



**a) Education and Training**

It was clear that farmers in Ghana were using a standard approach to harvesting, fermenting and drying in order to produce good quality cocoa. It was also obvious that the cocoa once produced maintained its integrity from farmgate through to chocolate manufacturers. In comparison, in Ivory Coast, the rapid growth in production lacked any real farmer training and was managed through an internal marketing system which did little to preserve parcel integrity.

CAOBISCO believed that there were no fundamental physiological reasons for cocoa from Ivory Coast to be inferior to that of its neighbours. They therefore initiated a major set of studies and field tests in the 1980s in the region of Gagnoa in Ivory Coast. These studies provided clear evidence that Ivorian farmers could produce good quality cocoa provided they were given adequate training and were motivated to perform in the appropriate manner. This regional work was not extended due to the state control of the cocoa sector and the internal marketing systems in place in Ivory Coast at that time.

Farmer behaviour is fundamental to the quality of his product, as quality cannot be built back into cocoa beans retrospectively. CAOBISCO has subsequently reviewed the work done in Gagnoa and is currently engaged in implementing the learnings of the studies within a number of ICCO projects.

**b) Internal Marketing**

Having produced good quality cocoa, it is important that this cocoa maintains its integrity and is not used as a means (through blending) of improving poorer quality cocoa. Furthermore the internal marketing system must provide a benefit to those in the origin cocoa chain who produce good quality cocoa. Any study of the systems in operation in Ivory Coast will show that this is not the norm. The current system operates through a very diverse a chain which pays little heed to the essential requirements of correct harvesting, fermenting and adequate drying (by the farmer). Hence this detracts from the ability of the farmer to add value (and be rewarded for doing so) and perpetuates the production of poor quality cocoa beans.

CAOBISCO has been involved in and supportive of the efforts of the ICCO marketing project, which is attempting to address and rectify these issues. Its member companies have also been involved in considerable individual efforts in this field. CAOBISCO is supportive of the co-operative concept and is acting to promote their formation and effective functioning.

**c) Food and Other Legislation**

Twenty years ago nobody had heard of ochratoxins; today, it is becoming clear that with the technological advancement of scientific analysis, raw materials will come under increasing scrutiny (particularly for cocoa since a key consumer group of chocolate is children). The EU, having learnt from the BSE crisis, now applies the “precautionary principle” to the food industry, ie. “if you have any doubts on food safety, don’t touch it!”.

Participants in the cocoa supply chain therefore need to act with due diligence and show they are taking all necessary actions to ensure the quality and safety of their cocoa. This may be difficult given the complex chain involved however to claim it is impossible will not be an acceptable defence. The cocoa pipeline needs to demonstrate that it operates in a controlled environment, since it will be compared with the systems used by other raw materials. Looking forward it is evident that this legislative consideration will also develop to embrace both ethical and environmental considerations.

**d) Contractual Arrangements**

In considering the above strategic elements to assure supply, CAOBISCO has always believed that the basic supply contracts for the chocolate industry have to reflect both current thinking and its potential development.

For this reason, CAOBISCO entered into dialogue with (at the time) FCC and CAL, seeking to update the standard physical bean contract. It requested the agreement to include standard methods of analysis for the key quality elements and submitted a paper describing these methods and the quality standards required (also submitted and discussed at ICCO). CAOBISCO believed then and still believes now that the standard physical bean contract has to reflect due diligence on behalf of the participants and also has to reflect the current thinking on food legislation. The contract should provide a clear signal to the producing countries of the chocolate industry's requirements. It is clear that individual buyers may have a need for specific clauses, however the base contract should contain all those minimum standards and specifications necessary to protect the chocolate industry's business.

The strategic direction described in this paper is even more valid today, as many of the risks identified a few years ago are now coming to life. There has been a noticeable downturn in quality of cocoa from certain origins, the integrity of cocoa parcels continues to be lost throughout the chain, and food legislation is becoming far more prescriptive.

In parallel to its 'on the ground' projects, CAOBISCO remains committed to the inclusion of quality criteria into the standard bean contract as a means of bringing about necessary change in the physical cocoa pipeline. Its members therefore request the FCC to amend its contract to reflect the growing requirement placed on the chocolate industry to demonstrate that due diligence has been maintained throughout the physical bean pipeline.