Achieve EUDR Compliance for Cocoa

Discover your roadmap to compliance before the December 30, 2026, deadline

What is the Current Landscape of Cocoa Production?

Côte d'Ivoire and Ghana account for half of the worldwide cocoa production (around 5 million tons in the year 2022-2023). Ecuador is next, and Indonesia is the largest producer in Asia. Cocoa production has increased steadily over the past 40 years, with up to 95 % of cocoa beans traded on international commodity markets.

> **The European Union (EU) is the leading processor of cocoa beans, with one-third of the annual harvest being converted into byproducts such as cocoa mass, cocoa butter, cocoa powder, chocolate, and other products.**

In 2023, Netherlands was the largest importer of cocoa beans, bringing in around $2,184 million worth. Malaysia and Germany were the second and third leading worldwide importers of cocoa beans, respectively.

How Will the EUDR Impact the Trade of Cocoa?

The sourcing of cocoa is split between direct and indirect or third-party supply chains. Direct means that the cocoa comes to the operator via aggregators in the origins where the operator has operations. These aggregators and farmers often have existing sustainability programs with data on farmers, farms and traceability. Indirect sourcing is supplied from international trade and tends to lack data and traceability.

To be compliant with the EUDR regulation, relevant products must be traceable to the farm plot by geolocations and polygons uploaded into EU information systems. Each origin will be benchmarked for risk and grouped into "low," "standard," or "high"-risk categories.

The cocoa sector must undergo significant changes to align with the new sustainability standards:

Traceability Enhancement

Cocoa producers will implement tracking systems to ensure transparency and verify the origins of cocoa beans, ensuring compliance with regulations. This will build consumer trust and create new market opportunities for compliant producers.

Opportunities for Sustainable Practices

Cocoa producers can access the European market by offering sustainably sourced, deforestation-free cocoa. This promotes innovation in sustainable agriculture, enhancing soil health, biodiversity, and farmers' livelihoods.

Supply Chain

Chocolate manufacturers and retailers must collaborate with suppliers to ensure responsible cocoa sourcing, investing in traceability technologies, farmer training, and long-term partnerships with compliant producers.

Compliance Requirements

Cocoa producers and exporters must now provide detailed documentation proving that their cocoa is not linked to deforested areas. EUDR on cocoa production will provide strict compliance with deforestation-free sourcing.

What Gaps Need to be Addressed by Producers, Growers and Traders for EUDR Compliance?

A few challenges that could come out of the EUDR for cocoa producers/traders include:

- **Traceability and Transparency:** Establish a clear and transparent supply chain to ensure that cocoa is sourced from deforestation-free areas, including the maintenance of detailed records and documentation to prove compliance with EUDR requirements.

- **Land Use and Deforestation Monitoring:** Implement satellite and remote sensing technologies to monitor land use changes and ensure no deforestation occurs and adopt and enforce policies that commit to zero deforestation in cocoa production.

- **Regulatory Compliance:** Understand and comply with all relevant EU regulations and standards related to cocoa imports and regularly update practices and policies to align with evolving regulatory requirements.

- **Country-Specific Regulations:** Ensure that production is done in accordance with all country-of-origin regulations.

Addressing these gaps will not only help in complying with the EUDR but also promote sustainable and responsible cocoa production, benefiting both the environment and the industry.

How Do Certification Schemes Factor into This?

Some existing certification schemes are adapting their programs to support EUDR compliance. Rainforest Alliance certification includes a specific EUDR add-on module for existing certified producers. However, many schemes are not providing specific solutions to EUDR requirements.

How SCS Can Help

SCS can support clients with our comprehensive EUDR services by offering tailored solutions that address each aspect of the EUDR compliance process. Here's how we can help:

EUDR Consulting Services

- Corporate regulatory and implementation education and advisory
- Needs assessment and strategy development
- Due diligence system development and review
- Gap and risk assessment
- Commodity and value chain traceability
- Customized verification checklists

Compliance Assessments:
Review and assessment of EUDR compliance of various players within your supply chain.

Due Diligence Integrity Assessments:
Review and assessment of EUDR due diligence statements (past or current).

Self-Paced Training:
Self-paced training on EUDR compliance for those in the coffee, wood, palm oil, cocoa, and other EUDR impacted industries.

With these services, SCS enables clients to not only meet but also exceed EUDR requirements, safeguard their reputation and ensure sustainable, deforestation-free practices across their supply chains.

SCAN FOR INFORMATION

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