



The Federation of Cocoa Commerce Ltd
Fédération du Commerce des Cacaos

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JOINT STATEMENT REGARDING SITUATION IN COTE D'IVOIRE

Domestic, regional and international ramifications

We continue to monitor with growing concern the situation in Côte d'Ivoire.

The undesired effects of measures intended to foster a peaceful outcome to the political instability may contribute to further social unrest and destabilization in Côte d'Ivoire as the country's main sources of income will be severely reduced, affecting the livelihood and resources of rural communities. Ultimately this could result in a humanitarian crisis in Côte d'Ivoire and beyond.

Indeed, the difficulties have national, regional and international consequences and we hope that the Ivorian commodity markets will be able to recover over time when solutions to the political situation are found.

At the domestic level, the severe difficulties faced by operators on the ground are extremely worrying particularly for those who are exporters and represent the key interface between the internal and the international markets.

The current liquidity crunch arising not only from the BCEAO suspending operations in Côte d'Ivoire, but further compounded by the international community measures as they affect exports and imports, is forcing operators to limit receipts of cocoa to those necessary to recover any pre-finance extended to the internal trade.

We must also report serious disruption to gas and energy supplies, which are forcing the temporary closure of cocoa processing facilities thus threatening the quality of existing cocoa stocks.

Owing to the financial disarray, and measures prohibiting payments to port authorities, shipping services have almost completely ceased thereby inhibiting both export of products such as cocoa, and import of food stuffs such as wheat and rice.

On a regional level, we regrettably observe not only a massive displacement of people, but also an increase in cocoa smuggling across neighbouring borders. This is placing the short, medium and long term future of the cocoa chain at risk and seriously threatens successful sustainability partnerships patiently built over the years with a large number of farmers communities.

On the international level, we must point to the fact that cocoa is mainly consumed in the Northern Hemisphere markets. If no cocoa is exported from Côte d'Ivoire, it will only be a question of time before consuming countries run out of stocks. The impact on both producing and consuming countries' industries is impossible to predict but will jeopardize lots of jobs and assets worldwide.

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The European Cocoa Association (ECA) based in Brussels is a trade association that groups the major companies involved in the cocoa bean trade and processing, in warehousing and related logistical activities in Europe. Together, ECA Members represent two-thirds of Europe's cocoa beans grinding, half of Europe's industrial chocolate production and 40% of the world production of cocoa liquor, butter and powder. On behalf of its members, ECA monitors and reports on developments impacting the cocoa sector, both at regulatory and scientific levels. In addition, ECA is actively engaged in European and International fora related to the industry's contribution to a sustainable cocoa economy.

The Federation of Cocoa Commerce Limited is UK based and represents some 160 members engaged in the international cocoa sector. This diverse membership includes organisations and companies from cocoa producing countries, the cocoa processing and chocolate industry, cocoa trade, logistics providers, banks, brokers, insurance and others. FCC activities are focused around the cocoa supply chain being an international contract authority. We support this cocoa contract with arbitration services and a number of other initiatives to enhance integrity in the cocoa supply chain.