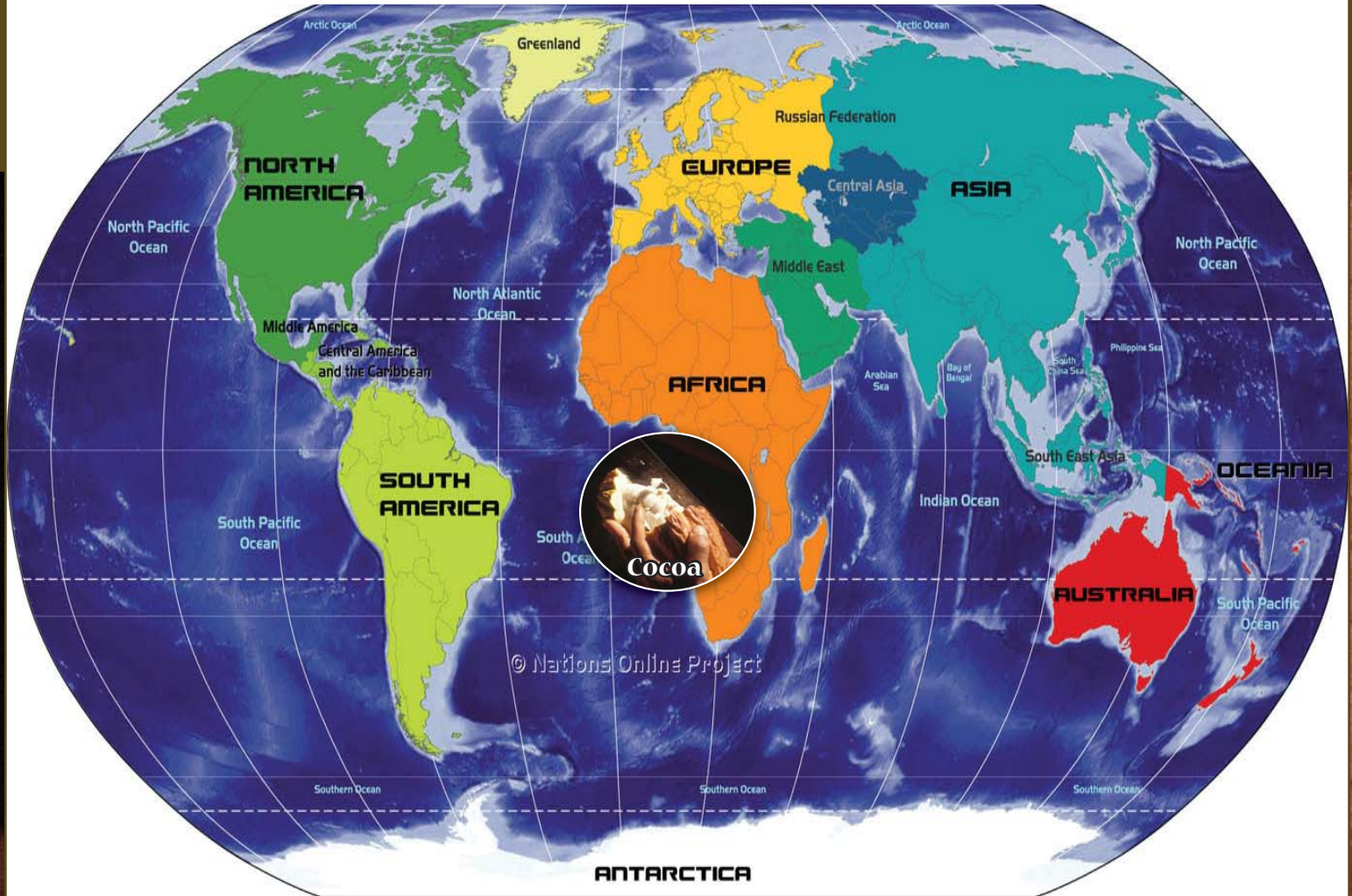
A Dangerous Business:
Children and Cocoa Farming 10

3. What Difference Does Fair Trade Make? 12

Benefits for Producers 10

Interdependence: Connecting
Producers and Consumers 14

Locator Map



Concepts and definitions

Cacao: The tree and the bean from which cocoa is extracted.

Cocoa: A substance made from the fermented, dried and processed seed/bean of the cacao tree. With the addition of ingredients like fats and sugar, cocoa is the primary ingredient of chocolate.

Child labour: Any work that harms, abuses, exploits a child or deprives a child of an education (International Labour Organization).

Democratic: A structure that aims for all eligible persons to have equal voice in how decisions are made.

Multinational corporation: A company that produces or sells goods or services in more than one country.

1. Fair What?

Introduction

If you could live on just one food, would it be chocolate? If so, you'd be joining millions of other consumers who make chocolate a \$US50 billion dollar industry.¹ And only about six large, multinational companies are living off the profits of this ever-growing industry.²

But for cocoa farmers, it's a different story. Two-thirds of the world's cocoa is produced in West Africa in countries like the Ivory Coast (33%) and Ghana (18%).³ For 90 percent of farmers in these two countries, cocoa is their main source of income.⁴ Globally, more than 14 million people earn their living farming cocoa in over 30 countries. But they can barely survive on their portion of the profits.⁵

Reports from the Ivory Coast show a large number of children are working on cocoa farms. Families and children are lured by the promise of work, housing and education. But the reality is different—children are often forced to work against their will as child slaves under violent and unsafe conditions. However, it is important to keep in mind that not all cocoa farms exploit children or use slave labour.

In this case study, you will learn more about cocoa production and child labour in West Africa, and how some small farmers and their families are improving their lives by selling fair trade cocoa.

¹ The Child Labour Coalition (2010). *Chocolate*. Online, available at: www.stopchildlabor.org

² Fair Trade Association of Australia and New Zealand (2004). *Fair Trade for All*

³ Fair Trade a human journey, Eric St. Pierre (2010).

⁴ Global Exchange (2010). *Poverty Behind the Sweetness*.

⁵ Fair Trade Canada (n.d.) *Cocoa*, available at: www.fairtrade.ca/en/products/cocoa

FOCUS QUESTIONS

1. **What are the connections between cocoa, chocolate and child labour?**
2. **Why is it important to consider where and how cocoa and chocolate are made and sold?**
3. **What actions are people taking to make the cocoa trade better for workers, the environment, families and communities?**





Cocoa Facts: Did you know?

1. Chocolate is made from fat, sugar and cocoa. And cocoa is made from cocoa beans inside cacao pods from cacao trees.
2. Cocoa beans were made into a spicy drink during the Mayan empire in southern Mexico and Guatemala. With sugar added and served hot, the drink became popular among the Spanish elite in Europe. In the late 1800s the cocoa press was invented. This allowed mass production of chocolate!
3. The global chocolate market is controlled by only six or seven very large multinational companies who earn big profit. These companies are referred to as “Big Chocolate.”
4. The International Cocoa Organization estimates that there are approximately 14 million people directly involved in cocoa production.
5. Canada is the world’s 14th largest per capita consumer of chocolate. We eat, on average, 4 kg of chocolate per person per year.
6. Farmers get barely five percent of the profit from the sale of chocolate, compared to 70 percent received by trading organizations and Big Chocolate. So for every dollar spent on chocolate, cocoa farmers get five cents and the companies get 70 cents—14 times more!
7. Two-thirds of the world’s cocoa is produced in West African countries such as the Ivory Coast (33 percent) and Ghana (18 percent). For 90 percent of these farmers, cocoa is their main source of income.
8. Many cocoa farmers have never tasted chocolate.
9. *Reports International* showed more than 15,000 children have been sold into slavery to work on cocoa, cotton and coffee farms.
10. Fair trade certified cocoa gives producers a minimum price for their product. It guarantees consumers that no child or forced labour is used in cocoa production. And it asks that fair trade farmers’ organizations be organized democratically.
11. But it’s still a small market. In 2000, fair trade cooperatives produced 40.45 million kg of cocoa but only 1.36 million kg were sold at fair trade prices.

¹\$50 billion dollar a year industry, Source: The Child Labour Coalition (2010). Chocolate.

Online, available at: www.stopchildlabor.org

²Anti-Slavery International (2004). *The Cocoa Industry in West Africa: A history of exploitation*

^{3,4 and 9} Fair Trade Association of Australia and New Zealand (2004). *Fair Trade for All*

^{5,7 and 11} *Fair Trade a human journey*, Eric St. Pierre (2010).

⁶ Global Exchange (2010). *Poverty Behind the Sweetness*.

Who Gets What? Distribution of Income in the Cocoa Industry



For every \$1 spent on cocoa...

- 7 cents goes to cocoa farmers
- 7 cents goes to a tax from the exporting country
- 41 cents goes to the chocolate manufacturer
- 28 cents goes to chocolate retailers
- 17 cents goes to government taxes
- = 100 cents



Watch!

Tackling Child Labour in Agriculture ILO, 2007 (9:27 mins)

This is a good overview of the issue of child labour in agriculture and there is a segment on child labour in cocoa production. There is also a full written transcript of the video text. www.ilo.org/global/about-the-ilo/press-and-media-centre/videos/institutional-videos/WCMS_083017/lang--en/index.htm

Other longer excerpts on You Tube (14:56 mins)

www.youtube.com/watch?v=3-1B7zOz4qM

Source:
Fair Trade Association of Australia and
New Zealand (2004). *Fair Trade for All*

YouTube videos can be viewed where School Board Acceptable Use Policy allows it. Every effort has been made to provide the correct URLs for pre-screened YouTube videos. However, these sites can change and the URL address could lead students to sites that are inappropriate.

Go online and check out the record of the big cocoa/chocolate corporations in regards to producing and selling fair trade chocolate. Visit their websites and see what they say about their own commitment to paying better prices and improving working conditions for their cocoa producers.



Labour Standards in the Cocoa Industry of West Africa

Cocoa is the magic ingredient in chocolate. Today, cocoa is the world's third largest traded food commodity.

An estimated 14 million farmers depend on the cocoa trade, most in West Africa. It's hard for cocoa farmers to make a decent living. A recent study found that average household incomes for cocoa farmers in West Africa were between \$44 and \$158 per year. Low and unstable prices received by cocoa farmers make it difficult to cover the basic costs of living—food, education, healthcare and clothing. They are also forced to use the cheapest available labour for the back-breaking farm work.

To make ends meet, the farmer's children typically have to work on the farm, which means they can't go to school, and exposes them to dangerous work. It is estimated that

over a quarter of a million children are working in hazardous conditions on cocoa farms in West Africa. They use dangerous tools such as machetes and must apply hazardous pesticides. Up to 60 percent of children working on cocoa farms in the Ivory Coast have never attended school.

Even more worrying is the use of slavery on cocoa farms, particularly in the Ivory Coast. There have been numerous recorded cases of older children being tricked or sold into slavery, then forced to carry out backbreaking work for long hours without pay. These young people are locked up at night to prevent them escaping.

Someone is making a profit, however. The world's six large chocolate companies control 80 percent of the

cocoa market. This allows them to manipulate the market to keep the prices paid to farmers low, while maintaining high profits for themselves.

Media exposés in 2000 and 2001 forced the industry to acknowledge the existence of slavery and hazardous child labour in cocoa farming. An international agreement was signed to tackle the issue. Several years later, limited progress has been made and the industry has taken no steps to address the underlying cause—low prices.

The cocoa industry shows how the benefits of trade are not shared equally. While consumers enjoy the taste of cheap chocolate, farmers in some countries end up paying the price.



Chocolate in your lunch? How did it get there? Where did it come from? Who was involved? As a group, fill out the graphic organizer on **page 3** of the **TAKING ACTION GUIDE**

2. From Pod to Bar: The Story of Cocoa Production

Cocoa in Figures

Conventionally Traded Cocoa	Fair Trade Cocoa
<i>Global production(2008)</i>	<i>Global imports (2008)</i>
4,161,631 tonnes	10,299 tonnes
<i>Value of global cocoa trade(2008)</i>	<i>Retail sales of fair trade cocoa(2008)</i>
\$8,380,000,000	\$275,300,000
<i>Producing countries (% cocoa produced)</i>	<i>Producing countries (% fair trade cocoa produced)</i>
Cote d'Ivoire (33%) Ghana (18%) Indonesia (15%) Nigeria (12%) Brazil (6%)	Peru (27%) Dominican Republic (13%) Cote d'Ivoire (10%) Nicaragua (10%) (A total of 30 small organizations in 15 countries produce fair trade cocoa)
<i>Main importers of cocoa (in tonnes)</i>	<i>Main importers of fair trade cocoa (in tonnes)</i>
Europe (1,200,000) United States (400,000)	United Kingdom (3,612) United States (1,745) France (1,349) Germany (694) Netherlands (518)
<i>Conventionally traded price of cocoa (2008)</i>	<i>Fair trade price of cocoa (2008)</i>
\$1,400/tonne	\$1,600/tonne Fair trade premium: \$200/tonne Organic premium: \$150/tonne

Source: St-Pierre, Eric (2010). Fair Trade: A Human Journey. Les Editions de l'Homme, Quebec : p.56. Used with permission.



Examine the economic differences between the countries that produce cocoa and those that import/purchase.



Locate and label the key importing and exporting countries on the map in the TAKING ACTION GUIDE. Graphically demonstrate the conventional and fair trade routes.



1 Fauto Aureo, a member of CONACADO in the Dominican Republic, prunes his cocoa trees before the harvest of the pods. Theobroma, the genus name of the cacao tree, literally means “food of the gods.”



2 Francisco Alcantara, from CONACADO, carefully harvests a ripe cocoa pod with a machete without harming the growing fruits and flowers for the next harvest.

Photos: © Eric St-Pierre (www.ericstpierre.ca)



5 In CONACADO’s Block 2, Pepin Gregoria regularly rakes the cacao beans that are laid out in the sun after fermentation. They will dry naturally for one to two weeks and their moisture level will drop from 60 percent to 8 percent.



3

The white cocoa seeds can be seen when the pods are split in two. Although cocoa originates from the Americas, the seeds have been introduced into the Caribbeans and most importantly in Africa where today, two-thirds of the world's cocoa is produced.



4

Dionisio Arcangel places a banana leaf on top of the cacao seeds, which will then ferment for six days. While the pulp is decomposing, fermentation creates the chemical changes that give cocoa its aroma.



BRAINSTORM



Compare your production brainstorm from page 3 of the Taking Action Guide to this story. What did you miss? What surprised you most?

6

After fermentation and drying, a sample of cocoa beans are cut in two and checked for quality before they can be exported and eventually transformed into chocolate.



A Dangerous Business: Children and Cocoa Farming

Cocoa production is one of the agricultural sectors where boys and girls below the legal minimum age for employment are working in unhealthy and dangerous circumstances.

Growing and harvesting cocoa remains labour intensive in West Africa. Cacao pods are harvested using short, hooked blades mounted on long poles. The pods are opened with a long knife called a machete.

The pulp and cocoa seeds are removed. The seeds are fermented and dried in the sun, unless drying machines are available to speed up the process. The seeds are eventually packed into heavy sacks, sold and exported.

All of this work is done by hand. And with the fall in prices for cocoa and coffee on the world market, producers depend more and more on the use of family labour, including children, and unpaid or underpaid hired child labour.

Children have been found to be involved in all stages of cocoa production in West Africa. Many children who work in cocoa production miss out on schooling and their work can be dangerous. For instance, they use machetes to clear fields, they mix and apply pesticides and do so without protective gloves or masks and they pluck cacao pods and slice them open using dangerous tools.

Major safety and health hazards for children include:

- Injuries: from repetitive and forceful movements, lifting and carrying the heavy sacks of cocoa beans and from using machetes
- Poisoning and long-term health problems from pesticide exposure
- Snake and insect bites
- Exhaustion from working long hours
- Heat exhaustion without adequate water
- Skin cancer
- Sexual abuse of young girls and sometimes young boys
- Stress from trying to perform adequately

Source: Rooting out child labour from cocoa farms Paper No. 2 (A report of the International Program on the Elimination of Child Labour, International Labour Organization, 2007)

www.ilo.org/ipecinfo/product/viewProduct.do?productId=6446

Conduct a survey of other students in your school and other adults in your community to see what they know about where their favourite chocolate products originate and the facts behind its production and travel to their local grocery stores.

3. How Fair Trade Makes a Difference?

Benefits of Fair Trade Cocoa for Producers

Source: Fair Trade Canada
www.fairtrade.ca

Used with permission

Under the umbrella of FLO (Fairtrade Labelling Organizations International), farmers who produce fair trade certified cocoa are organized democratically and receive a minimum price which covers the costs of sustainable production.

They also receive a fair trade premium to invest in social and economic initiatives in their communities.

The international standards for fair trade cocoa are:

- Producers are small family farms organized in cooperatives (or associations), which they own and govern.
- A minimum guaranteed price is paid directly to the producer cooperative. The minimum floor price is currently set at US\$1600/metric ton (MT) for conventional cocoa and US\$1750/MT for organic cocoa. When the world market price is higher than the fair trade price, the market price, plus the premium, is paid to producers.
- A social premium of US\$150/MT is added to the purchase price. This premium is used by cooperatives for social and economic investments such as education, health services, processing equipment, and loans to members.
- Environmental standards restrict the use of dangerous agrochemicals and encourage sustainability.
- Pre-harvest lines of credit, of up to 60 percent of the purchase price, are given to cooperatives if requested.
- No forced labour of any kind, including child labour, is permitted.



Watch!



Wales TV news story and interview with Paul Ayepah, a cocoa farmer on a fairtrade cooperative in Ghana.
www.youtube.com/watch?v=XwHJFvvlC5U&feature=related

The Divine Chocolate Chocolate Report (Reuters April 2009) shows how a British company, Divine Chocolate, has partnered with a cocoa cooperative in Ghana to produce their own fair trade chocolate bar.
www.youtube.com/watch?v=AcCEgQF4xow&feature=related

The Divine Chocolate story in the USA
www.youtube.com/watch?v=UeTK8qR9ppi&NR=1

Chocolate Farmer 2010, 71 min NFB film features a cocoa farmer in Belize. A tender and moving tale, it captures a year in the life of a family struggling to preserve their values in a world that is suddenly & dramatically changing.

Visit PaPaPaa Live!
Sign up for webcasts that bring the lives of cocoa farmers children into your classroom! See the sample here: www.papapaalive.org.

Conduct some research and find out what other organizations and businesses in Canada import and sell fair trade chocolate products.



1 Cocoa trees grow in the shade under larger trees of the natural forest. From a bird's eye view, a cocoa plantation is like flying over a virgin forest, a rich environment for the native flora and fauna and a healthy playground for primary students from the village of Yanabo in the Dominican Republic.



2 Roque Pérez Cruz selects his young cocoa plants at the CONACADO nursery, paid for by fair trade premiums.

Photos: © Eric St-Pierre (www.ericstpierre.ca)



3 José Antonio and Ramone's family are one of 9,296 families that are members of CONACADO. In recent years, more than a third of those families have been able to get better access to tap water from the cooperative initiative and fair trade premiums.



Join your classmates in playing the role-playing/simulation game: The Cocoa Trading Game. Be sure to discuss the game fully after you have played it. A version with all the necessary instructions and game cards can be found online www.judesfairtrade.ca

4

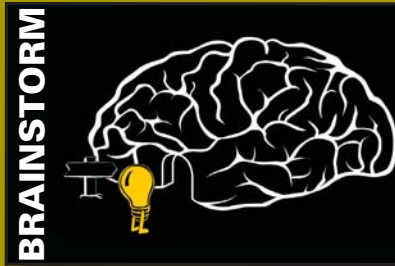
Francisco Antonio rakes his cacao beans on a drying platform he was able to build beside his house thanks to a loan from his cooperative. Because of CONACADO's work, fewer small-scale cocoa growers lose their land because of debt to local lenders.



5

Dionisio Arcangel carries a 70-kilogram bag of cocoa beans into CONACADO's warehouse. Cocoa agriculture and exportation is strenuous work. At CONACADO, no children are employed in the plantations or in the processing facilities.

Interdependence: Connecting Producers and Consumers



**As you read these profiles
think about:**

- **The story of production**
- **The benefits of fair trade**
- **The case study theme**
- **The future of fair trade**

Camino/La Siembra Cooperative, Ontario and their Trading Partner CONACADO, Dominican Republic

www.lasiembra.com/camino

Used with permission

About Camino/La Siembra

The Camino chocolate brand is owned by La Siembra Cooperative in the Ottawa-Gatineau region of Canada. La Siembra means “sowing” or “planting time” in Spanish, a symbol for the seeds of change we are sowing through our cooperative and fair trade business models.

La Siembra was established in 1999 by three young entrepreneurs. Having worked overseas, the founders of La Siembra experienced the exploitative nature of trade on the lives of family farmers. These three friends decided to provide Canadian consumers with an alternative to conventionally traded products by establishing a worker-owned cooperative.

Year 1 was spent in the community kitchen of First United Church—a socially progressive church in Ottawa. As there was no fair trade certification system for cocoa-based products at that time, La Siembra’s founders adopted the guidelines of the Fair Trade Foundation. They began sourcing cocoa from a cooperative in Costa Rica and sugar from a mill supporting cooperative farmers in Paraguay. An organic recipe was developed and the founders began to manufacture and distribute a hot chocolate, sugar and cocoa line themselves.

In 2002, La Siembra worked with Fairtrade Canada to develop a certification system for cocoa, chocolate and sugar products in Canada and became the first registered importers of Fair Trade Certified cocoa and sugar in North America.

Why is La Siembra a worker co-op? What does this mean?

We have chosen to work as a cooperative to identify with our network of partners, that is cooperatives of family farmers, as it is the same democratic, participatory and transparent model that they follow. The worker cooperative model means that employees are also member-owners of the co-op and participate democratically in the governance of the company. Membership is open and voluntary and requires that workers (a) invest in the co-op financially and (b) participate in its governance.

What do they sell?

Camino/La Siembra Cooperative sells fair trade cocoa, hot chocolate and chocolate bars made with fair trade ingredients. They have also just introduced a line of fair trade organic juices and coffee.

Want to learn about CONACADO, their fair trade partner? Watch: Working in Unity (7:07 mins)

www.youtube.com/watch?v=TzCxOgsD88o



Just Us! Nova Scotia

www.justuscoffee.com

Used with permission

The Just Us! story

The story of how Just Us! got started is wild and wonderful. Unable to get any information on fair trade in Canada, Jeff Moore jumped on a plane to Mexico in December of 1995. Ironically, he ended up in the Chiapas region which was in the middle of a civil war fought over who should profit from coffee production.

Traditionally, indigenous communities in Latin America were given the worst lands, high in the mountains. But these ended up being the best places to grow good organic coffee. In the 1970s, with the help of church development workers, the communities had begun to form cooperatives. They were increasingly able to process and export their own coffee without depending on the agents for the big coffee companies (called coyotes) who for generations had taken advantage of them.



Jeff managed to get through the military road blocks and past all the huge trees cut down by the rebels to block the movement of the army. He travelled far up into the mountains to the coffee growing areas. There he was able to see first hand the pride that the coffee farmers took in growing their coffee organically and the empowerment and dignity they derived from being members of a co-op. They said fair trade was the first thing that had given them real hope for a better future.

Jeff came home with good news and bad news. The good news was he had found a great fair trade co-op that would be thrilled to sell their coffee to Canada. The bad news was that he and his wife would have to put their house up as security to finance a minimum shipment of 10 tons of coffee without having a single customer.

Today, Just Us! is a successful Nova Scotian company with a coffee bean roasting facility, four coffeehouses and a museum which help to spread the word about fair trade. Just Us! has over 70 employees and 12 worker-owners, including three of the founding members.

Just Us! sells Fair Trade organic coffee and tea, chocolate and sugar. They also produce their own line of specialty chocolates in Grand Pré, Nova Scotia.

Their mission statement? People and the planet before profits.



Kavokiva, Ivory Coast

Adapted from Fairtrade Foundation www.fairtrade.org.uk

Used with permission.

Kavokiva is a large fair trade cocoa cooperative in the Ivory Coast. Kavokiva has more than 3,400 farmer members, including 216 women, with an additional 2,000 applicants waiting to join.

Kavokiva was fair trade certified for cocoa in 2004. Under fair trade, Kavokiva receives a fair minimum price for its cocoa beans, or the market price if higher. Producers also receive an additional fair trade premium for community, business or environmental improvements.

Fulgence Nguessan, President of Kavokiva, says, “Life is tough here. People are suffering, so consumers need to pay the best possible price.” His colleague Mr. George Kwame, General Secretary of Kavokiva added, “We have been busy for years growing good quality cocoa for their chocolate. So if we are doing our best to give consumers the best quality cocoa, they should give the best possible price.”

How do they use the fair trade premium?

In the face of ineffective government, members look to Kavokiva to provide their basic social needs.

Healthcare: Clean water and healthcare are priorities.

- Three new wells have been constructed equipped with motor pumps.
- One of the co-op’s biggest achievements has been investing the premium in the construction of its own health centre with a doctor, midwife, and two nurses.

Education

- Kavokiva distributes scholarships to members’ children so that they can pay the fees to attend school.
- With the fair trade premium money the cooperative can provide some very basic classrooms and equipment such as blackboards.

Women’s programs

- A women’s literacy program has been set up.

Transportation

- Bicycles have been distributed to farmers so that they can get to and from their farms more easily.

Environment

- The cooperative is planning to promote conservation through community education and power-saving technology.