



Ref: 512-1369e

26 October 2007

Dear Commissioner Mandelson,

Dear Commissioner Michel,

Economic Partnership Agreements & West Africa:
Import duties on cocoa products

This letter is submitted on behalf of three major trade associations representing members engaged in the cocoa trade, cocoa processing and chocolate manufacturing and who have significant interests in the conduct of an orderly market in cocoa beans and cocoa products.

CAOBISCO is the Association of the Biscuits, Chocolate and Confectionery Industry of the EU, and its members are responsible for about 50 % of the world cocoa consumption.

The European Cocoa Association (ECA) is a trade association representing the European cocoa sector and regrouping the major companies involved in the cocoa bean trade and processing, in warehousing and related logistical activities. 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.

The Federation of Cocoa Commerce Limited FCC is the contract authority and arbitration service for the whole supply chain in cocoa beans and cocoa products. It has 120 members representing origin producers, the cocoa trade, cocoa processors, banking, broking, logistics and chocolate manufacturers.

We are writing to express our serious concerns about the current status of the Economic Partnership Agreement negotiations with West Africa.

Our understanding is that the deadline of the 31 December 2007 for a successful conclusion of EPA negotiations with West Africa will not be met and if no agreement is reached, the EU will be forced to impose import tariffs on products such as cocoa butter, powder and paste, – set at 4.2, 2.8 and 6.1 respectively – currently imported at a nil tariff under the Cotonou agreement.

West Africa represents over 70 % of the world cocoa bean production. Several countries in West Africa are significantly commodity dependent, particularly upon cocoa and cocoa

products which represent a significant income for their economies, and the sustainability of which is very much entwined with the EU cocoa and chocolate industry.

Applying import tariffs on the products as mentioned above would have major consequences on the whole cocoa supply chain, from the West African farmers through to the EU cocoa/chocolate industry. Our members have expressed serious concerns about the possible impact of import tariffs on West African products.

In relation to cocoa and cocoa products, the trading partners between West Africa and the EU have enjoyed stability with respect to tariffs under which the trade of cocoa products has taken place. This stability is now threatened and has generated uncertainty in pricing and planning forward contracts.

Within the forum of the ICCO we have impressed upon the ACP supplier countries the need to reach agreement with the EU on the respective EPAs prior to 31 December 2007. Regrettably, some of the African cocoa suppliers are making very slow progress in this matter. The Industry will also remain in close contact with the EU representative at the ICCO Council, Mr Enzo Barattini.

Within the ECOWAS countries, the Cocoa and Chocolate Industry has also been working with the Ghana Cocoa Board Chief Executive, Mr Isaac Osei, and the Ivorian Ambassador to Belgium and to the EU, Her Excellency Marie Gosset. It is also our intention to contact the authorities of some other ECOWAS countries, as well as the Cameroon Authorities, in the near future.

Whilst we would advocate a zero import duty on cocoa products as being an effective tool to assist cocoa producing countries to add value to their basic bean production, we do understand that the EU has a strong commitment to the system of EPAs. We strongly recommend that in the circumstances zero import duties on West African cocoa products be maintained after the 31 December.

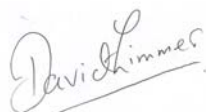
We urge the EU Commission to undertake prompt action and find a workable solution in order to ensure that the market access conditions for cocoa paste, butter and powder will stay unchanged after December 31, as this is vital to the cocoa origins and to our trade and industry.

We thank you for your attention and look forward to your reply.

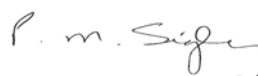
Yours sincerely,



f.s.
Isabelle Adam,
Secretary General
ECA



David Zimmer
Secretary General
CAOBISCO



Philip Sigley,
Secretary General
FCC