

Due Diligence regulations for Forest Risk Commodities: implications for cocoa producer livelihoods in Ghana

Wednesday 2 December | 1:00-5:00pm GMT | Online Zoom Roundtable

Chair: Duncan Brack

1:00pm – 1:15pm | Introductory session

Proposed Due Diligence regulations for companies dealing in Forest Risk Commodities (FRC) would prohibit the import of products grown on illegally converted forestland into the UK and require companies to trace products back to source in order to demonstrate due diligence. While the environmental objective of the law is clearly to protect forest ecosystems, its social implications could be more complex, and negative consequences for smallholders may necessitate mitigation.

Speaker: Jade Saunders

1:15pm – 2:30pm | Session 1: The ‘demand-side’ – Trade data, supply chains and proposed regulations

The United Kingdom is the sixth-largest importer of cocoa beans in Europe. The country imported 105,000 tonnes of cocoa beans in 2017, increasing at an annual average rate of 10% in volume and 7% in value since 2013. Ghana is a main direct supplier to the UK. The British chocolate market is becoming more specialised; with increasing numbers of artisanal chocolate makers and high-end shops serve more demanding and educated consumers, and the largest global market for certified Fair Trade products.

Speakers:

- Marigold Norman, Forest Trends - Trade dynamics
- Kate Finlay, UK Department for Environment, Food and Rural Affairs - Details of the proposed legislation
- Katie Kenrick, Earthworm - Compliance options and challenges

Facilitated discussion key questions:

- What are the trade-offs between regulatory options allowing only legal, zero or ‘sustainable’ deforestation in UK supply chains? How do these options intersect with the challenge of establishing acceptable ‘cut off dates’ for cocoa or other commodities produced for export in Ghana?
- At what point in the supply chain will regulated companies take ownership of the products? What are the implications of this for companies and regulators?
- How, in practice, will indirectly imported product (for eg. via European Member States) be treated the same as directly imported products?
- How can duplication of the due diligence burden for companies and suppliers best be avoided?

- How can UK policy makers and regulators best work with policy makers and regulators in the EU, US and other potentially regulated markets in order to create a level playing field for companies and avoid circumvention?

2:30pm – 3:00pm | Coffee break

3:00pm – 4:45pm | Session 2: The ‘supply side’ – Land, producers and illegality risks

Around 60% of the world's cacao comes from Ghana, where it is grown on around sixty million hectares of forest, primarily by smallholders who traditionally plant small areas under thinned forest canopy for shade. Levels of productivity are low and farmers wishing to increase their output have tended to plant new crop areas elsewhere in the forest zone rather than seek productivity improvements. The extension of cocoa planting has led to significant levels of deforestation and forest degradation in both countries. Capacity among farmers remains low, while poverty is high. There also remain concerns about the endemic exploitation of child labour in the cocoa sector.

Speakers:

- Christian Mensah, Rainforest Alliance (tbc) - Production base, certification, land conversion issues
- Dr Emmanuel Opoku, Ghana Cocoa Board - Farmer ID and traceability initiatives
- Paola Despretz, Vivid Economics - Future deforestation risk analytics
- Louise Eldridge, CORE Coalition - Labour and human rights risks
- Frank Okyere, Kuapa Kooko Farmers Association - Smallholder concerns

Facilitated discussion – indicative questions:

- How best can UK companies assume responsibility for human rights harms in supply chains that begin in West Africa? Do the Modern Slavery Act TISC requirements make this more likely? Do they allow for parity with environmental concerns?
- How best can producers manage different regulatory requirements in the UK, US and EU markets?
- Will the production base remain viable for exports to the UK? If not, how might this affect producers – are alternative markets available?
- Do producers have the capacity to provide the level of transparency/ data required by companies to comply with Due Diligence regulations?
- What role could COCOBOD play in providing information for companies seeking to undertake Due Diligence? What data is collected by COCOBOD in relation to forest conversion or other legality risks in the sector?
- What, if anything, is the relationship between corporate Due Diligence and the living income differential, which seeks to tackle systemic poverty in the sector?
- Do the same land conversion issues affect all commodities grown for export in Ghana?
- What role could community or CSO ‘independent’ monitoring play in alerting companies or regulators to forest conversion on the ground?

4:45pm – 5:00pm | Conclusions and Next Steps