



BACKGROUND: Fair Trade Certified™ Cocoa

Introduction

Forty-six percent of Americans say they can't live without chocolate. While not a necessity, chocolate is a much-indulged luxury, amounting to a \$13.7 billion industry in the U.S. alone. In this country, cocoa and chocolate are equated with comfort and love, yet in cocoa-growing regions, the reality is quite different. The volatility of the world price of cocoa, combined with cocoa farmers' isolation from the marketing and processing of their crop, keep growers in a perpetual cycle of poverty.

Many small-scale cocoa farmers are forced to sell their harvest to local middlemen who use rigged scales or misrepresent world prices. As farmers struggle to lower production costs, they become increasingly dependent on child labor. Media reports of child slavery on West African cocoa estates show the stark contrast between the delicious treat we enjoy and the often difficult working conditions of the people who produce it.

Fair Trade certification ensures that cocoa farmers receive a fair price for their harvest; it creates direct trade links between farmer-owned cooperatives and buyers; and it provides access to affordable credit. Fair Trade gives farmers the tools to access the market and farm sustainably. Also, on Fair Trade farms, there are strict labor standards that foster healthy working conditions and allow children under the age of 15 to work on their family's farm only if their education is not jeopardized. Children under the age of 18 are not allowed to work with machetes (or other dangerous tools) or to apply pesticides.

Where Does Cocoa Come From?

Cocoa beans are actually the seeds of the cacao tree. Not unlike chocolate making, cocoa farming is laborious, but without the handsome monetary return. The trees develop slowly, taking as long as 10 years to achieve maximum yield. A substantial portion of each bean is fat, or cocoa butter, which nourishes the seed's embryo and forms the basis of chocolate. There are several species of cocoa tree, the most premium of which is Criollo, grown in Latin America and Southeast Asia. But most chocolate we consume comes from the higher yield, less delicious Forastero.

Cocoa requires elaborate processing to develop its pleasing flavor. First, the cacao seeds are picked, dried, roasted, and de-shelled. The remaining nibs often go through alkalization to improve coloring and flavor, and are then reduced to a cocoa liquor, which can be pressed to make cocoa butter, cocoa powder, or mixed with sweeteners, emulsifying agents, and other ingredients to become chocolate. This chocolate undergoes further refining, smoothing, and massaging before it can be melted, cooled, reheated, and poured into molds for final packaging. Of the end product that is chocolate, cocoa accounts for less than one third by weight of the ingredients in milk chocolate, and up to 60-70% in dark chocolate.

Cocoa beans were first consumed by the Olmec people of Mexico (circa 1000 BC) and later cultivated by the Maya. Christopher Columbus may have been the first European to sample cocoa. The Aztecs served a hot, bitter cocoa drink at Montezuma's banquets, sometimes flavoring it with spices like chili pepper. The Conquistadors added sugar to the beverage and introduced it to Europe, where it built a reputation for its romantic effects.

The manufacture of solid chocolate came along centuries later. Coenraad Johannes van Houten, a Dutchman, improved upon cocoa in 1828 with a method for pressing the fat out of the beans and improving the taste through alkalization. The resulting cocoa butter paved the way for the chocolate we enjoy today. The English were the early pioneers of chocolate bars, Cadbury being among the first manufacturers in the mid-1800s. The Swiss invented milk chocolate around the same time with help from another familiar name, Henri Nestlé.

With the mechanization of cocoa and chocolate production in the late 1800s, availability and demand grew, leading to the cultivation of cacao in the European colonies of Africa. Today, West Africa continues to be the leader in cocoa cultivation, with Ivory Coast exporting 43% of the world's supply. Even now, after more than a century of commercial cocoa cultivation, most cocoa farmers in Africa are small-scale landholders. Other major producers of cocoa are Malaysia, Indonesia, Brazil, and to a lesser extent, some South American and Caribbean countries.

Fair Trade Certified cocoa and chocolate are available from 11 origins, including the Ivory Coast, Ghana, Ecuador, Bolivia, and the Dominican Republic. More than 50,000 Fair Trade cocoa farmers are earning a fair price for their high-quality crop.

Why Does Fair Trade Certification for Cocoa Matter?

One April day, a slave ship left Benin, West Africa, carrying several dozen boys and girls. The year was 2001—not 1801—and the children on board were destined for unpaid servitude on cocoa and coffee farms in Central Africa. When the ship was denied access to a port in Gabon, the world took notice of the longtime existence of forced child labor in African agriculture.

Trafficked children—who are often sold into wealthier households by their impoverished parents—are only part of the cocoa equation. The arduous and low-return business of growing cacao causes families to lean heavily on their own children for help, denying them education and perpetuating their communities' cycle of poverty. In West Africa, more than 60% of working children are below age 14, and many are engaged in harmful farming activities, such as the spreading of pesticides and the harvesting of seed pods with machetes. In Ivory Coast, one-third of cocoa farmers' children have never attended school.

Consumers need a guarantee that the only guilt they experience from chocolate will come from its calorie content—not the human costs of its manufacture. This is why, on Fair Trade cocoa farms, children can only undertake safe work that does not jeopardize their education. Farmers earning the Fair Trade price earn enough to keep their kids in school, rather than pulling them out to work on the family farm.

How Does Fair Trade Help Farmers?

Fair Trade is not a handout. It helps farmers understand and access foreign markets and bootstrap their way out of poverty. By cutting out middlemen and brokers, Fair Trade gets growers their fair share of the final market value of their products.

The principal Fair Trade criteria for cocoa are:

- ?? A Fair Trade price is carefully calculated to cover the cost of sustainable production. A premium is also paid to Fair Trade fruit farms which is further invested in community development.
- ?? Direct trade with farmers, streamlining the supply chain wherever possible
- ?? The formation of marketing co-ops with structures for democratic decision-making
- ?? Access to pre-financing
- ?? Sustainable agricultural practices that restrict the use of agrochemicals

On these co-ops, profits from Fair Trade fund schools and basic medical care for families. They provide opportunities for economic independence and community involvement for women. Cooperatives enable farmers to achieve economies of scale, and they invest a portion of their Fair Trade earnings in community development, quality improvement, and training in organic cultivation.

How Does Fair Trade Help the Environment?

Cocoa trees, which are a natural part of the rainforest, yield a better product when they are grown in a traditional manner—under shade. Fair Trade farmers not only protect the land and wildlife habitat, but also the quality of their crop, by intercropping and maintaining the diversity of the ecosystem. Fair Trade farmers abide by strict environmental standards that prohibit use of the most harmful chemical pesticides and encourage integrated pest management.

Fair Trade also supports the small farmers' tradition of environmental stewardship by generating resources for co-ops to provide technical assistance, training, and organic certification to their members. The higher Fair Trade minimum price for organic chocolate provides a strong financial incentive to capture opportunities in the organic market and commit to certified organic production. In fact, more than fifty percent of Fair Trade cocoa sold in the U.S. is certified organic.

How Is Fair Trade Certification Good for Business?

Consumer demand for socially responsible goods, including Fair Trade Certified products, is rising. An all-time high of 81% of Americans say they are likely to switch brands to help support a cause, when price and quality are equal.¹ In a similar vein, the market research journal *Lifestyles of Health and Sustainability (LOHAS)* has shown that 63 million American adults now base their purchasing decisions on how the products they consume affect the world.² Businesses—whether large or small—that incorporate a recognized code of social responsibility gain the advantage of promoting a positive image to consumers.

Fair Trade is an investment in quality and in a sustainable supply for US businesses. By guaranteeing farmers a fair and sustainable price, Fair Trade allows cocoa farmers to invest in post-harvest techniques that bring out the individual flavors of the particular cocoa-growing region or terrior. Fair Trade cocoa beans are not the “faceless” cocoa beans bought on an international exchange, but beans that can be traced back to an individual cooperative and even individual farmers. Cocoa importers work with Fair Trade cooperatives to experiment with fermentation levels and ensure the highest quality of fine flavor beans.

About TransFair USA and Fair Trade Certification

TransFair USA, a 501 (c) 3 nonprofit, is the sole Fair Trade certification organization in the U.S. Its rigorous audit system, which tracks products from farm to market, verifies industry and farmer compliance with Fair Trade criteria. TransFair authorizes companies to display the Fair Trade Certified label on products that meet this high standard. TransFair USA is part of a global certification network with a 16-year history of success in over 60 countries. In addition to coffee, TransFair also certifies Fair Trade tea, cocoa, chocolate and bananas. To learn more, visit www.transfairusa.org.

¹ Cone/Roper 2002

² LOHAS, 2003