

## Fairtrade Foundation Statement

Tuesday 23<sup>rd</sup> June 2020

### **Fairtrade producers raise their voices to ask Nestlé to keep KitKats Fairtrade**

***“As Fairtrade producers, our voice is heard and taken into account. We are treated with the respect and dignity we deserve.”***

After a decade of sourcing cocoa and sugar for KitKat in the UK and Ireland, Nestlé have informed Fairtrade they no longer plan to buy Fairtrade cocoa and sugar from some of the world's most vulnerable small scale farmers.

The move will mean a loss of almost £2 million (£1.95 million) in Fairtrade Premium each year for co-operatives in Côte d'Ivoire, Fiji and Malawi, representing 27,000 small scale producers. This income is a real lifeline for some of the world's poorest farmers.

Nestlé and Fairtrade have made a much-needed difference to farmers' lives in the last 10 years. Cocoa cooperatives have benefitted from the safety net of the Fairtrade Minimum Price and the Premium has meant communities have been able to invest in classrooms, dispensaries, canteens, and programmes to help women increase and diversify their income.

Right now, Fairtrade Premiums are providing tangible support for farmers at this difficult time. Because producers can choose themselves how to spend the Fairtrade Premium, they have been able to act quickly during the Covid-19 crisis to protect their health, support their communities and compensate for disruption to income. As a result, farmers and their cooperatives have been able to buy protective equipment, distribute hand-sanitizers, raise awareness and support families struggling due to illness. The Fairtrade Premium is unique in guaranteeing farmers full control over how they choose to invest it in their communities and farms.

Nestlé's decision will mean all future purchases of sugar will be from European sugar beet producers, meaning cane sugar farmers will not only lose the Fairtrade Premium, but could lose access to market to sell their sugar. Future purchases of cocoa may be from the same co-operatives, but only as part of Nestlé's own Cocoa Plan initiative, meaning no Fairtrade Premium. Cocoa farmers expressed some grave concerns when they were first told about Nestlé's decision at a joint meeting in May. They clearly stated how worried they are about the resulting income gap and the loss of freedom to decide how the Premium is spent. When a typical cocoa farmer in West Africa lives below the extreme poverty line and earns on average 74p per day - less than half of a living income, but only a few pence more than the price of a KitKat - it is not surprising cocoa farmers are so anxious about losing further income through this move.

Writing on behalf of Ivorian cocoa farmers, Atse Ossey Francis, Chairman of the Board of Directors of the Ivorian Fair Trade Network, said: “It is with deep regret and deep concern that we have learned that after proudly producing cocoa for KitKat in the UK for a decade, small cocoa farmers in Côte d'Ivoire will no longer enjoy the benefits of selling their cocoa on Fairtrade terms. Nestlé is one of the leading buyers of Fairtrade certified cocoa through its KitKat brand and we are grateful for all this decade of partnership where we have

contributed to the success of Nestlé. A non-Fairtrade trade relationship means regression and continued poverty.

“We invite Nestlé to continue negotiating with us producer representatives and the Fairtrade label in order to find ways of agreement so as to reconsider their decision not to buy on Fairtrade terms. We ask Nestlé to continue the incredible work that has been done over the past 10 years so as not to cut the lifeline of the Fairtrade Premium at a time when we producers need it most! “

Besides the new global health pandemic, farmers remain deeply affected by long-term endemic poverty, lack of services, low and unpredictable income and climate change. Fairtrade means access to children’s education, access to health centres, electricity to enable children to learn, as well as improved living and working conditions for farmers in the most remote areas where cocoa is grown.

Fairtrade has the highest fixed Premium of any independent certification scheme in cocoa, currently \$240 per tonne - that goes directly to the producers cooperatives on top of market price- coupled with a Minimum Price that protects farmers if world markets collapse. The Fairtrade Foundation started campaigning publicly for Living Incomes for cocoa farmers in 2017 and was the first to publish a Living Income reference price. We are already working with businesses to pilot a Living Income for cocoa farmers. Research from Fairtrade International shows that the overall financial value to Ivorian Fairtrade cocoa cooperatives and their farmer members increased by almost 35 percent in 2019.

Atse continued: “Fairtrade is 50% owned by producers, giving us them power to make our own decisions for our organisations, families and communities, giving us the opportunity to raise the voice of small producers. As Fairtrade producers, our voice is heard and taken into account. We are treated with the respect and dignity we deserve. Stopping the relationship with Fairtrade is to silence our voices”

Michael Gidney, CEO of the Fairtrade Foundation said: “Fairtrade exists to represent farmer voices, standing beside them as they fight for their rights. We stand behind farmers as they applaud the benefits of the decade long partnership with Nestlé and as they ask Nestlé to reconsider this course of action at this time. Now, more than ever we need to act as a global community and take actions that are steps forward as we build a better future. As many businesses are scaling up commitments to Fairtrade, more farmers are benefitting from the uniqueness of Fairtrade and more shoppers in the UK able to choose from around 1,000 different Fairtrade chocolate varieties.

“We urge Nestlé: listen to farmers, do not choose this moment of global crisis to exacerbate the inequalities in the cocoa industry. Be part of the solution and keep KitKat Fairtrade.”

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**For more information, interviews or images, please contact  
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### **Notes to Editors**

- Fairtrade sales and performance remained strong in 2019, with some significant uplifts, despite further turbulence and uncertainty in the wider grocery market.
- **Over 2019, the Fairtrade cocoa category saw remarkable growth of 23 percent in sales volumes over the previous year.**

### **Why the Fairtrade Premium is so important to farmers:**

- With Fairtrade, producers decide democratically how to spend the Premium and represent 50% of our board, which enables them to have a say on standards development.

- As part of the Fairtrade system, producers receive support on the ground and training to build strong resilient organisations able to look after their members and their communities (e.g. through the West Africa Cocoa Programme)