

## Project Assignment Cocoa Price Review - phase 2 (Update 26.05.2025)

This project assignment contains the most important information about the project. For additional information on the project, please contact the Project Manager (contact details below). The project will be carried out according to the Standard Operating Procedures for the Development of Fairtrade Standards/Minimum Prices and Premiums. More information on these procedures can be found on the website: <http://www.fairtrade.net/standards/setting-the-standards.html>

### Rationale for and justification of need for the project:

Between 2016 and 2019, Fairtrade International undertook the last price review for cocoa beans. The consultation process with stakeholders and the final decision made by the Fairtrade Standards Committee resulted in a Fairtrade Minimum Price of 2,400 USD/MT, a Fairtrade Premium of 240 USD/MT and an Organic Differential of +300 USD/MT.

Fairtrade conducts the current cocoa price review in two consecutive phases. The phased process allows to consider the different conditions in price-regulated versus non-regulated countries and to better tailor the consultation proposals to those conditions, while considering the current overall market environment.

**1st phase:** Cocoa price review for all non-regulated Fairtrade cocoa producing countries, namely all cocoa countries except Côte d'Ivoire and Ghana, with subsequent decision-making and price announcement. Partially completed, [see announcement](#).

**2nd phase:** Cocoa price review for price-regulated countries, namely Côte d'Ivoire and Ghana, with subsequent decision-making and price announcement. In this phase, the final decision on Fairtrade Premium and Organic Differential for all cocoa producing countries, including non-regulated countries, will be concluded.

**This part of the Cocoa Price Review refers to the Phase 2.** The project will be conducted by the Standards and Pricing Unit at Fairtrade International and close collaboration from National Fairtrade Organizations and Producer Networks.

**Market background:** The price review takes place in an exceptional market environment. Global cocoa prices have reached historic highs since mid-2023, due to a shortage of supply, particularly from West Africa. Over the past two years, yields in Côte d'Ivoire and Ghana have collapsed due to adverse weather conditions, disease outbreaks, and other reasons.

In view of the record-high global cocoa prices, there is strong cost pressure in the market, which is further impacted by recently introduced regulations such as EU Deforestation Regulation with implications for both producers as well as for all actors further up the value chain. High prices have started to impact global demand for cocoa and chocolate consumption shows signs of decline.

The uncertainties in the sector about future supply and price development need to be carefully considered when reviewing Fairtrade's cocoa prices to provide value for producers and allow further growth for Fairtrade cocoa sales.

### Risk assessment:

#### 1. Taking pricing decisions in an uncertain and volatile market environment

- **Risk:** The current cocoa market situation with regards to price and supply development is very volatile and uncertain. It is difficult making longer-term decisions in such a market environment.
- **Mitigation Plan:** Consult price proposals as widely as possible, including external and independent experts, to ensure a wide range of perspectives. The next price

review should follow in the near future (max. in 3 years), to be able to respond to changing market conditions.

## 2. Complexity of Fairtrade price model for cocoa

- **Risk:** Responding to the different needs of producers in different producing countries might make the Fairtrade pricing model more complex. In regulated countries, Côte d'Ivoire and Ghana, Fairtrade prices impact producers differently than in non-regulated countries. The consultation aims to take these conditions into account
- **Mitigation Plan:** All proposals must be carefully assessed to determine to what extent they serve the different producer needs in different countries and/or increase the complexity of the price model for cocoa. All stakeholders will be asked for their feedback on this in the consultation.

### Project Start Event:

Kick off meeting

### Project Start Date:

April 2025

### Project End Event:

Announcement of the new Fairtrade Price values

### Project End Date:

End of 2025

## Project Goal and Objectives

### Goal:

Review the current Fairtrade cocoa prices for Ghana and Côte d'Ivoire to provide cocoa farmers with reliable price values that reflect their Costs of Sustainable Production and are aligned with market developments and government regulations specific for these two countries.

Review of the current Fairtrade Premium value and Organic Differential value for all cocoa producing countries to provide value for producers whilst allowing further growth for Fairtrade cocoa sales.

### Objectives:

#### For regulated countries Ghana and Côte d'Ivoire:

1. Update the Fairtrade Minimum Price value based on recent/updated Costs of Sustainable Production data.
2. Assess the current price model and explore alternative price setting with the aim to reduce volatility of the Fairtrade Minimum Price differential, e.g. set a fixed Fairtrade price differential at Farm Gate.
3. Assess the current Fairtrade Premium distribution and explore a mandatory percentage for cash payments from Premium to cooperative members.

#### For all cocoa producing countries (regulated and non-regulated):

4. Update the value of the Fairtrade Premium, consult stakeholders about the feasibility, risks and benefits for setting different Fairtrade Premium values in regulated versus non-regulated countries.
5. Update the Organic Differential value.
6. Consult stakeholders on the implementation timeline of the price tools and new values

### Connection with Theory of Change (ToC):

This project relates to the first goal of Fairtrade International, which is to make Trade Fair, and that is by providing the tools to enable Fairtrade Minimum Price and Premium payment compliance. This is specifically, the intervention related to standards & certification for supply chain business.

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| <p><b>Project scope:</b></p> <ul style="list-style-type: none"> <li>• The project includes an update of the cocoa Costs of Sustainable Production for Ghana and Côte d'Ivoire, based on the previous study carried out internally by Fairtrade International.</li> <li>• The Fairtrade Minimum Price, including semi-processed products purchased from Fairtrade certified producers, will be proposed based on the updated Costs of Sustainable Production information from the relevant cocoa countries and the results of the consultation. The Fairtrade Premium and the Organic Differential values will be assessed, considering the market realities both in regulated and non-regulated countries.</li> <li>• The price-related requirements of the Fairtrade Standard for Cocoa (current section 4.2 and any other section where the project proposal implies changes to the standard).</li> </ul> | <p><b>Out of scope:</b></p> <ul style="list-style-type: none"> <li>• Fairtrade Minimum Price for non-regulated countries.</li> <li>• The currency of pricing tools will not be the subject of consultation.</li> <li>• Living Income Reference Price model and values.</li> </ul>                                                                                                                                |
| <p><b>Project timelines:</b></p> <ul style="list-style-type: none"> <li>• <b>May- June 2025:</b> Review of Cost of Production Data for Ghana and Côte d'Ivoire, development of price proposals for consultation</li> <li>• <b>July-September 2025:</b> Public consultation</li> <li>• <b>October 2025:</b> Analysis of consultation results, define decision points for Standard Committee approval</li> <li>• <b>November 2025:</b> Decision making by Standard Committee (<i>to be confirmed</i>)</li> <li>• <b>December 2025:</b> Communication and publication of revised Fairtrade prices (<i>to be confirmed</i>)</li> </ul> <p><b>* More information will be provided closer to the consultation period on our <a href="#">website</a>.</b></p>                                                                                                                                                      | <p><b>Decision making process:</b></p> <p>The Standard Committee will decide on the new prices for Fairtrade Cocoa.</p>                                                                                                                                                                                                                                                                                          |
| <p><b>Project Owner (Unit):</b><br/>Andreas Kratz, S&amp;P Director</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p><b>Project Manager (contact point for the project):</b><br/>Ricardo Guimaraes, Head of Pricing<br/><a href="mailto:r.guimaraes@fairtrade.net">r.guimaraes@fairtrade.net</a></p> <p>Yun-Chu Chiu, Senior Project Manager<br/><a href="mailto:y.chiu@fairtrade.net">y.chiu@fairtrade.net</a></p> <p>Johanna Schmidt, Cocoa Manager<br/><a href="mailto:j.schmidt@fairtrade.net">j.schmidt@fairtrade.net</a></p> |
| <p><b>Project Team:</b><br/>Producer Networks: Fairtrade Africa, CLAC, NAPP<br/>National Fairtrade Organisations: Fairtrade DACH region, Max Havelaar France, Fairtrade Foundation, Fairtrade America</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p><b>Project Environment:</b></p> <ul style="list-style-type: none"> <li>• Standards Unit</li> <li>• FLOCERT</li> </ul>                                                                                                                                                                                                                                                                                         |