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Editorial

2010 was an eventful year for ECA: the association marked its 10th Anniversary, organized its 4th 'Concoction' conference, and moved offices – in addition to 'business as usual'.

The 10th Anniversary Conference in Amsterdam, on the theme of 'Drivers for Cocoa Sustainability: Voluntary vs. Regulatory Measures' offered a variety of perspectives on key challenges and opportunities for the cocoa supply chain in terms of food safety, trade negotiations with producing countries and the wider sustainability agenda (including a session on certification schemes).

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Indeed, sustainability-related matters, from CSR commitments, to supply chain ecological footprint concerns, all the way to labour conditions in cocoa-growing countries, or the EU's recent green paper on development policy, are high on the EU agenda and increasingly inform ECA future priorities.

More on pages 2 & 3

Institutional changes under the Lisbon treaty have triggered a large number of policy initiatives on matters as diverse as trade agreements, economic regulation, development and policy aid – against a backdrop of economic instability.

Meanwhile, the ILO meeting in June, and the September MDG meetings in New York also offered realistic appraisals of progress made (or lack thereof) against key HR and development objectives.

More than ever, the multi-stakeholder approach – of the type the cocoa sector engages in cocoa-producing countries – is seen as the best way forward to effecting sustainable change.

As the year draws to a close, we wish to look at some of ECA's key progress and challenge areas on some of these topics as they impact cocoa.

We wish you all a peaceful end of year and a great New Year.

The ECA team: *Catherine, Wei & Isabelle*

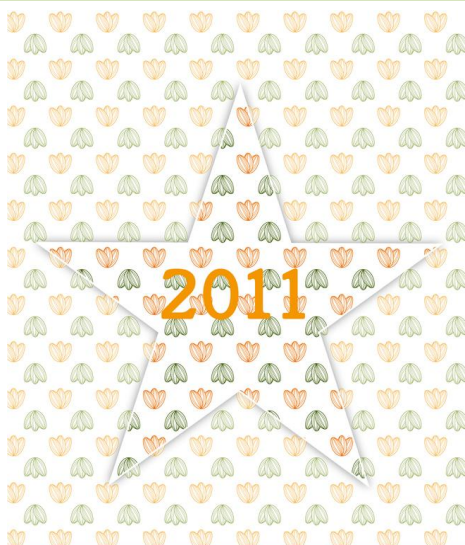


Lisbon treaty – one year after

Major institutional transition and great policy challenges have occurred during the first year since the entry into force of the Lisbon treaty. A year ago, a new parliamentary term had just started and the new Commission was being delayed. Above all, the economic crisis was still very much within the borders of the Union, taking several new turns, notably with the sovereign debt crisis and new problems for eurozone states, such as Ireland, Greece and Spain. While many critics may find reason to doubt how efficient certain new EU structures will become, overall the challenge of increasing efficiency of EU decision-making and better involving the European Parliament in a much larger of policy areas are seen as being met.

As the Belgian presidency comes to a close all eyes turn to Hungary who will be taking over as of January 2011

By all accounts the Belgian Presidency was a success, despite the internal political situation. Belgium has been praised for addressing key transitional changes at EU institutional level, notably as regards the European external Action Services. In terms of policy, supervision and regulation of the financial sector, the conclusion of the FTA with Korea and work on intellectual property featured high on the agenda. **More on the Presidencies' priorities page 2.**



"LET 2011 REVEAL THE STAR IN YOU"



The Lisbon treaty one year after (cont'd)

Since the entry into force of the Lisbon treaty, the European Commission (EC) has increased the number of consultations with civil society organizations with the aim of improving transparency and accountability when drafting policy and proposing action. DG Trade organizes regular meetings on topics of current concern to inform, but also to take interest representatives' priorities into account, to answer questions, or to take up suggestions for action. Debating the questions that are shaping public opinion is a way of updating and strengthening the EC knowledge base. ECA regularly participates in these meetings and informs its members on relevant issues.

http://ec.europa.eu/yourvoice/consultations/index_en.htm

EU presidency priorities

To provide a certain continuity in the work of the EU, Belgium set up a common work programme with the previous Presidency (Spain) and the following Presidency (Hungary), in accordance with the legislative provisions of the EU Treaties. This programme therefore covers a period of eighteen months, between January 2010 and June 2011. These are the main objectives set up as part of this common work programme:

- review the Lisbon Strategy so that the EU is better prepared to overcome the economic crisis, restore sustainable growth, a higher rate of employment and better competitiveness
- better monitoring of the financial markets
- broaden the social agenda and focus it on young people, on combating gender discrimination and fighting poverty
- press forward on energy and climate change
- make the EU a space for ever greater freedom, safety and justice (Stockholm programme)
- set up a global European policy for immigration and asylum
- set up a more consistent, effective external EU representation
- place the emphasis on the defence of human rights and fundamental freedoms

ECA will hold a meeting with the Hungarian Permanent representation during the last week of December for details on their specific work programme.



"Hungary's task will be to keep the EU in a functional state in 2011, which is likely to be the most difficult of the past 20 years for the EU"

Viktor Orbán, Prime Minister for Hungary

Dates of future EU presidencies

Hungary	1 January – 30 June 2011
Poland	1 July – 31 December 2011
Denmark	1 January – 30 June 2012
Cyprus	1 July – 31 December 2012

Sustainability



Cocoa focus at EU Development Days

The European Development Days, that are co-hosted by the European Commission and the EU Presidency, were held on 6 & 7 December in Brussels. This event offers stakeholders from all over the world the opportunity to hear from EU leaders on development policy objectives and progress against these, through a comprehensive conference programme. This year ECA was invited to take part in a panel discussion organized by the Belgian Cooperation and Development Services – along with ILO, IPEC, OECD and UNICEF panelists – on child labour in cocoa growing in West Africa. The session offered a constructive perspective on challenges on the ground, the need to address the root causes of child labour (poverty, lack of appropriate educational services etc.), and importantly the case for increasing coordination of initiatives through an efficient multi-stakeholder approach.

More on <http://www.eudevdays.eu/>

ICI commissions socio anthropological research on the role of the child in Ivorian cocoa-growing communities

Well-intentioned programmes that aim to address human rights and social conditions in developing countries risk not being sustainable if they do not take into account the needs that are felt by target populations. ICI recently commissioned a study to look at community dynamics and the role of the different sub-groups of individuals that compose cocoa-growing communities in Côte d'Ivoire (notably women, children, caretakers and seasonal workers). A selection of communities were considered and approached to better assess their understanding of some of the 'universal' concepts that underlie the Western approach to development policy. The research offers useful insights to better understand what cements community-life in cocoa growing – notably the role of children as actors in community life - and suggests entry-points to programmes that can better meet local needs. ICI aims to use findings to better inform its future work on the ground and to increase its contribution to strengthen the evidence base on child labor in the cocoa sector.

The study is currently only available in French.

More information: p.ferry@cocoainitiative.org



A child-care centre set-up in Boinykro to help working mothers (Caritas project)

Sustainability (cont'd)

MEPs are taking a close look at companies' commitments to and reporting on their CSR commitments. In a recent own-initiative report Harlem Désir offers a series of recommendations:

- "the principles underpinning CSR to be incorporated into the GSP and GSP+ regulation when it is next revised;
- " the Commission to ensure that transnational corporations (...)are required to comply with their national and international legal obligations in the areas of human rights, labour standards and environmental rules; "compliance to be made a binding requirement in the context of the GSP"
- "requirement for corporations to publish their CSR balance sheets at least every two or three years"
- "In the event of proven breaches of CSR commitments, authorities should carry out investigations"



Harlem Désir (MEP) own initiative report Nov. 2010

Carbon or Ecological Footprint

In November 2010 the EC came out with a proposal on the ecological Footprint of products. Designed to encourage producers/distributors to optimise production processes, supply chains, this initiative also aims to inform consumers about the environmental impact of their consumption and influence their choice of products and ensure compliance of product carbon footprint initiatives at national and European levels. Before 2012, the EC will examine the need and feasibility of establishing a common European methodology to assess a carbon/ecological footprint measurement (and appropriateness of labelling schemes). Meanwhile business sectors profile their commitment to reducing environmental impact in their production lines...

« By 2020 Unilever aims to reduce the weight of its packaging by a third, provide consumers with more refills, increase recycling and recovery rates, develop new technology for recovering energy from sachet waste and eliminate PVC from packaging.»

Pol Polman, CEO Unilever



EC Green Paper on 'EU development policy in support of inclusive growth and sustainable development – Increasing the impact of EU development policy'

The Green Paper aims to collect views on how the EU can best support developing countries to speed up their progress towards the Millennium Development Goals and beyond. It also addresses how best to adapt EU development policy to the needs of developing countries and to the added value of EU action. It raises questions around four areas:

- How to ensure high impact of EU development policy, so that every euro spent provides the best value added and value for money?
- How to facilitate more inclusive, growth in developing countries, as a means of reducing poverty?
- How to promote sustainable development as a driver for progress, access to energy and appropriate use of combined climate, biodiversity and development funds?
- How to achieve durable results in the area of agriculture and food security?

Following the public consultation open to EU and partner countries until 17 January 2011, the EC will table a Communication on a Modernised EU Development policy in 2011. More information on the consultation process can be found on the [EC website](http://ec.europa.eu/development/how/consultation/index.cfm?action=vi_ewcons&id=5241), http://ec.europa.eu/development/how/consultation/index.cfm?action=vi_ewcons&id=5241

Food Safety

International workshop to look at harmonization of pesticide legislation

The Malaysian Cocoa Board and the ICCO are organizing a conference in Kuala Lumpur on 24-26 January 2011. The objectives of the workshop are:

1. to promote the proper and safe use of pesticides throughout the cocoa chain;
2. to enhance the process of harmonization of legislation and regulation on pesticide residues in cocoa and its related products, including standardization of analytical methods related to pesticide residue analyses.

The conference will be held at the **Hotel Renaissance**

For further information and registration details please contact kelvin@koko.gov.m at the Malaysian Cocoa Board.

Indonesian Pesticides research project

The NCA will launch a research project on pesticides usage in Indonesia. The project will be carried out in collaboration with CABI researchers and is set to kick off in 2011. It echoes a previous project undertaken in West Africa by ECA & Caobisco with co-funding from the Dutch Ministry for Agriculture and the Environment.

Codex working on OTA discussion paper

The 4th session of the Codex Committee on Contaminants in foods (April 2010) agreed to establish an electronic working group, led by Ghana and co-chaired by Brazil, to prepare a discussion paper on the occurrence of ochratoxigenic fungi and OTA in cocoa and to assess whether a code of practice should be developed. OTA occurs worldwide in foods such as coffee, cocoa and dried fruits for instance. OTA is mostly associated with cocoa bean shells and cocoa powder and it is present in all stages of the production chain. At EU level, the EC regulation 105/2010 sets maximum levels for certain contaminants in foodstuffs as regards Ochratoxin A. So far, no maximum levels are set for cocoa and coca products. ECA/CAOBISCO Joint Working Group (JWG) is participating in the drafting of this new document. The final version should be presented in March 2011 during the next Codex Contaminants working group (The Hague).

Trade & Customs Update

Trade negotiations update

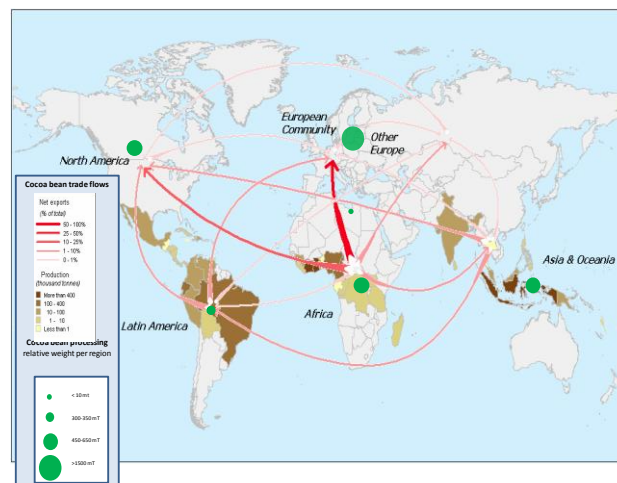
ECA members welcome the ambitious EU trade policy agenda for the next five years, notably the objective to conclude the Doha round of global trade talks as a matter of urgency, and at the latest by end 2011. An EU strategy for bilateral and regional free trade agreements is essential to maintain Europe's position in major world markets.

The EU successfully concluded FTA negotiations with Korea, as well as with Peru, Colombia and Central America. Talks with the Gulf countries, India, Ukraine, Libya and Canada are also at an advanced stage.

Regarding the Mercosur regional agreement, the EU reopened important negotiations in May 2010. At the same time, the Commission plans to upgrade its relationship with the US, China, Russia, Japan, India and Brazil to address the issues that are an obstacle to better functioning markets in the 21st century. The Commission will continue to pursue Deep and Comprehensive Free Trade Agreements (DCFTAs) within the respective frameworks of the Eastern Partnership and the Euro-Mediterranean Partnership, offering the prospect to countries in the region of participating in the internal market once the conditions are met. This remains a powerful agent of change via regulatory convergence and the removal of tariff and other barriers, carried out in parallel with the negotiation of Association Agreements, to provide economic integration in a context of political association.

Lastly, the European Commission aims to launch new trade negotiations with the countries in the Association of Southeast Asian Nations (ASEAN) beginning with Singapore and Malaysia. In this regard, ECA recently contributed to the EU consultation on a future EU-Malaysia trade agreement. This is a unique opportunity to express the priorities and concerns of the European cocoa industry. Further, ECA is currently finalizing a position paper on the "Future of the EU cocoa industry: implications of changes to the terms of trade" which aims to identify the impact of current free trade negotiations on the competitiveness of the European and African cocoa sector, notably in the Asia region.

Indeed, we consider that it is important to look at the current trade flows in relation to ongoing negotiations but also to take into consideration evolving consumption (consumer demand has grown significantly in Asia), trade patterns, the potential deviations in preferential rules of origin and the remaining barriers to trade (i.e. Differential Export Taxes, additional phyto-sanitary requirements etc.). It is also crucial to include in bilateral trade agreements provisional clauses which will be compatible when a regional agreement is achieved. ECA considers notably that existing trade agreements in the Asia region (notably between ASEAN and high growth markets such as Japan and China) at a time when the EU has not yet concluded trade negotiations with these countries may put the EU cocoa industry at a disadvantage in these markets, while creating instability and unpredictability. For instance, Malaysia, Indonesia and Singapore have concluded an agreement with Japan liberalizing trade in cocoa powder. However, tariff barriers for cocoa powder and liquor for imports from the EU remain high. One of our key messages is therefore to obtain similar access to consumer markets in Asia (Japan, China in that case) as the main Asian processor countries already have to preserve the growth and competitiveness of the European cocoa industry.



Ongoing EPA negotiations

The Commission is becoming increasingly eager to see EPA negotiations come to a close. As a reminder final EPAs should have been signed in December 2007. In the ECOWAS region more specifically, some countries have signed (or initialled) interim agreements. Analyses on the EU vs. the Africa perspectives illustrate the dilemma:

African position: The impasse in negotiations is not due to a lack of policy reforms or market opening on the part of African countries but to the fact that Europe continues to push a liberalising model that is inappropriate for African States at their level of development. Most African countries are opposed to EU demands that tariffs on a full 80% of their imports be eliminated. They consider that depth of such liberalisation would leave much of the continent's fragile and small industry vulnerable without the umbrella of tariff protection and lead to deindustrialisation. African leaders want to improve infrastructure and institutional and production capacities before opening up their markets. They also say it is unfair to threaten to withdraw access to their EU market unless agreements are signed.

EU position: On 22 October, Karel de Gucht (Commissioner for Trade) declared that "EPA unproductive negotiations cannot continue forever and ACP countries that have not signed or implemented iEPA cannot maintain their current levels of access to the EU indefinitely". He added: "We have respected our end of the deal by granting duty-free and quota-free access to the EU market since 1st January 2008. Access to the EU was predicated upon agreements being signed and applied within "a reasonable period of time". EU's position is that the legal vacuum that prevails with WTO rules cannot be sustained in the long run. Different Member states are also in favour of setting a timetable for concluding the EPAs and amending ACP market access regulation if negotiations cannot be concluded.

Association News

Concoction IV



The main meeting venue was the Sofitel Grand Hotel

ECA held its "2010 Concoction IV" event on September 24-26 in Amsterdam. The event marked the association's tenth anniversary. Over 170 business leaders and partners from organizations and producing countries on all continents took part in the two days of sessions, social and networking events. Keynote speakers included the honourable John Newman, Chief of Staff to President Atta Mills of Ghana and Dutch Minister Gerda Verburg. In addition, panellists from the industry, government, the academic world and NGOs shared their expertise and views on many of the challenges and key issues the cocoa sector is faced with nowadays.

The panel discussions on certification as a driver for sustainability and economic and market trends received the highest rating in the online survey we organized after the concoction. Some of the participants in the survey also praised the interactivity of certain sessions and the importance of an adequate mix in the speakers' group as positive elements of this 2010 Concoction IV. These suggestions and comments will allow us to better prepare and organize the next edition of our Concoction. See you next time!



The Gala Dinner that closed the event was held in De Duif Kerk on Prinsengracht

ECA Working Groups – Call for experts

ECA has a series of ongoing working groups composed of member company experts on specific items:

- A trade WG (8 experts) that are consulted on ongoing discussions regarding, eg trade negotiations between the EU and cocoa-producing or processing countries.
- A joint ECA-Caobisco Food Safety WG (5 ECA experts) that follows EU regulatory developments on contaminants and residues and inputs research work.

ECA is now seeking to set-up a WG to tackle sustainability issues (CSR considerations, social and environmental aspects in agri supply chains, notably child labour and ecological footprint).

Please contact us if you wish to take part in this group.

The idea would be for two face-to-face meetings per year and 2 to 4 e-meetings by conference calls.

A number of ad-hoc Working Groups have also been set-up over the past year, notably to look at REACH registration, financial reporting in agri-commodities.

Association landscape

2010 has also seen a series of changes in the wider cocoa representation.

- Indeed we welcome Jean-Marc Anga who succeeds Jan Vingerhout as interim Director of the International Cocoa Organisation;
- Sabine Nafziger who succeeds David Zimmer as Secretary General of Caobisco;
- Peter Mc Allister, Executive Director of the ICI, moved to the Ethical Trade Initiative in the UK (ICI is currently recruiting)
- The World Cocoa Foundation recruited EU liaison officer, Geert Waelkens;

We also express our best wishes to Sona Ebai who led the Cocoa Producers' Alliance for many years.

Membership

We are happy to welcome Indcresa back to ECA. Indcresa is a family-owned company from Barcelona with a long history of manufacturing cocoa products. Its modern production facilities and innovative technical procedures have turned the company into the market leader and largest exporter for cocoa powder in Spain. Production, quality control and research, as well as the head office are all under the same roof.

Indcresa has also opened offices in the US and the Netherlands.



2011 Events

- January 24-26 – Kuala Lumpur Pesticides Meeting, Malaysia
- March 15 or 16 – WCF Meeting Brussels, Belgium
- April 6/7 : ECA Board Meeting – Rolle, Switzerland
- May 18-19: WCF partnership meeting, San Francisco, US
- May 31st : ECA Board Meeting + GMM – Antwerp, Belgium
- September 7/8 : Board Meeting - Bordeaux, France
- October 26-27 : WCF partnership meeting - Accra, Ghana
- November 30th Board Meeting + GMM – Amsterdam, NL

ECA recently moved its office to Place des Maïeurs 2/3, 1150 Brussels. The new office is more spacious and offers the considerable advantage of free in-house meeting room facilities (based on availability). Members who are interested in using these facilities (one for 6 persons and one for 6-8 persons) during their stay in Brussels should get in touch with Wei Wang at officeadministrator@eurococoa.com. Do drop in to say hello when you are in town!