

Press statement in response to the Ivorian and Ghanaian governments' announcement with regards to sustainability and certification schemes

Fairtrade welcomes the clear call by the governments of Cote D'Ivoire and Ghana to the cocoa industry to focus on paying the Living Income Differential for increased farmer incomes

With global cocoa prices stuck at unsustainably low levels, Fairtrade welcomed in June 2019 the announcement by the governments of Côte d'Ivoire and Ghana to raise the farm gate price to \$1,820 per tonne for all farmers. Fairtrade see this as a real opportunity to drive change at scale for farmers in the two countries, which together produce more than 60 percent of the world's cocoa supply and who have been hit hard by a collapse in cocoa prices in 2017.

Fairtrade has publicly supported the governments' implementation of the Living Income Differential, the additional sum to be paid per each tonne of cocoa that ensures the practical increase of the price that is paid to farmers. And we have already adapted our Fairtrade standard to recognise the Living Income Differential in support of governments' target for a farm gate price of \$1,820 per tonne.

In this context, Fairtrade welcomes the clear call to action for the cocoa industry made by the governments of Cote D'Ivoire and Ghana at the World Cocoa Forum in Berlin on October 23rd. After announcing a review of all certification and sustainability schemes, the governments' ask that prioritise paying the Living Income Differential is a priority ahead of any own sustainability programme is clear.

In addition to the public support for the Living Income Differential, Fairtrade has already taken additional significant measures to increase the amount cocoa farmers earn, recognising, as the governments do, the need for improved livelihoods. As the only certification scheme to have publicly campaigned for farmers' right to a living income, Fairtrade is committed to continue to work alongside the governments to make this a reality.

Fairtrade is the only certification scheme to focus on price, and as such is already making a tangible and significant difference to farmers' incomes. This includes an increase to our mandatory Fairtrade Minimum Price - which acts as a safety net for farmers - by 20 percent for conventional cocoa from October 1st 2019 by 20 percent. In addition to the Fairtrade Minimum Price, cooperatives selling cocoa on Fairtrade terms receive a Fairtrade Premium of \$240 per tonne for the benefit of their members and their communities – this has also increased by 20 percent from October 2019. Unlike other schemes, the cooperatives receive 100% of this value. The cooperatives agree democratically at general assembly how this amount is spent.

In addition to recent changes to our Fairtrade Minimum Price, Premium and pricing standards, Fairtrade brings additional benefits. Producers have 50% of the voting rights at the highest authority in Fairtrade, General Assembly, underlying the model of representation. The Fairtrade standards provide a framework through which Small Producer Organisations implement practices for the benefit of their members, the wider community and the environment. Fairtrade contributes further to the empowerment of Small Producer Organisations and their members through the West Africa Cocoa Program, which focuses on SPOs becoming strong and viable organisations responsive to their members' needs.

Fairtrade believe that a decent price for farmers operating in democratically run cooperatives forms the basis on which other sustainability goals can be achieved and that the Living Income Differential and Fairtrade certification are complementary.

We look forward to collaborating with the governments of Ghana and Côte d'Ivoire and based on all the steps we have taken so far to improve farmers' livelihoods we believe that Fairtrade shares the governments' objectives and that Fairtrade certification and services to farmers can work in harmony with the Living Income Differential.

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