Project Synthesis

Securing Organic Cocoa Supply Chains

How regulation and market turmoil are reshaping organic cocoa and other smallholder value chains



FiBL

FAIRTRADE

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Abbreviations

CB: Control Body
CLAC: Latin American and Caribbean Network of Fair Trade Small Producers and Workers
CN codes: Combined Nomenclature codes for classifying goods in international trade
COI: Certificate of Inspection (certificates issued for EU organic import consignments)
COSP: Cost of Sustainable Production (Fairtrade data)
DDS: Due Diligence Statement (under the EUDR)
EUDR: EU Deforestation Regulation (Regulation (EU) 2023/1115)
FiBL: Research Institute of Organic Agriculture/Forschungsinstitut für biologischen Landbau
First-grade SPO: Small-scale producer organisation composed of farmers as members
ha: Hectare
ICS: Internal Control System
NOP: National Organic Program of the US Department of Agriculture (USDA)
OFIS: Organic Farming Information System (European Commission)
SECO: State Secretariat for Economic Affairs, Switzerland
Second-grade SPO: Small-scale producer organisation with first-grade SPOs as members
SPO: Small-scale Producer Organisations
t: Tonne (metric)
TRACES: Trade Control and Expert System (European Commission)

Executive Summary

Europe's organic and Fairtrade cocoa supply has come through three years of severe disruption, and the recovery is real but incomplete: combined EU and Swiss organic imports rebounded to some 90,288 t of bean equivalent in 2025, yet EU volumes remain about 9% below the pre-2023 plateau, with a cumulative shortfall of roughly 54,000 t over 2023–2025. The organic cocoa that now reaches Europe is produced by fewer certified farmers and carries a permanently higher annual cost of compliance. The shortage does not have a single cause – the new EU Organic Regulation, extreme price volatility, climate change and productivity losses, contamination risk and new measures in case any traces are found, and the parallel EUDR workload acted together. But one finding is actionable above all others: the recurring cost of staying organic has shifted decisively onto producer organisations, and it is being financed largely from the Fairtrade Premium rather than from organic prices. That is not a viable basis for securing organic cocoa production.

The report draws on an online survey of organic smallholder producer organisations run by FiBL and Fairtrade International between April and August 2026, interviews with European cocoa traders and certification bodies, import and organic production statistics, and producer focus group discussions in selected origins. Cocoa was the main focus: 76 groups in 11 countries responded, covering ≈52,500 organic cocoa farmers certified for the European market in 2024, from all main organic origins. Across all crops, 287 smallholder organisations from 34 countries took part. The analysis centres on the change from 2024 to 2025: the last year under the former equivalence system, and the first full year under compliance with the new EU Organic Regulation 2018/848.

A market recovering from a supply shock, not growing

Measured against the stable plateau of 2018 to 2022, EU organic cocoa imports fell by about a fifth in 2023 and by some 40% by 2024, before recovering strongly in 2025. The contraction was sharper for organic than for conventional cocoa: the organic share of EU cocoa bean imports almost halved, from a steady 4–5% before 2023 to 2.7% in 2024, and had returned to 4.5% in 2025. Swiss direct organic imports from origin, invisible in EU statistics, add roughly another third on top of the EU volume. Organic cocoa has a different origin structure than conventional cocoa: the Dominican Republic, Peru, Sierra Leone and Uganda supplied 82% of the combined 2025 volume, while Côte d'Ivoire and Ghana together accounted for only 3%.

Fewer certified organic farmers

Across the cocoa groups surveyed, the number of EU-certified organic farmers fell by about 7% from ≈52,400 in 2024 to ≈48,900 in 2025. The change is broad but shallow – 19 groups reduced their EU-organic membership, 10 increased it, 13 held it steady, and no cocoa group left the scheme entirely – and it is concentrated: five Sierra Leonean groups account for more than the entire net decline. Total organic farmer numbers

moved almost identically (−8%), meaning farmers leaving the EU certificate are largely leaving organic production altogether rather than moving to other organic programmes. Beyond cocoa, the contraction is far steeper: across 139 organisations reporting both years, EU-organic farmer numbers fell by 39%, concentrated in a few very large African unions (−53% in coffee and −45% in Africa, against −3% in Latin America). In certified farmer numbers, cocoa is therefore the comparatively resilient case, probably due to the high market prices at the time of adaptation to the new rules.

Organic compliance costs rose sharply, and unevenly

Among the 44 cocoa and coffee organisations with paired cost data, organic certification fees paid to control bodies rose in every organisation size class, and the median cost per certified farmer (median of each year) rose markedly: from about 29 EUR to 54 EUR in small organisations (under 250 farmers), from 12 EUR to 19 EUR in medium-sized groups (250–2,000) and from 2 EUR to 10 EUR in large ones; compared organisation by organisation, the median change was +36%. Small organisations remain by far the most expensive to certify per farmer, while the largest see the steepest relative increases and have the most farmers behind them. External fees are, however, a smaller part of the bill: analysis of Fairtrade cost-of-sustainable-production data shows internal control costs are at least twice the external fee, or around two-thirds of the combined control cost. Combining that factor with each organisation's own assessment of how its internal costs changed, total control cost per farmer rose by 38% for the median cocoa organisation, and every one of the 21 organisations with data for both years reported an increase. The absolute amounts matter too, as organisations need to mobilise this working capital: for an organisation of 1,000 members, a rise from 30 EUR to 53 EUR per farmer means finding 23,000 EUR more in cash every year.

Compliance also slows capital turnover for organic products: more frequent residue testing and precautionary lot-by-lot testing after any finding delay the release of prefinance and slow the physical movement of organic cocoa. Working capital is therefore tied up for longer and at higher risk, challenging liquidity exactly when organisations need cash to buy from their members.

Price volatility hit financing capacity, margins and quality incentives

The regulatory transition coincided with the most extreme cocoa price movements in decades – the world market price quadrupled between early 2023 and its January 2025 peak of 10,750 USD per tonne, then lost some 70% of that value by March 2026. Working capital requirements quadrupled, and organisations unable to mobilise cash when members were ready to sell lost those volumes to intermediaries. Forward contracting became hazardous, squeezing margins to nothing or into loss even between the peaks. High prices and product scarcity also eroded quality differentiation and increased farmers' side sales outside their organisations; the resulting lower organic volume left organisations carrying higher compliance costs on a thinner cushion. Conditions eased from 2025 as the industry adjusted.

EUDR compliance ran in parallel

The European regulation on deforestation-free products was not a main driver of the shortage – traders considered organic and Fairtrade organisations comparatively well prepared – but it consumed the same staff, systems and cash at the same time. Polygon mapping was the most resource-intensive requirement, complicated by false positives from misaligned tools and outdated cadastral maps, while proof of the legality of land use emerged as the least understood and least advanced requirement. Digitalisation costs were substantial, rarely recorded, and financed mainly through the Fairtrade Premium and organisations' own funds.

Who pays: the Fairtrade Premium is financing organic compliance

Expressed per tonne of organic cocoa exported, the estimated total cost of internal and external control in 2025 ranged widely from about 30 EUR to over 900 EUR, with a median of about 189 EUR per tonne (≈205 USD); as organic sales volumes fluctuated strongly in 2025, the per-tonne figures indicate orders of magnitude rather than precise values. Against the new Fairtrade Organic Differential of 450 USD per tonne (introduced in 2026; see Chapter 5.2.2), an organisation with median control costs could pass on just under 200 USD per tonne to its farmers as an organic farmgate differential (for the calculation and assumptions, see Chapter 5.2.2). For the more expensive quarter of organisations, estimated control costs per tonne sold as organic can be of the same order as the differential itself. Organisations holding organic and Fairtrade certification were therefore comparatively well placed: 19 of 27 cocoa organisations name the premium as their main or partial source of funding for higher compliance costs. That is cross-financing rather than fair pricing, with money intended for social and community investment or for bridging farmers' gap to living income redirected to compliance costs. Organic-only supply chains have no equivalent cushion, so cost recovery depends entirely on bilateral negotiation with the buyer.

Outlook: adaptation rather than abandonment — but a narrowing base

Of the 37 cocoa organisations, 54% (whose members represent 61% of all organic cocoa farmers in the sample) have a positive outlook and consider the major adjustments behind them. However, 27% plan to shrink (consolidating, cutting certified farms or expecting farmers to drop out), and another 19% remain uncertain whether they can maintain full compliance – together, these shrinking or uncertain organisations represent about 40% of farmers (see Chapter 3.5.2). No cocoa organisation reported considering withdrawal from organic certification altogether, but in the wider sample four organisations did, and five groups had already given up EU organic certification. Producer representatives framed the structural risk clearly: small organisations exposed to volatility and rising requirements give up certification, while larger, better-capitalised actors take over.

If organic cocoa is to remain a product that supports smallholder livelihoods, the additional cost of compliance has to be recognised in prices and fair organic differentials

rather than being absorbed by the Fairtrade Premium; risk and prefinance must be shared rather than concentrated at the producer end.

What would make organic cocoa viable in the long term — main recommendations

The recommendations in Chapter 5 set out the leverage points. In summary:

- Buyers, brands and traders: should pay a reliable organic differential on top of market prices, also outside Fairtrade-labelled sales: The new Fairtrade Organic Differential of 450 USD per tonne, which is compulsory for Fairtrade sales, should be treated as a sector-wide "fair organic differential"; move from spot purchasing to multi-year volume commitments with transparent risk-sharing and prefinance. A fair organic price cannot be carried by importers alone: of the final price of an organic chocolate, some 39% accrues at retail and 36% at manufacturing, against 4% at collection and export and 11% at cultivation, where net margins are close to zero (TERO/BASIC, 2024), so brands and retailers should share the higher cost of organic integrity.
- Fairtrade: capture organic compliance costs better in Fairtrade COSP data as the basis for setting the Fairtrade Organic Differential; allow longer exception windows when market or supply anomalies occur; advance cross-acceptance between organic and Fairtrade standards – as already planned.
- Producer organisations: monitor organisational organic compliance costs per tonne and per market as the basis for negotiating differentials; consider strategic segregation of organic certification by destination market to minimise cost increases; strengthen the internal control system where it matters most, consolidate farmer, plot and lot data for organic and EUDR reporting in one system; and use diversification and agroforestry projects as an income diversification and resilience strategy beyond cocoa.
- Policy, institutions and donors: continue structured dialogue with EU regulators on smallholder realities — the current simplification for regulation 2018/848 improves some significant rules, but further measures in the secondary legislation are needed to bring down external control costs, including a more risk-based alternative to the fixed 5% re-inspection rate, a higher group size limit and a lower residue-sampling rate; more proportionate official measures in case of low-level residue findings, and funding for organic advisory services, farmer training and the cost for setting up an ICS, data and traceability systems from development funds, since these cannot realistically be financed from the organic differential. In EUDR implementation, predictability and proper dispute handling could be improved.

In conclusion, cocoa organisations have adapted rather than abandoned organic cocoa, but the new rules shifted a substantial recurring cost into producer organisations' budgets without moving a corresponding amount of money down the chain, which

resulted in a narrowing of the producer base. The question is whether smallholders and their organisations remain willing to produce organic cocoa under the new conditions. This will depend largely on whether prices and contracts cover the additional costs through a fair price and organic differential, rather than leaving them to be absorbed by the Fairtrade Premium.

1. Introduction, market and policy context

1.1 Study background and objectives

The global cocoa sector is experiencing a period of unusual regulatory and market turbulence. Since January 2025, organic imports into the EU – and into closely integrated markets such as Switzerland – from countries without recognised equivalent control systems must be certified in full compliance with Regulation (EU) 2018/848, replacing the previous equivalence system; the same producer organisations were simultaneously preparing for the EU Regulation on deforestation-free products (EUDR). This dual regulatory transition coincided with the most extreme cocoa price volatility in decades. Since 2024, European buyers have reported a persistent shortage of organic and Fairtrade organic cocoa, and Swiss and European manufacturers committed to certified, fully traceable supply chains have found it increasingly difficult to secure the volumes they need.

What has been missing is reliable data on what this transition actually cost the producer organisations that carry it. An earlier survey by FiBL (Meinshausen et al., 2024) indicated that some 15–20% of organic producer organisations intended to downscale or discontinue their EU organic certification, but these data were collected before or during the first audits under the new rules, when the real costs and corrective measures required by the organic certification body had not yet materialised. CLAC's analysis for Latin America later confirmed that producer organisations absorbed most of the administrative and financial burden, received little compensation from the market, and lacked a full overview of their total organic compliance costs (CLAC, 2026).

This study, carried out jointly by the Research Institute of Organic Agriculture (FiBL) and Fairtrade International, was designed to close that gap with empirical data. It combines a global survey of smallholder producer organisations, interviews with European organic cocoa traders and certification bodies, analysis of available trade and price data and a more in-depth analysis of four key organic Fairtrade origins.

The study pursues four objectives:

- Weigh the relative contribution of the different factors behind the shortage of organic cocoa.
- Quantify the new costs of organic compliance for cocoa producer organisations and their members, and identify recurring cost drivers.

- Assess how the number of certified organic smallholders and the exported organic cocoa volumes have shifted during the regulatory transition, and identify which requirements have proved most challenging and may need additional support.
- Identify and prioritise measures at producer, trade and institutional level to secure organic and Fairtrade organic cocoa supply for the Swiss and European markets.

Although this report focuses on cocoa, the same regulatory changes apply to other organic smallholder value chains, in particular coffee. Survey data were therefore collected from producer organisations across all smallholder crops to provide a reference base for the cocoa findings and to widen the sample to understand effects.

1.2 Regulatory changes for organic smallholder value chains

Within a few years, two new pieces of EU legislation reshaped the framework for organic smallholder value chains in the Global South. Both pursue aims that the organic and fair trade sectors themselves have long advocated: the Organic Regulation seeks to strengthen consumer confidence in organic products, ensure fair competition between operators and prevent fraud, while the Deforestation Regulation aims to prevent deforestation globally by preventing products linked to deforestation from entering the European market.

Certified organic and Fairtrade supply chains started this transition from a comparatively strong position, as group organisation, internal control systems, documented traceability and annual third-party audits were already established practice. Nevertheless, implementing both regulations in parallel had major effects on smallholder supply chains. In both cases, the difficulty lies less in the objectives than in the detail and complexity of the rules, and in applying them across thousands of supply chains that operate under very different conditions – that are not always completely understood by those drafting and enforcing the legislation in Europe. Added to this were the pace and overlapping timelines of the transition, a substantial, unevenly distributed increase in compliance costs, and the open question of how much of that increase the European market is ultimately willing to pay. This study therefore seeks to better understand these effects to inform the recommendations.

1.2.1 The Organic Regulation (EU) 2018/848 and compliance for imports

The Organic Regulation (EU) 2018/848 sets out the EU rules on organic production and labelling, revising and strengthening the control system, trade regime and production rules that had applied since 2007 under Regulation (EC) 834/2007.

The regulation has far-reaching implications for countries exporting organic products to the European market: it replaced the earlier concept of "equivalence" with the principle of compliance, requiring organic producers outside the EU to meet the exact same set of rules as EU producers. Organic production in most non-EU countries, including all major cocoa-producing origins, must now be certified in compliance with the new Regulation if products are to be imported into the EU as "organic" (or into highly

integrated markets such as Switzerland and the UK via their respective national legislation). For non-EU countries, the new rules became binding on 1 January 2025, with a derogation allowing imports with 2024 equivalence certificates until 15 October 2025, because, due to various delays, most smallholder groups worldwide passed their first full compliance audit during their 2025 control cycle.

Key changes of the new regulation

The regulation establishes new legal and structural criteria for smallholder groups and their control. Under the "group of operators" rules, certification is limited to a distinct legal entity with no more than 2,000 organic member farmers whose holdings do not exceed five hectares, or alternatively remain below defined organic turnover thresholds. More than 70% of the producer organisations and exporter-organised smallholder chains certified under the previous equivalence system were estimated to need changes to their organisational set-up or membership to qualify (Meinshausen et al., 2024). The definition of a "group of operators" was entirely new, and its far-reaching implications only became apparent during implementation (see chapter 3.1.1). The rules also set stricter requirements for the group's internal control system and strengthened the control protocols for external inspection and certification.

Beyond the group rules, the production and control requirements became stricter in ways that directly affect product availability and commercial risk. Operators must implement and document precautionary measures against contamination of organic products at every stage, and any detection of an unauthorised substance – even in trace quantities – triggers a mandatory official investigation. Traceability requirements were extended, including mass balance checks that allow a consignment to be traced back to farm level on request, which presupposes consistently applied lot segregation and labelling. The production rules also became more restrictive, for instance on the use of non-organic reproductive plant material and on botanical substances permitted for plant protection, which narrows the room farmers have to adapt their organic practices to local conditions. Rules for recognising part of the conversion period retroactively, before organic certification began, also became considerably more restrictive, making it substantially more expensive to add new farmers to a certified group or new organic plots to a certified farm.

For a comprehensive, step-by-step navigation of the new EU organic requirements and explanation, please refer to the *AGRINFO Guidance on the production, preparation, and export of organic plant products into the European Union* for operators and groups of operators, which was developed in collaboration with FiBL.

2026 targeted amendment of Regulation 2018/848 (*in progress*)

Following sector feedback and a European court ruling on the labelling of imported organic products, the European Commission proposed a targeted amendment to the Organic Regulation 2018/848 in December 2025 (European Commission, 2025b). The Council and the European Parliament proposed some further amendments and reached

a provisional agreement on this proposal on 20 October 2026; formal adoption is planned before the end of 2026 (Council of the EU, 2026).

Its main aim is to extend the recognition of selected non-EU countries with equivalent organic control systems[1] from 31 December 2026 to 31 December 2036, while attaching additional conditions on imports from these countries – such as a ban on hydroponics and stricter animal welfare rules – as a condition to the use of the EU organic logo for products from those countries.

Among a few other amendments, the proposal also simplifies the group-of-operators rules, raising the farm size and turnover thresholds and allowing a group of operators to form a subgroup within a larger farmer organisation – potential relief for many smallholder chains (see also section 3.1.1).

1.2.2 The EU Regulation on deforestation-free products (EUDR)

Timeline and regulatory context of the EUDR

Regulation (EU) 2023/1115 entered into force in June 2023, but its application has been postponed twice – first by twelve months from 30 December 2024, and again in December 2025 by Regulation (EU) 2025/2650, which set the binding deadlines at 30 December 2026 for medium-sized and large operators and 30 June 2027 for micro and small enterprises, alongside the simplifications described below. Because each postponement came only weeks before the rules were due to apply, 2023 to 2025 became an intense phase of operational mobilisation in which EUDR readiness absorbed much of the capacity of coffee and cocoa producer organisations – in the same period in which they had to adapt to the new EU Organic Regulation while facing market turmoil.

EUDR requirements for cocoa and coffee

Cocoa and coffee are among the commodities covered by the EUDR. Products containing them may be placed on the EU market or exported from it only if they are deforestation-free — produced on land not subject to deforestation after the cut-off date of 31 December 2020 — and produced in accordance with the relevant legislation of the country of production. The legal due diligence obligation rests with the operator placing the product on the EU market or exporting it, but most of the underlying evidence has to be generated upstream, by producer organisations and exporters, across four interconnected requirements:

- **Precise geolocation and plot-level polygon mapping:** SPOs or exporters must gather geographical data for every member's plot.

[1] *11 countries are recognised as equivalent (in Regulation (EU) 2021/2325): Argentina, Australia, Canada, Korea, Costa Rica, India, Israel, Japan, New Zealand, Tunisia, and the USA. The transition period to replace this recognition with a trade agreement will be extended until 2036. Switzerland, the UK and Chile already have a trade agreement on organic products.*

- **Deforestation monitoring**: to verify deforestation-free status, these datasets must be cross-analysed against satellite-derived forest baselines using external forest-monitoring tools and data sources. The EU Information System is the registration and submission platform for due diligence statements; it does not itself supply the satellite or forest-cover analysis.
- **Complete (end-to-end) traceability:** a Due Diligence Statement (DDS) must be submitted before the shipment can enter the market, requiring product segregation and first-mile traceability back to all contributing farms, linking each lot to the location and date of production. Since Regulation (EU) 2025/2650, the statement is filed only by the operator first placing the product on the market; downstream operators and traders retain its reference number instead of filing their own, while traceability and information obligations along the chain remain.
- **Proof of compliance with the law of the country of productio**n: this aspect has attracted the least attention but proved very challenging: the scope of "relevant legislation" is not precisely defined, and the question is usually not whether producers comply, but how compliance can be evidenced.

For exporters – whether cooperatives or local traders – this is primarily a data management challenge. A single container of cocoa can contain the commingled harvest of several hundred smallholders, each with one or more plots, and the geolocation, polygon and legality records for all of them must be assembled into a single Due Diligence Statement covering that consignment. If a single plot cannot be confirmed as free of post-2020 deforestation, and that farmer's beans have already been mixed with those of other members, the whole container may be affected.

Where to find more information about the EUDR?

The EU Commission provides guidance and information on implementation of the EUDR.

AGRINFO provides a simplified explanation of the EUDR and regulatory updates with links to official documentation, written for groups and operators in the Global South.

Fairtrade publishes technical resources and guidance for producers on geolocation data collection and deforestation monitoring, including video tutorials.

EUDR implementation in organic and Fairtrade supply chains

Compared with the new EU Organic Regulation, the EUDR received considerable attention from European industry and international development organisations.

Fairtrade has aligned its Cocoa and Coffee Standards with the EUDR requirements and supports cooperatives with field tools for geodata collection, data privacy protocols that keep ownership of producer data with the producers, and segregation requirements at producer group level. It also provides free, satellite-based deforestation risk assessments through the Satelligence portal and secure data sharing with EU importers via its PlotInsights platform. This takes a substantial part of the compliance burden off individual organisations.

Certified organic producer organisations had a partial head start: organic certification already requires strict physical traceability and lot segregation, and many organic internal control systems were already collecting GPS data from their members, even though this is not compulsory for organic certification. The shipment-level data granularity required for each Due Diligence Statement nevertheless goes well beyond what organic traceability demands, and adapting to two complex regulations at the same time placed a severe administrative and financial strain on these organisations.

A detailed analysis of the impacts of the parallel adaptation to EUDR and the new organic regulation can be found in the CLAC Analysis of the impacts on Fairtrade small producer organisations in Latin America (2026)

Another helpful and short overview on challenges and compliance solutions can be found in ISEAL Analysis navigating EUDR compliance and beyond: case study cocoa (2025)

1.3 Methodology, data sources and sampling framework

1.3.1 Global survey for organic smallholder organisations

FiBL and Fairtrade International launched an online survey on the effects of EU compliance for organic smallholder producer organisations in April 2026. Its focus was organic cocoa, but it was open to other products in order to capture the wider context. Fairtrade producer networks and FiBL's networks and partners, including IFOAM, Bio Suisse, COLEAD and several organic control bodies, promoted it, and it closed in mid-August 2026.

In total, 537 smallholder groups (producer organisations and exporters/processors with associated organic smallholders) participated in the survey. Of these, 287 respondents from 34 countries completed the organisational details, together accounting for more than 268,000 EU-organic certified farmers in 2024. As the response rate decreased in the later sections of the survey, all charts display the number (n) of responses to the respective questions. Most respondents are coffee (41%) and cocoa (27%) producer groups, with the remaining third producing other typical smallholder crops such as spices, coconut products, tropical fruits, cane sugar or nuts. The distribution of responses by country, product and type of organisation, as well as full survey results, are shown in Annex A.1.

76 groups in 11 countries named cocoa as their most important organic export product to Europe, as shown in Figure 1. Almost all of them are linked to Fairtrade: 51 are Fairtrade-certified SPOs (with direct export or selling to an exporter), and 12 are Fairtrade-certified traders. The largest number of cocoa responses came from Sierra Leone, followed by the Dominican Republic and Peru, and all main organic cocoa origins are represented. Together, the groups reported 52,470 EU-organic certified cocoa farmers for 2024. As not all groups reported them, the farmer figures in this study are approximate. Of the cocoa respondents, more than three-quarters are first-grade SPOs –

farmer cooperatives or associations – and the remainder are second-grade SPOs, that is, unions or federations of cooperatives, and trading or processing companies working with associated smallholders.

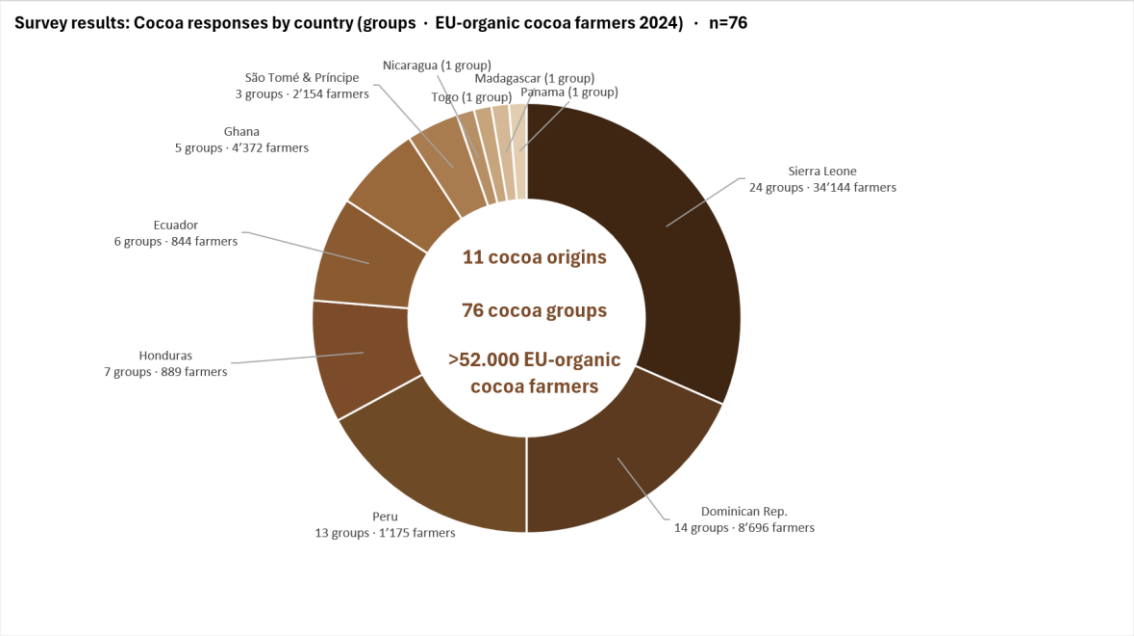


Figure 1: Survey responses, cocoa subset

Source: Own compilation based on survey data

The total number of certified organic cocoa producers worldwide is unknown, but was roughly estimated at around 95,000 organic farmers in 2023, with about 42,000 of them being Fairtrade organic cocoa producers (Meinshausen et al., 2024). On that (estimated) basis, the survey covers more than half of the world's organic cocoa farmers. Most importantly, it covers the main organic cocoa origins supplying Europe (see section 2.2).

1.3.2 Interviews with European cocoa traders and control bodies

Between April and June 2026, interviews were conducted with selected organic and Fairtrade cocoa companies and with two control bodies. The seven trader interviews followed structured guidelines and were conducted by the cocoa expert of Max Havelaar Switzerland and/or the FiBL lead expert; the control body interviews were semi-structured. Annex A.4 documents the interviewee overview and question guides.

Together, the seven interviewed cocoa traders and manufacturers source more than 34,000 t of organic cocoa per year (Fairtrade organic and organic-only combined). Part of this was estimated by the interviewees from the organic share of their total purchases, so the figure is best read as an approximate lower bound. Measured against the organic cocoa imported into the EU and Switzerland in 2025 – some 90,000 t (section 2.2), the interviews therefore cover roughly a third of European organic cocoa imports.

The importance of organic and Fairtrade organic cocoa within total purchasing volumes differs considerably between the interviewed companies, and three broad types can be distinguished: high-volume mainstream traders and industrial manufacturers, for whom organic is a small share of sourcing (below 5%) but they source a significant absolute volume; sustainability-focused brand manufacturers supplying European and Swiss retail and private-label programmes, where organic accounts for roughly a quarter to a third of sourcing and is a strategic pillar; and dedicated organic and fair trade pioneers, whose sourcing is almost entirely certified. These profiles help explain why assessments of the market differ between interviewees, for instance on whether there is a shortage of organic cocoa and what constitutes an appropriate Fairtrade price differential. The full typology is given in Annex A.4.

1.3.3 Focus countries

For the four focus origins, Dominican Republic, Peru, Ecuador and Sierra Leone, the Fairtrade producer networks invested dedicated efforts to contact cocoa producer groups to provide their impact data in the survey file, as this allowed the data to be used for in-depth analysis. As a result, a significant number of producer organisations in the survey countries contributed, which allowed in-depth analysis of impacts in the region as well as verification for any country-specific challenges and opportunities raised by producer organisations. The survey responses and cost examples from organisations in the respective country were analysed in more depth, complemented by a focus group discussion organised by CLAC with representatives of three Latin American cocoa countries in August 2026, additional interviews with producer organisations on cost factors and adaptation (in Sierra Leone), and triangulation with national organic production and export data.

1.3.4 Data analysis

In addition, official trade and certification data were analysed, including EU and Swiss organic import statistics, Fairtrade cocoa and cost-of-sustainable-production data, ICCO cocoa market pricing data, and other literature data to triangulate the survey findings. The respective data sets are indicated as sources and included in the reference section.

1.3.5 Methodological limitations

The survey, interviews and statistical data used in this study differ in scope and robustness. The number of responses (n) is shown for every chart, specific data constraints are discussed in the respective sections, and further methodological details are provided in Annex A.1. Three general limitations should be kept in mind: organisations that have already left organic certification or were most severely affected are less likely to have responded to the survey (section 3.2.1); cost data are partly self-assessed or estimated, and per-tonne figures are strongly influenced by fluctuating 2025 sales volumes (section 3.2.2); and total farmer numbers are approximate, as not all groups reported farmer numbers. The findings are therefore robust on the direction and

broad magnitude of the changes and on the range of experiences between organisations, but less suited to precise sector-wide estimates or detailed regional comparisons; figures should be read as indicative orders of magnitude.

2. The European organic cocoa market

2.1 The global cocoa market since 2023 – a perfect storm

Cocoa has been a growth market for a quarter of a century: global output has roughly doubled since 2000, with Côte d'Ivoire and Ghana supplying the bulk, while Latin American origins, Ecuador and Peru in particular, have expanded their planted area over the past decade. A persistent slight oversupply nevertheless kept prices structurally low over that period, interrupted by steep crashes such as the one in 2016/17. Until recently, then, the sector operated in a long-standing equilibrium of low prices and fairly predictable volumes (Fountain and Hütz-Adams, 2025).

That equilibrium began to break in 2023, when successive poor harvests in Ghana and Côte d'Ivoire pushed global supply below demand and prices started to climb steeply. The escalation peaked in the following year: futures prices briefly passed 12,000 USD per tonne in April 2024 – levels last reached, in inflation-adjusted terms, in the 1970s. The shortfall was attributed to weaknesses that had accumulated over a long period rather than to a single event: disease pressure, old trees and an ageing farmer population, low yields and competition from gold mining, all of which follow from decades in which farmers were underpaid, carried most of the risk themselves and lacked supportive government policy. Extreme weather, a cost-of-living crisis and, in Ghana, high inflation compounded these effects (Fountain and Hütz-Adams, 2025). The correction was equally abrupt: after peaking, the price slid almost without interruption to 3,240 USD per tonne in March 2026 – a loss of some 70% of the peak value – before rebounding again within months (see section 3.3). Supply and demand moved closer together again in the 2024/25 season, but the Barometer cautions that several seasons of reasonable harvests would be needed before the market could be considered normal. For everyone along the chain, the defining feature of this period is not the high price as such, but the speed and the amplitude of the swings in both directions.

This turbulence fed directly into organic cocoa prices and availability. Figure 2 sets the world market price against the minimum Fairtrade export price (the Fairtrade Minimum Price or the market price, whichever is higher, plus the Fairtrade Premium) and the minimum Fairtrade organic export price, which adds the compulsory Fairtrade Organic Differential. The graph illustrates what happened during the peak: as the conventional price climbed far above any minimum price, the relative advantage of selling organic – and Fairtrade – narrowed sharply. In practice, the erosion went further than the minimum price lines suggest, since not all organic cocoa is Fairtrade certified or sold on Fairtrade terms, and for standard organic sales the organic differential on top of market prices is negotiated between buyer and seller, and may be lower.

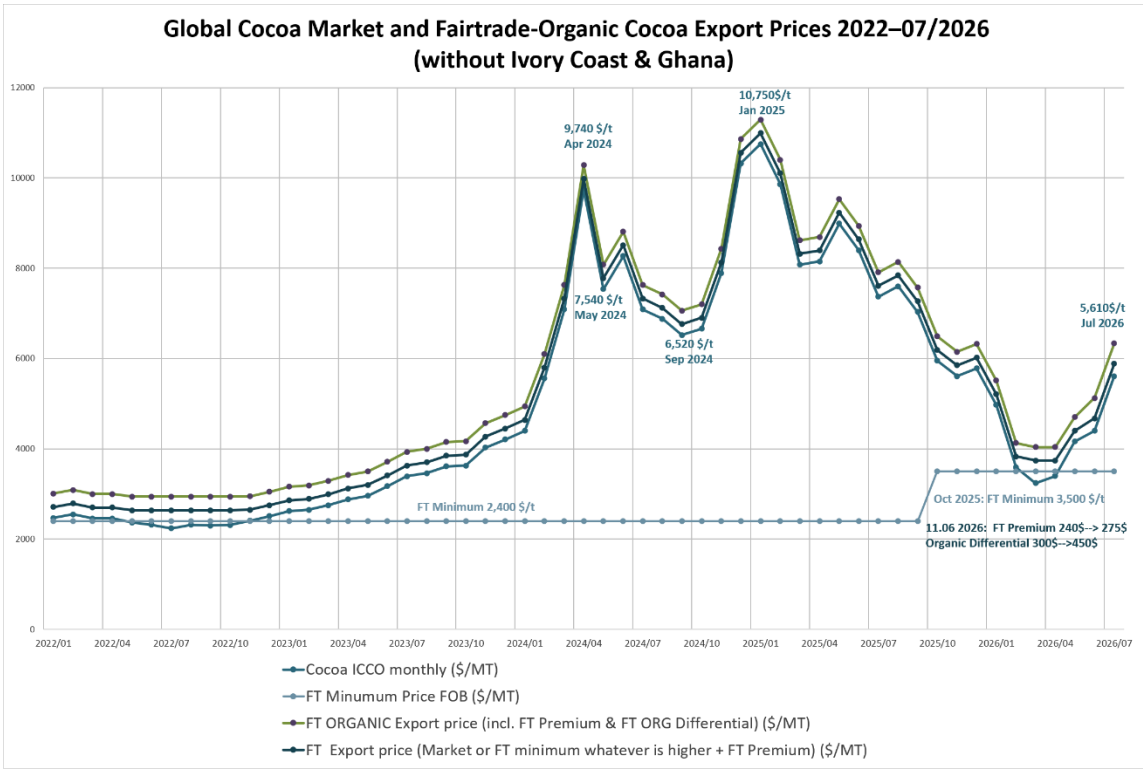


Figure 2: Cocoa market and Fairtrade organic export prices, 2022–July 2026

Source: Own compilation based on World Bank Commodity Price Data (Pink Sheet) and Fairtrade International cocoa price announcements; USD per tonne.

High prices were therefore good news for many farmers, but not for farmers' organisations. Working capital requirements rose in step with the price, so cooperatives needed far more cash to buy the same volume from their members; contracts agreed months earlier at lower prices became difficult or ruinous to honour; and the narrowing gap to conventional cocoa weakened the incentive for farmers and their organisations to carry the additional complexity, costs and efforts of organic certification. What this meant in practice for producer organisations and farmers is examined in section 3.3.

2.2 Organic cocoa imports into Europe

Organic cocoa imports into the EU

As shown in Figure 3, EU imports of organic cocoa (beans, paste and butter, also expressed in cocoa bean equivalents) between 2018 and 2022 were on a fairly stable plateau with an average of 75,190 t. This plateau was broken in 2023 and 2024, when volumes fell to 58,600 t and then to 44,900 t — barely 60% of the earlier average. The rebound to 68,300 t in 2025, although impressive in relative terms (+52% on 2024), therefore needs to be read against that baseline: 2025 volumes remain 9.2% below the 2018–2022 average, and the cumulative shortfall over the three years 2023–2025 amounts

to some 53,800 t of bean equivalents. The market is recovering from a supply shock, not growing beyond its previous level.

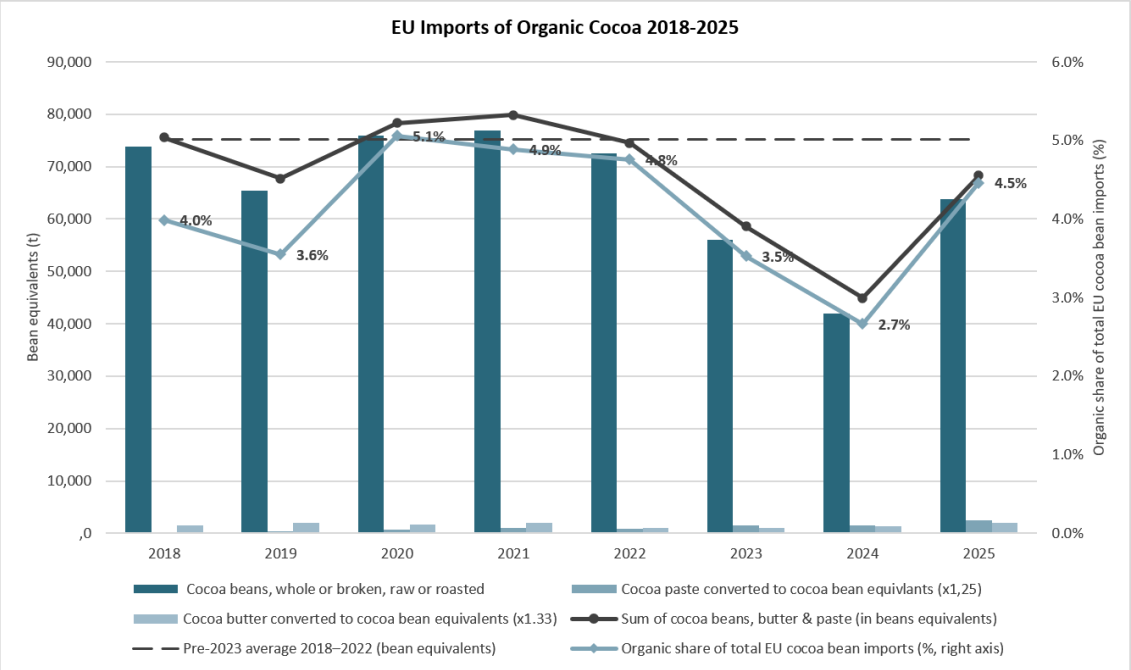


Figure 3: Organic cocoa imports into the EU, 2018–2025

Source: Own compilation using data from TRACES organic import tables 2018-2025 (European Commission, 2026a) and EUROSTAT Data set "EU trade since 1988 by HS2-4-6 and CN8" for CN 18010000 (Cocoa beans, whole or broken, raw or roasted)

The organic share of total EU cocoa bean imports has also been affected by the cocoa market turmoil since 2024. Having held between 4.0% and 5.1% throughout 2018–2022, the organic share fell to 3.5% in 2023 and to a low of 2.7% in 2024, before recovering to 4.5% in 2025. The 2024 dip of organic cocoa imports is not simply a reflection of a shrinking market: total EU cocoa bean imports were in fact marginally higher in 2024 than in 2023 (+1.4%), while organic imports fell by a further 23%. In other words, during the price peak and supply crisis of 2024, organic volumes contracted considerably more sharply than conventional flows.

Organic cocoa imports into Switzerland

As a key organic cocoa processing hub, Switzerland imports significant volumes of organic cocoa directly from producer countries, customs-cleared into Switzerland and absent from published EU organic import data compilations (TRACES). The 2024 and 2025 organic cocoa beans import data were made available by the Swiss Ministry of Agriculture (BLW) for this study. As shown in Figure 4, the directly imported volumes are very significant. Switzerland imported 16,113 t of organic cocoa in bean equivalent

in 2024 and 22,005 t in 2025 — almost exactly one third of the EU-27 volume across the two years combined, and about a quarter of the combined EU and Swiss total.

Swiss sourcing is markedly concentrated: the Dominican Republic alone supplied 69.5% of Swiss organic cocoa imports in 2024 and 72.7% in 2025, followed by Peru (11.6% / 8.7%) and Sierra Leone (5.3% / 5.0%).

Combined EU & Swiss organic imports

Taken together, the EU and Switzerland imported 61,001 t of organic cocoa in bean equivalent in 2024 and 90,288 t in 2025 (see Figure 4), a 48% rise driven mainly by the EU's recovery from a cyclical low. Switzerland's significant share of that combined volume reflects its role as a grinding and chocolate-manufacturing hub.

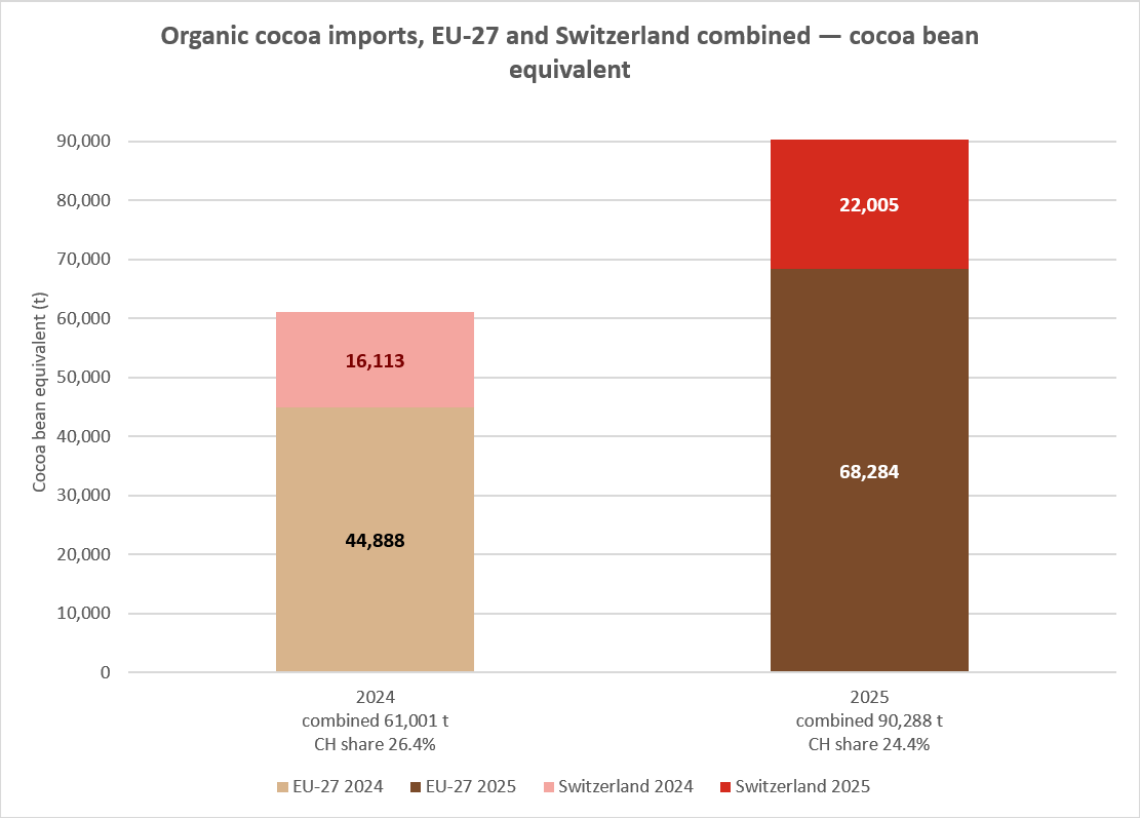


Figure 4: Organic cocoa imports, EU and Switzerland combined

Source: Own compilation of organic cocoa imports into the EU-27 (TRACES data for 2024 & 2025; European Commission, 2026a) and Switzerland (BLW 2024 & 2025 data) combined, in cocoa bean equivalent (CN 1801 beans, 1803 paste and 1804 butter)

EU and Swiss combined top organic cocoa origins

Swiss direct imports also change the picture by origin, so combined EU and Swiss data give a much clearer view of the most relevant organic cocoa origins than EU import data alone. This is particularly true for the Dominican Republic, which sold 45% of its organic

cocoa directly to Switzerland in 2025 and is a considerably larger supplier of organic cocoa beans to Europe than the EU data alone suggest.

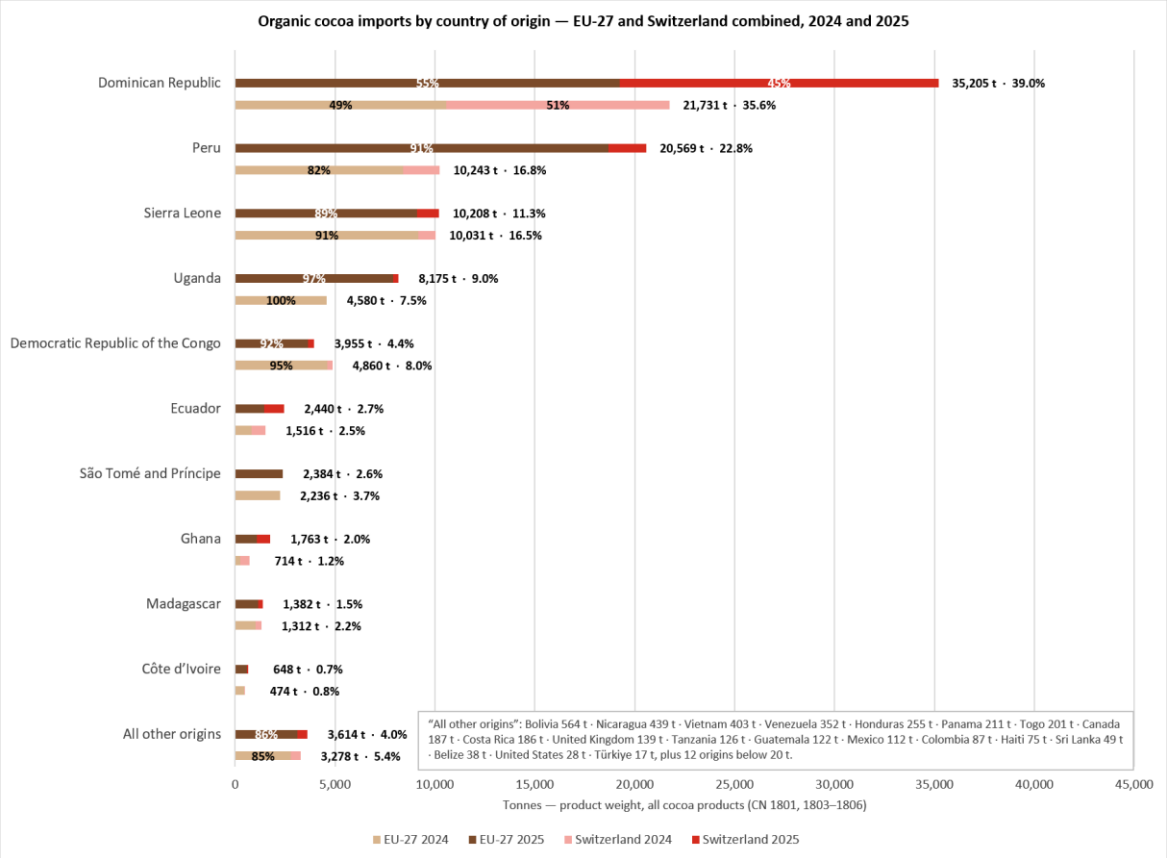


Figure 5: Organic cocoa imports by origin, EU-27 and Switzerland, 2024 and 2025

Source: Own compilation of organic cocoa imports into the EU-27 (TRACES data for 2024 and 2025; European Commission, 2026a) and Switzerland (BLW 2024/2025 data) combined, in product weight, for CN 1801 and 1803–1806. Origin data are shown in product weight (and not in bean equivalent, as in Figure 4) because the Swiss consignment data record the country of origin but not the CN code, so bean-equivalent conversion factors cannot be applied by origin.

As the graph also illustrates, the origin structure of organic cocoa is fundamentally different from that of conventional cocoa. Whereas Côte d'Ivoire and Ghana together account for roughly 60% of global cocoa production, they supplied just 2.7% of organic cocoa imported into the EU-27 and Switzerland in 2025 (648 t and 1,763 t of 90,342 t in product weight; 1.9% in 2024). Organic supply is instead led by Latin America and a small group of African origins: the Dominican Republic (39.0%), Peru (22.8%), Sierra Leone (11.3%) and Uganda (9.0%) alone made up 82% of the combined 2025 volume.

Beyond the leading suppliers, a long tail of smaller origins is emerging – consistent with the reports from interviewed importers that they have begun exploring additional sourcing countries. The Democratic Republic of the Congo (3,955 t, 4.4%), Ecuador (2,440 t, 2.7%), São Tomé and Príncipe (2,384 t, 2.6%) and Madagascar (1,382 t, 1.5%) each remain modest but established, while a further twenty-odd origins together accounted for 3,614 t (4.0%) in 2025, several of them growing sharply from a very low base.

2.3 Shortage of organic cocoa and importers' perspective on root causes

2.3.1 Is there a shortage of organic cocoa and why?

Despite the apparent recovery in 2025, EU imports of organic cocoa remained 9.2% below the 2018–2022 average, at 68,300 t of bean equivalent against 75,190 t. The market is therefore not expanding but catching up: across the three lean years 2023–2025, some 53,800 t of bean equivalent were missing relative to the earlier plateau, and traders are only slowly beginning to refill the stocks they ran down in the meantime.

No consistent EU-wide data on organic chocolate consumption are available, but national retail statistics point to stable or slightly rising demand rather than a contraction: German organic food sales grew by 5% in 2023 (BÖLW, 2024) and by 5.7% in 2024, to a record 17 billion EUR, with organic confectionery among the fastest-growing dry-goods categories (BÖLW, 2025). This suggests that the import shortfall of 2023–2025 was driven by supply, not by weaker consumer demand.

Transition to the EU Organic Regulation during the cocoa market turmoil

The timing of the regulatory transition made this worse. When the cocoa shortage began to drive up prices in 2024, most organisations were still preparing for Regulation (EU) 2018/848, and exports continued under the old equivalence regime. The first round of compliance audits under the new rules began in most cocoa-producing countries only in 2025 – exactly when world market prices peaked – and many producer groups were left with a long list of non-compliances to close before their new certificates could be issued. For most of 2025, a temporary derogation allowed organic cocoa certified in 2024 to continue entering the European market (see chapter 1.2.1).

That grace period expired on 15 October 2025, at which point full compliance became mandatory and available import volumes were abruptly restricted. The regulatory bottleneck coincided with two commercial ones: many organisations could not source enough organic cocoa from their members because of widespread side-selling, and others lacked the working capital to pay the extremely high spot prices. The complexity of the new rules likely reinforced this, since the incentive to stay organic was weakest precisely when the price advantage of organic had all but disappeared.

Fairtrade response to the organic cocoa shortage

Fairtrade responded on two fronts. In October 2025, its Exceptions Committee issued a temporary collective derogation, acknowledging that stricter rules, certification backlogs and temporary suspensions of organic status had severely restricted the availability of Fairtrade organic cocoa. Companies were allowed to use mass-balance sourcing where Fairtrade organic cocoa was unavailable, which in practice meant that organic cocoa without Fairtrade certification could be used for Fairtrade organic products, but other Fairtrade cocoa needed to be bought to compensate for the volume. To protect consumer

trust and accurate labelling, the exception was withdrawn again in January 2026 (Fairtrade International, 2026).

In parallel, the Fairtrade Standards Committee announced a package of price increases on 11 December 2025, intended to reflect the higher operating costs carried by producer organisations and to secure organic supply. The Organic Differential was raised by 50%, from 300 to 450 USD per tonne (410 EUR/t for Côte d'Ivoire); the Fairtrade Minimum Price for cocoa rose by 45% and the Fairtrade Premium by some 15%. The resulting minimum Fairtrade organic export prices are shown in Figure 2 above.

An initial analysis by CLAC in late 2025 had already begun to trace the impacts of the regulatory changes and the causes of the shortage. A central question for this study was therefore whether these newly adjusted price incentives are sufficient to restore supply stability over the medium term.

Interview findings regarding the organic supply gap

The interviews (April to June 2026) show a market that is tightening, but actors experienced it differently. Five of the seven European traders and manufacturers interviewed saw a visible tightening of supply; how acute it felt depended on their business model.

- For specialised processors and brand manufacturers whose organic lines are a core part of the business (types B and C in Annex A.4), the gaps were concrete. Some reported regional shortages, particularly in Latin America and the Caribbean, and severe bottlenecks for specific fractions such as organic cocoa butter, as well as reduced availability from smaller origins. Others missed West African volumes, which matter to them because of their lower natural heavy metal content. Several said that although they can buy their normal volumes again, this is not yet enough to rebuild depleted stocks, and that they are looking for additional origins to better buffer against local harvest failures. Those who had invested in long-term supplier relationships, including support and joint projects, said this paid off during the crisis.
- Large commodity merchants and bulk processors, for whom organic is only a few per cent of total sourcing, reported that volumes are technically available again. Their constraint is a different one: part of what is on offer is disqualified by contamination findings, or is priced at a level they do not consider commercially viable.

This divergence has as much to do with demand as with supply. The mainstream traders point out that at unprecedented absolute price levels, demand for double-certified Fairtrade organic products weakened downstream, so the volume deficit was partly absorbed by a contracting market. The specialised organic processors and retail suppliers, by contrast, work with physically segregated supply chains for consumer segments where demand held up or grew; at the peak they were squeezed between

falling availability and the need to keep private-label programmes supplied, and several are still short of the volumes they would need to rebuild buffer stocks.

2.3.2 Root causes for the organic cocoa shortage from importers' perspective

During the interviews, the traders were asked to weigh the different factors that had contributed to the shortage in their own supply chains and to rank them by relevance (1–5). The results are shown in Figure 6.

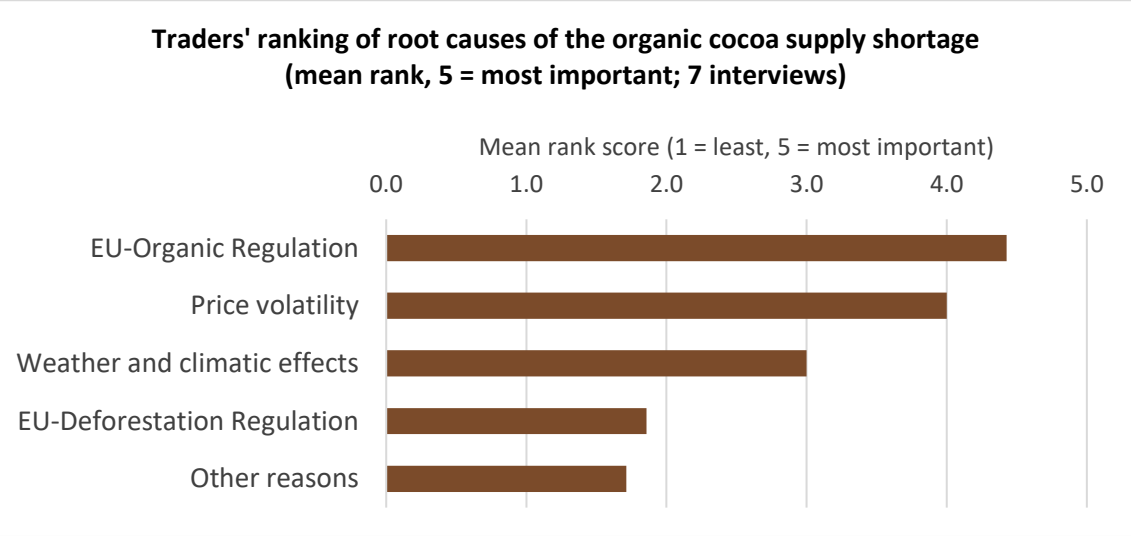


Figure 6: Challenges contributing to the organic cocoa shortage

Source: Own compilation based on traders' relative ranking of different root causes during interviews (mean rank)

Across the seven trader interviews, the EU Organic Regulation (2018/848) emerges as the dominant driver of the current shortage, followed closely by global cocoa price volatility. Traders describe the two as mutually reinforcing: the transition to the new regulation raised the administrative and control burden on producer organisations at precisely the moment when record conventional cocoa prices eroded the relative attractiveness of organic production. With the organic and Fairtrade differentials no longer compensating for the additional effort and risk, the motivation to keep producing and selling under organic terms weakened on both sides: farmers who remained committed to organic practices nevertheless increasingly sold their cocoa outside the cooperative, into conventional channels where it fetched a price comparable to – or even better than – what their cooperative could offer, and some organisations scaled back or gave up their organic programme. Cooperatives, in turn, often lacked the working capital – and capacity to operate under such extreme conditions where one wrong financial decision can affect the entire organisation's financial health – to follow price movements that at times shifted from day to day (see section 3.1.2).

Traders' perspective on implementation of the EU Organic Regulation

When asked to weigh the specific challenges the new EU Organic Regulation creates for their suppliers, the traders distributed their ratings almost evenly across four factors. Cost implications came out marginally highest and were seen as having the most lasting effect. Close behind were the commercial risks arising from the stricter handling of residue findings; the administrative and structural challenges for producer organisations, above all the group-of-operators requirements and the reorganisation they entail; and awareness and know-how about the requirements themselves, which several traders considered the precondition for everything else – organisations that had understood the rules early adapted at far lower cost than those that had not.

Residue findings and geogenic heavy metal contamination were raised in several interviews as an important challenge. Some consignments could not be imported due to residue findings or elevated metal content. Examples included pesticide drift from neighbouring conventional plots, new multiple-testing protocols and screening for new molecules, raised laboratory costs and complexity in resolving findings along the chain. It was reported that some producer organisations lost their certification over residue findings due to the commercial damage, and some traders had withdrawn from specific origins for this reason.

Beyond the ranked items, the interviews raised three practical obstacles. First, certificates of inspection for export consignments from West Africa were issued with long delays, because of administrative backlogs at the national authorities; second, this friction, in a period of exceptionally high prices, also made cross-border smuggling of cocoa more attractive. Finally, different certification bodies applied the new rules inconsistently, particularly the member farm size and turnover limits, which treated comparable organisations differently and created tensions between cooperatives and their larger members.

Climate, EUDR and other factors

Weather and climatic effects occupy a middle position in the ranking, but the interviews do not identify them as a driver for the organic cocoa shortage. Notably, not one of the seven traders reported a severe harvest failure or major harvest fluctuation among their organic suppliers. Where weather was felt, it appeared as crop delays that affected delivery timing and cocoa butter availability rather than lost volumes — and as elevated pest and disease pressure or as a trigger for conventional neighbours to spray pesticides, which contaminated the organic plots. Two traders stated explicitly that weather was a sector-wide rather than an organic-specific issue, and two reported little or no climate influence on their own supply in recent years.

The EU Deforestation Regulation ranks lowest among the named regulatory drivers. Several traders noted that the traceability systems already required for organic certification had largely prepared their supply chains, so it added cost and reporting effort without materially constraining supply.

Other reasons that contributed to the shortage named in the interviews were:

- Limited and inflexible organic processing capacity, in Europe and at origin. Cleaning requirements between production runs and uneconomically small lot sizes restrict which volumes processors will take on, and during the 2024 supply squeeze several reduced or discontinued their organic lines for economic reasons. This temporarily constrained both bean and semi-finished product availability, with cocoa butter the most acute gap.
- There is no separate Fairtrade Minimum Price for organic cocoa, and the Fairtrade Organic Differential of 300 USD/t (prior to the rise in June 2026) was seen by some traders to sit well below the commercial organic premium. Several traders considered higher organic prices the best measure to stabilise supply.
- Traders reported rising input, transport and labour costs at origin, and a shortage of farm labour, which affected producers' production costs and ability to follow organic rules.
- One company noted that suppliers in Africa and in smaller, non-major origins needed intensive support to meet the new EUDR requirements, as Fairtrade producer network support there was less active than in Latin America.

A recurring cross-cutting observation concerns timing and workability: the EU Organic Regulation, the EU Deforestation Regulation and the revised Fairtrade Cocoa standard had to be prepared for in parallel – even though application of the EUDR was postponed – at the peak of the cocoa price turmoil.

2.3.3 Traders' outlook and proposed leverage points

While the interviewed market actors anticipate that the decline in conventional cocoa prices observed in (early) 2026 will renew producer interest in organic and Fairtrade certification systems, some questioned whether this recovery will be sustained. A related doubt was voiced by control bodies, and in additional conversations with sustainability staff of a cocoa processing company: investments that looked economically justified at the end of 2024, when prices were at their peak – for instance, the individual certification of larger member farms during 2025 – may no longer pay off under the new price conditions. Specifically, structural uncertainty remains about whether the newly implemented increases to the Fairtrade Premium and Organic Differential will provide a sufficient financial incentive to secure the mid- and long-term prospects of organic cocoa production against permanently elevated compliance costs.

One mainstream actor expected organic volumes to decrease if the price gap with conventional cocoa widens further, especially given the current consumer climate in many European countries, with a distinct shift toward budget assortments and reduced discretionary spending.

The fall in cocoa prices is a double-edged sword. Lower, less extreme price levels ease working-capital pressure on producer organisations, reduce the incentive for members to side-sell, and restore some of the relative advantage of organic and Fairtrade terms.

At the same time, prices that fall while remaining volatile carry the risk that producers drop out of organic production and/or cocoa. Whether the price levels of 2025 and 2026 put certified cocoa on a viable trajectory was, for several interviewees, the open question for the years ahead.

Asked what would stabilise organic supply, the traders named five leverage points. First, a systematic review of the Fairtrade Minimum Price, Premium and Organic Differential, so that they cover the new compliance costs. Second, mechanisms to buffer price volatility: a cost-covering floor for organic that reliably reaches the farmer, and dedicated financing tools. Third, more realistic timelines from standard systems and certification bodies. Exception windows should run longer than the customary six months, and where Fairtrade segregation is genuinely unworkable, time-limited mass-balance arrangements should be possible. Fourth, greater cross-acceptance between organic and sustainability standards, to reduce duplicate auditing. Fifth, targeted regulatory simplification – above all the group-of-operators farm size rules – backed by institutional advocacy for smallholder realities before EU regulators, and uniform enforcement at EU borders so that non-compliant cocoa does not undercut certified supply chains. Several traders also stressed the continued need for administrative support and development project funding for organic producer organisations. These proposals are taken up, together with the survey and case study evidence, in the recommendations in chapter 5.3.

3. Effects of EU compliance and market dynamics on organic SPOs

3.1 Compliance with the new EU Organic Regulation

3.1.1 Organisational adaptations to the new group of operators rules

What is a group of operators?

Regulation (EU) 2018/848 provides a precise definition of a "group of operators", meaning that only producer groups meeting all criteria can be certified as a group. The regulatory requirements currently mandate the following:

- The group of operators must be composed exclusively of organic or in-conversion farmers as members.
- Strict limits apply to the size of each group member, assessed either by their holding size (not exceeding 5 hectares) or their organic turnover associated with their organic sales through the group (less than 25,000 EUR per year).
- A processing or export company cannot be certified as a group of operators unless its membership is composed solely of eligible organic farmers.
- A single group of operators can have no more than 2,000 members.

- A group of operators must possess a distinct "legal personality", operate a joint marketing system, and establish an internal control system (ICS).
- The group's members must be in geographical proximity (at minimum within the same country). A farmer can only be a member of one group for a given product, although they may join a different group for the supply of a different product.

A targeted revision of Regulation 2018/848 is currently being finalised (see section 1.2.1), and the planned amendments to Article 36 would simplify several of these group rules. It has been agreed to raise the maximum holding size from 5 to 10 hectares (or, alternatively, a higher turnover limit) and adjust the legal personality clause so that a group of operators may be a subgroup within a larger farmers' organisation. The agreed text is also expected to include an alternative, organic turnover-based criterion for members above 10 hectares, but its exact wording has not yet been published. The amended regulation is scheduled to be finalised before 31 December 2026 in order to avoid trade disruption.

Adaptation options for different types of producer groups

To be certified as a group of operators in 2025, any farmers' organisation with more than 2,000 members, with non-organic members, or with members above the size thresholds had to change its structure. Processors and exporters that had previously held the organic certificate and organised the ICS for the farmers could not become certified as a group of operators, as they are not composed of farmers, and they too had to adapt.

The available pathways for farmers' organisations differed by type of organisation. First-grade producer organisations such as farmers' cooperatives, which could not meet the new rules, had to consider splitting the organisation, creating new legal entities, or excluding members who no longer qualified. Some chose individual certification for members above the 5-hectare or 25,000 EUR turnover limits – a route taken particularly in cocoa and coffee, where the historic price peaks produced once-in-a-lifetime farm turnovers in precisely the year the rule was first applied. In other cases, farms were split so as to stay below the 5-hectare threshold.

Second-grade producer organisations such as, e.g. a cooperative union could certify selected, fully organic first-grade member organisations as separate groups of operators and export their product as an "operator" for processing and preparation, while being "subcontracted" by those groups to run shared services such as the overarching ICS or the digital traceability system. Some kept part of their first-grade organisations under NOP certification only, serving the US market, as a deliberate segregation of organic qualities to contain the cost increase.

In parallel, commercial traders with organic smallholder programmes helped to establish new organic farmers' organisations or transferred responsibility for organic certification and the ICS to existing ones. Several continued to provide ICS management or to pay the external certification costs, in order to ensure supply and quality control.

In many cases these reconfigurations multiplied the number of organic certificates within supply chains that had previously been covered by a single certificate held by the exporting trader or producer organisation. Because the applicable constraints and the chosen responses vary so much between organisations, regions and crops, the pathways actually taken during 2024 and 2025 – often after exploring several legal alternatives – remain largely unmapped. What all market actors experienced, however, was the commercial disruption that these structural changes caused across global supply chains.

Adaptations taken by cocoa producer groups and their impact

The results of the international survey help to better understand the adaptations taken in cocoa smallholder producer groups, as shown in Figure 7. The pattern is very similar across all crops. Outright exit was rare – 3% of the total sample – but restructuring was the norm: nearly three-quarters of groups had to make one or several structural changes.

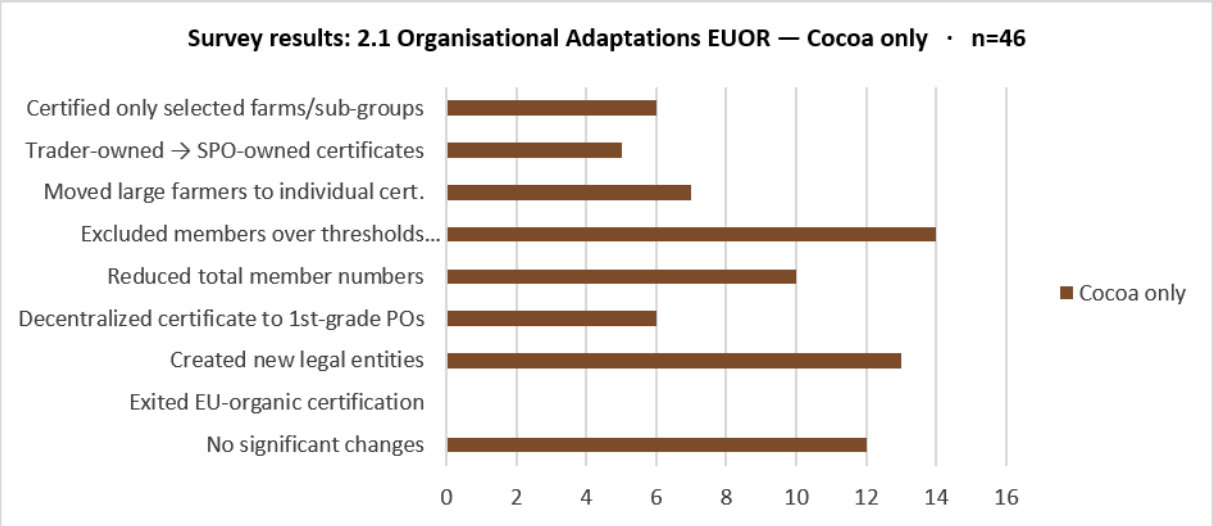


Figure 7: Organisational adaptations to Regulation (EU) 2018/848

Source: Own compilation based on survey results

In cocoa and coffee, the new member size limits – a holding of no more than 5 hectares, or an organic turnover below 25,000 EUR for larger farms – proved particularly difficult for producers, even though average member farm size in both sectors is well below 5 hectares.

In the survey, 20 of 21 cocoa groups (95%) in Africa reported an average of less than 5 hectares, and all were in the lower bands (under 1-2 ha). In Latin America, 21 of 25 groups (84%) reported average farm sizes up to 5 hectares, covering 98.5% of farmers, with only four groups above. An average of 2–5 hectares nevertheless implies that a substantial share of individual members farm more than 5 hectares. Many organic cocoa organisations in Latin America therefore had to find a solution for their "larger" members (if they could not prove they were under 25,000 EUR in organic turnover),

whether through individual farm certification, excluding members, or members splitting their farms to stay below the threshold.

Three factors compounded this. Many groups and control bodies applied only the simpler 5-hectare rule, although the turnover rule would have accommodated somewhat larger farms; the complex new rules were misunderstood even by CBs; and in others, members genuinely did sell more than 25,000 EUR worth of organic cocoa to their organisation for the first time, because of the peak prices of the 2024/25 season.

Sample cocoa cases from interviews and the survey

One Latin American case was reported (in a CB interview) where an SPO certified all its organic members according to the EU Regulation, with many larger members beyond 5ha certified as individual farms, resulting in costs increasing 15 times from 2024 to 2025. In another group certified by the same CB, only half the farms were selected for EU-organic certification (again, the group opted for individual certification for larger members). This resulted in "just" an 8-fold increase in certification costs. Interestingly, the SPO increased the number of individually certified farms further for the 2026 season.

One (extreme) example was found in the survey: A company in the Dominican Republic excluded 85% of its organic farmers (all smallholders) from their organic programme for 2025 and continued only with a small number of larger farms with individual farm certification. For 2025, they reported a drop to 72% from 2024 volumes, with certification fees paid to the control body increasing by 300% (i.e., fourfold), raising the certification cost per tonne of cocoa sold as organic by about 460%.

A recent study by CLAC found that implementation of the new organic group of operators rules triggered an unprecedented social dilemma for Smallholder Producer Organisations (SPOs), directly confronting their historical purpose and internal statutes of inclusion and solidarity. Because the criteria require excluding members who exceed land/sales limits or farm conventionally, cooperatives were torn between regulatory obligations to exclude them from EU exports and their commitment to their own members. This forced reconfiguration of the organisational fabric has caused severe socio-economic erosion, leaving excluded members in limbo, unable to sell products as organic, while fracturing mixed cooperatives that were forced to either separate their organic producers into distinct legal entities or cast out conventional members entirely. (CLAC, 2026)

For trader-led supply chains, the survey confirms that adaptation started earlier. The data show that trader-led chains, particularly in Sierra Leone, had largely adjusted already before 2024 – which is why Sierra Leone shows several groups with exactly 2,000 organic members. For these groups, the change between 2024 and 2025 therefore understates the full shift from the previous system to the compliance regime.

The combined effects of adapting to the EU organic and deforestation regulations in parallel – administrative overload, multiplied certification fees and the loss of economies of scale – are discussed in section 3.5.

3.1.2 Stricter handling of contamination findings and of conversion periods

More testing, and a stricter official response to even trace residue findings

Under Regulation (EU) 2018/848, applied in the EU since January 2022, any finding of a substance not authorised in organic production must be investigated. Operators have to block the affected product, establish the cause and inform their CB wherever a suspicion of non-compliance cannot be ruled out. An official investigation is also triggered if the CB or an EU authority finds residues during routine sampling. The organic CB then carries out that investigation to identify the source and cause — which may involve further CBs in the supply chain — and the product may not be marketed as organic until that investigation has established that its organic status is not affected.

Although organic certification has never promised residue-free products, many consumers expect them. Therefore, how residue findings should be handled was one of the most contested issues in drafting the new Organic Regulation. Member States continued to apply slightly divergent national approaches, under which low-level findings—including those below organic industry reference values such as the BNN value in Germany—were not universally treated as raising suspicion (IFOAM Organics Europe, 2023). The European Commission's position, however, is that essentially no finding above the limit of detection, however low, can be ruled out as indicating a potential non-compliance before the matter has been investigated. A 2025 EFSA review found residues to occur far less frequently in organic than in conventional products and identified a wide range of possible sources — environmental background, drift from neighbouring land, contaminated inputs, contamination in processing, storage — but concluded that in the individual case intentional use or a failure to apply preventive measures cannot be ruled out without an investigation, and recommended that every quantified residue in an organic product be investigated (EFSA, 2025).

Additionally, testing volumes have risen at both ends of the chain, which is why far more findings now surface. In the producing countries, the control regime for groups of operators requires more inspection and sampling, and for product–origin combinations on the EU high-risk list, two official inspections a year with compulsory field samples and mandatory residue testing of a defined share of export consignments (e.g. 10% for cocoa from some origins) are required. That high-risk product/country list has until now been issued intermittently as an annual notification to CBs and Member States (European Commission, DG AGRI, 2022–2024); it is now to be established by an implementing regulation, published in draft for feedback in July 2026 and expected to apply from 2027 (European Commission, 2026b). In Europe, findings are increasing as buyers and retailers test independently to protect their own brands, laboratories screen for more substances at ever-lower detection levels, and any finding triggers further testing.

In focus group discussions and interviews, both importers and producer organisations named residue traces one of the main sources of increased commercial risk and cost in supplying organic products to Europe.

The new handling of low-level residue traces is heavily contested within the European organic sector, which considers it neither proportionate nor fully consistent with the Regulation's own logic. Article 28 obliges operators to take precautionary measures that are proportionate and appropriate, while the term "substantiated information" that triggers an official investigation under Article 29 is not defined, so that in practice a laboratory finding alone is often treated as sufficient to trigger blocking of products and an official investigation (AöL, 2026). IFOAM Organics Europe has long argued that organic production takes place in a contaminated world with omnipresent pesticides, and that residue cases need a harmonised, risk-based approach rather than divergent national practice (IFOAM Organics Europe, 2023). Without such an approach, the burden of largely externally caused contamination falls on organic operators, who carry costs even where no fault is established. A 2026 study for IFOAM Organics Europe puts figures on this for European operators: handling and prevention of residue cases is among the main cost drivers of compliance with the new EU Organic Regulation; single investigations have caused losses of up to 120,000 EUR through blocked shipments and forced sale as conventional, and only 2% of all investigated cases end in a loss of organic status due to an actual non-compliance (IFOAM Organics Europe, 2026).

Commercial consequences for producer organisations

For producer organisations with residue findings, commercial consequences can be significant, and their risk of cross-contamination is higher because production takes place on small plots, often surrounded by conventional farmers who may not follow safe agricultural practices. Whenever residues are found, e.g. by the CB or a European buyer's or retailer's own test, the lot is blocked, the case is reported in OFIS (the EU's electronic database for non-compliances), and an official investigation is started. The product keeps its organic status only if the source and cause of the contamination can be clearly determined and the group can demonstrate it had adequate precautionary measures in place—otherwise it is downgraded to conventional. Even if the products are eventually cleared (usually after several weeks or even months to conclude the investigation and confirmation by authorities that the case can be closed), the delay itself causes costs or losses: the product may perish, may have to be sold conventionally because the organisation cannot wait for the cash, or may attract contractual penalties for late delivery.

According to the survey results, 14 (38%) of the 37 cocoa groups who answered the question reported negative effects from the stricter residue procedures. Three groups reported severe business impacts: individual lots or entire operations were decertified, resulting in major financial losses, even when accidental contamination or drift was suspected. Another five groups reported significant implications: shipments were delayed or lots temporarily blocked during investigations, leading to liquidity problems

or storage costs. That means about one in five cocoa groups (22%) has faced significant or severe consequences. Six more groups (16%) reported manageable disruptions.

The remaining 23 groups (62%) reported no negative effects or gave no usable answer: fourteen (38%) said the impact was low or nil. Seven (19%) saw a positive effect: stricter enforcement filters out "bad actors" and strengthens their market position. Two gave no usable answer.

Across all crops (n=117), the picture is very similar: 48 groups (41%) reported negative effects, including 22 (19%) with significant or severe consequences, while 63 (54%) reported no negative effect (33% no/low impact, 21% positive).

The CLAC validation workshop added further cost insights: participants described the costs of non-conformities and contamination findings — repeat laboratory tests, blocked or downgraded lots, lost sales and the administrative work of clarifying where a finding came from — as one of the more relevant cost items rather than a marginal one.

The three Sierra Leonean cocoa cooperatives interviewed for this study are examples of severe consequences. All three lost a major part of their 2025 organic crop to glyphosate trace findings – mostly drift from conventional neighbours, although one cooperative also identified and excluded members who had used glyphosate on their home consumption plots – and were still recovering financially a year later. Their experience shows that the real cost of a finding goes well beyond the lost organic differential: it is the gap between the organic contract price and a distressed conventional sale, plus the cost of buying replacement organic cocoa at a market price that had moved against them – and, as the case below shows, a loss of trust that can affect prefinancing well into the next season.

Case examples — an external contamination event and its commercial afterlife. One SPO (Sierra Leone) traced its 2025 glyphosate findings to conventional farmers who had begun spraying in nearby swamps, from where the rains carried the herbicide into organic fields. The trader returned the affected cocoa, and because it had stopped buying non-organic cocoa from the cooperative in that same year, the SPO had to find a conventional buyer for the first time and sold at a heavy loss. It then repaid the advances it had received and had to buy replacement organic cocoa for the same trader at a then higher market price.

A second cooperative had the same challenges and additionally had to rent a warehouse outside its region to store the rejected beans until it could sell them. It financed the resulting gap with a loan of more than 30,000 USD at 15% interest.

For both SPOs, an even more severe consequence came afterwards: their trader stopped or restricted advance payments, leaving the cooperatives without enough cash to buy from members, so they also failed to source their full organic volume in the following season.

These cases also show that contamination originating outside organic farms can be resolved, but often only collectively. Two of the cooperatives took the problem beyond the farm gate: emergency district-level meetings, media coverage, direct approaches to policymakers and training for organic and conventional farmers alike, with support from their trader partner. One obtained a district by-law banning glyphosate, with

further bans planned, and reported strong backing from the national government, for which organic cocoa is an important source of rural income and export earnings; it has recorded no further findings since November 2025.

Increasing supply is difficult – stricter rules for conversion to organic farming

Another tightening of organic rules, which affects organic product availability more directly, concerns the conversion period. Stricter rules on retroactive recognition of conversion mean organic volumes can no longer be scaled up quickly when demand rises. Setting up a new organic project now takes three to four years to establish training and a functioning ICS, plus a CB-controlled conversion period of two to three years depending on the crop, even where farmers have not used prohibited inputs for years. Retroactive recognition of part of the conversion period remains possible, but under considerably stricter procedures and at costs that are prohibitive for most smallholder organisations – and the same applies when existing organic farmers want to bring additional land into organic production. The cocoa traders interviewed did not raise this as a current constraint, but FiBL project experience suggests it weighs on decisions to develop new origins or organic projects, especially in Africa: what used to require roughly one year of certification costs is now a multi-year investment before the first organic sale to the EU, which most organic SPOs are unable to prefinance. Some projects therefore certify to Japanese or US standards first and enter the EU market only later.

3.1.3 Impact on internal control systems and farmer advisory services

Under group certification, the organic control body inspects only a small share of the member farms and relies mainly on assessing how well the group's internal control system (ICS) works. The ICS has to inspect 100% of registered farmers internally every year. In many organisations, this system is multi-tiered, covering the EU rules alongside other organic standards such as the US NOP or private labels, and often sustainability schemes such as Fairtrade as well.

Evidence has long suggested that many internal control systems are weak, and in some cases insufficient (Meinshausen et al., 2019; IFOAM, 2019). Interviews with CBs for this study and FiBL's project experience confirm that this has not fundamentally changed: internal inspections risk becoming repetitive and underfunded, and are often poorly equipped to identify new risks – not least because many groups work with temporary or frequently changing internal inspectors who lack inspection experience and technical knowledge of organic production. External certification has also long focused on a narrow set of criteria, since earlier versions of both the EU and US rules contained no comprehensive provisions on group certification and the ICS.

Regulation (EU) 2018/848 now sets clearer, more comprehensive requirements for the ICS and the external control of groups of operators, raising quality expectations. Faced with stricter sanctions, most producer organisations recognise the need to invest in qualified personnel, especially competent ICS managers. In the survey, 60% of respondents named the resulting operating expenses – more staff, and intensive training

for staff and farmers – as a major driver of rising internal compliance costs, which ultimately have to be covered by the organic price differential.

Recent changes in ICS management

The new EU group of operators rules also changed who runs the ICS. Historically, many organic exporters and processors managed and financed the ICS and the traceability system for the farmers supplying them; since certification is now restricted to farmer organisations, that responsibility has shifted to the organisations themselves. In larger supply chains where a second-grade organisation such as a regional union ran the ICS, responsibility has often devolved to the first-grade cooperatives.

Subcontracting the ICS – to traders, second-grade organisations or local service providers – remains legally possible, but many newly formed farmer associations now operate their own system without prior experience. This can empower first-grade farmers' organisations and give ICS staff a more locally grounded presence. It also creates challenges: new groups often lack the liquidity to employ personnel permanently, struggle to find qualified staff, or lack the management capacity to run the system.

The three Sierra Leonean cooperatives interviewed reported a positive effect of taking over the organic certificate. However, their own ICS was developed in close cooperation with the exporter right from the start, when the new rules and transition to SPO ownership were already known. The trade partner gradually built up the capacity of the groups' own ICS teams and continues to support the cooperatives' teams with additional internal inspectors. All three report that holding the certificate themselves since 2025 shifted their role from administering ICS decisions taken by their trade partner to managing the ICS proactively — applying documented sanction procedures, deciding cases and following up with farmer sensitisation — and that the trader's continued training of ICS staff visibly improved the quality of internal control.

Systemic vulnerabilities of many ICS (beyond new challenges)

Several systemic and structural weaknesses compound the quality of internal control systems. First, because the rules require yield estimates to be verified, external inspections are commonly concentrated in a narrow window shortly before harvest, and producer organisations therefore have to complete their full round of internal inspections in that same period, year after year.

Together with cost pressure, this seasonal concentration has weakened year-round vigilance. Many organisations no longer keep permanent ICS staff who could carry out unannounced or staggered inspections outside the harvest window, so non-compliances arising at other points in the season are frequently missed – most importantly herbicide use during the rainy season, a risk that has grown with the increasing shortage of agricultural labour in traditional organic coffee and cocoa regions.

Another systemic problem is the reduced budget and increased compliance documentation burden on technical staff, which resulted in gradual erosion of practical farmer training and extension services.

> "Under the cost pressure of the past years, many producer organisations have given up or greatly reduced their field advisory and training services, focusing only on internal inspection once a year. This is a real problem, as in most places farmers have no other access to training and technical support in organic practices or quality management." (CB interview)

Survey comments confirm this trend, several noting that financial constraints have reduced field advisory staff. The new rules do require the ICS to ensure regular farmer training on regulatory requirements and internal control procedures. However, this does not replace practitioner training and advice in organic production. Historically, the role of the ICS in third countries was much broader: with a weak local organic sector, it functioned as an overarching quality management system, training smallholders in organic production and good agricultural practices through regular extension visits and practical training.

Some producer organisations still invest in an ICS, including good extension and training, but the practice is becoming less common. Even if the same number of field staff were still employed, they were often tied up in data collection and had no capacity left. Since the organic differential barely covers the compliance costs and public extension budgets are under pressure, it is unclear how organic training and farm advisory services are to be financed in the longer term. This matters beyond individual organisations: in most producing regions the ICS is the only route through which smallholders receive training in organic practices at all, so its erosion is a systemic risk for the future quality and productivity of organic cocoa – and an obvious entry point for publicly or donor-funded farmer training programmes (see section 5.3.4).

3.2 Effects on organic producer numbers and costs of organic certification

3.2.1 Effects on the number of certified organic groups and farmers

How the changes described above have affected the number of certified organisations, certified producers and ultimately volumes is not yet well understood. Some smallholder supply chains clearly stopped EU organic certification altogether because of the new rules and the higher costs, but this is hard to quantify: organisations that discontinue rarely respond to organic surveys, and the total number of groups and producers certified under the former equivalence system was never reliably recorded.

In the survey for this study, five groups (3% of those answering the question) reported having given up EU organic certification because of the new rules. Certification bodies have no clearer picture either, since group composition changed so much during the transition: both interviewed CBs reported only single-digit reductions in their number

of certified groups between 2024 and 2025. Such figures can mask fundamental change, though, because supply chains previously covered by one certificate were often certified as several groups of operators in 2025. This applies particularly in Africa, where many organic groups – in cocoa, but also coffee, fruit and cashew – exceeded the new 2,000-member limit or were organised by traders, who tended to split their farmer base into smaller groups to contain risk.

Many groups changed the number of EU-certified members, mainly for cost reasons, and this shift away from the pre-2025 system is not yet reflected in official statistics. Since the new TRACES database for group-of-operator certificates under Regulation (EU) 2018/848 records the names of all certified members, it should become possible in future years to track membership within certified groups – provided the data are made available for organic statistics.

The number of certified organic producers has dropped, but not across the board

To obtain a more granular picture, producer groups were asked to report their exact number of members: total members, EU-organic members, and total organic members certified to any organic standard. The results are shown in Figure 8.

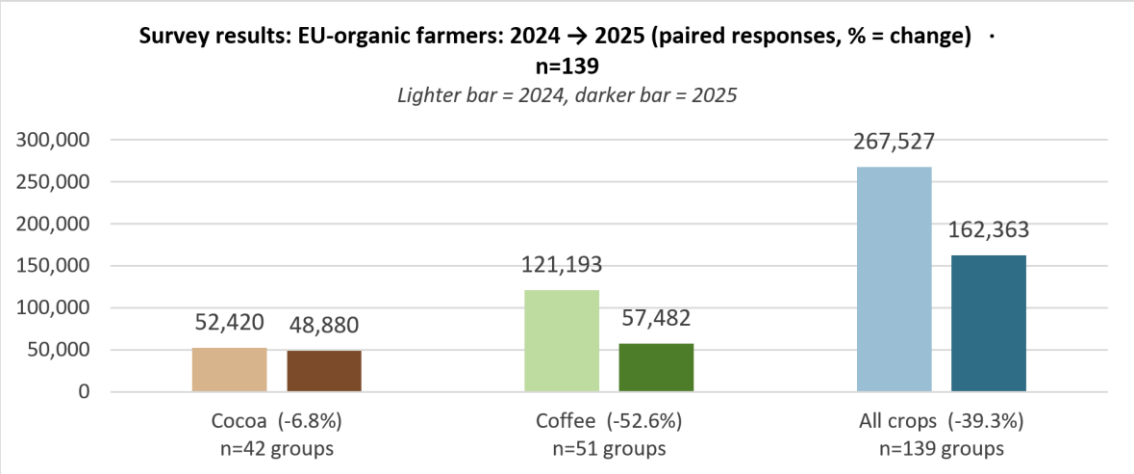


Figure 8: Change in EU-certified organic farmers, 2024–2025

Source: Own compilation based on survey results for this study

The decline in EU-organic cocoa farmers is broad but shallow: 19 groups reduced their EU-organic membership, 10 increased it, 13 reported no change, and no cocoa group left the scheme entirely. The net loss of 3,540 farmers is more than accounted for by five Sierra Leonean groups, which together shed 4,307 members – the largest halving from 4,000 to 2,000. Where membership rose, this may simply mean that holdings were divided between family members, so that one farm became two memberships – a response to the new member size limits rather than an expansion of organic production.

Cocoa's total organic farmer count moved almost identically (−8.0%), which indicates that groups are losing organic members outright rather than keeping them under other

organic programmes: farmers leaving the EU certificate are largely leaving organic altogether. For Sierra Leone, however, many cocoa groups appear to have restructured from trader-organised groups into groups of operators of often exactly 2,000 farmers already before 2024, so part of the adaptation is not captured in this 2024–2025 comparison, and further cuts could have happened already in 2023.

Across the paired all-crops sample of 139 groups reporting farmer numbers for both years, EU-certified organic farmer numbers fell by 39%. Coffee (51 paired groups) shows a far steeper fall (−52.6%) than cocoa (-6.8%). The all-crop (and coffee) decline is overwhelmingly African. The 52 African groups in the sample account for 85% of the EU-organic farmers reported for 2024, and their base fell by 45% by 2025, against just 3% in Latin America. It is concentrated in a few very large organisations – above all some East African coffee unions – and only about half of the African groups reported any decline at all; several kept their farmers certified under the US NOP scheme while withdrawing them from the EU scheme only. However, because the survey covers only some of the largest African organic unions, a more systematic assessment of the East African coffee sector is planned in a separate follow-up study to establish the full extent of changes.

3.2.2 Increase of external organic certification costs

One important aim of this study was to better understand the cost effects of the change to the new organic import regime to inform fair pricing discussions and policy dialogue. Survey respondents were therefore asked to self-assess how their certification cost per farmer changed between 2024, the last year under equivalence, and 2025, the first year fully under the compliance system.

For cocoa groups (n=39), the picture is split (Figure 9), and the extreme cases matter more than their number suggests: four groups reported that their cost per farmer had at least doubled, in some cases more than quadrupled within a single year. Together they certified close to 3,900 organic farmers in 2024.

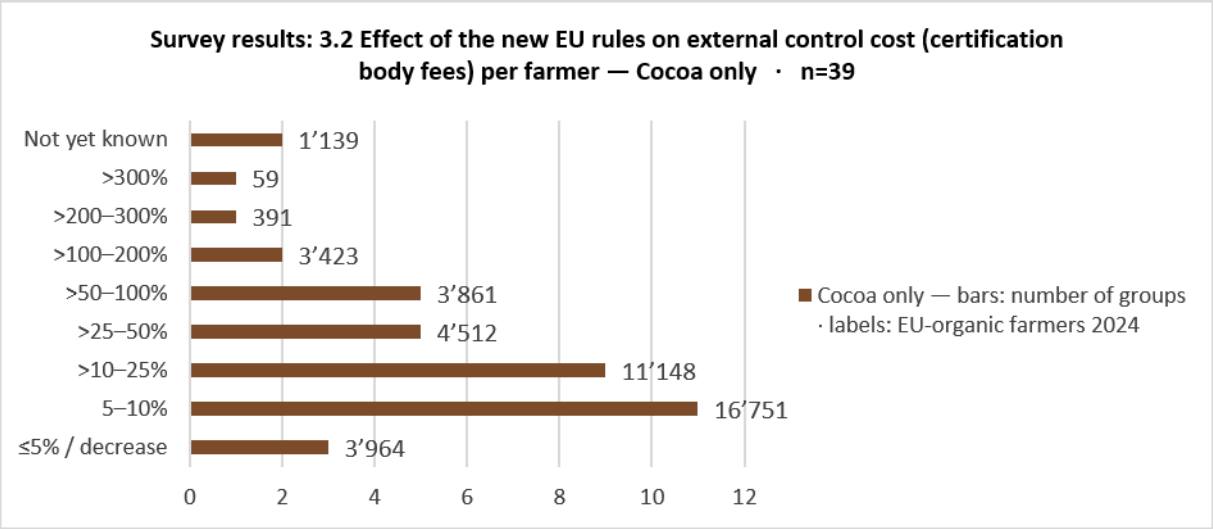


Figure 9: Reported change in certification cost per farmer, 2024–2025

Source: Own compilation based on survey results

The all-crop responses (n=129) follow a similar distribution, but the concentration is far stronger: the twenty groups reporting an increase of more than 100% account for some 161,000 organic farmers, close to two-thirds of all EU-organic farmers covered by the survey.

What group certification costs per farmer — and how much more it costs now

For 44 cocoa and coffee organisations, the fees actually paid to the certification body in 2024 could be compared with those paid in 2025. Cocoa and coffee are combined here because control systems and sampling, and therefore the cost per farmer, are very similar in both sectors, and because this gives a workable sample size. Expressed per certified farmer, the fee depends strongly on the size of the organisation and, to a lesser extent, on its region, although the regional sub-samples are too small for a full regional comparison (Figure 10).

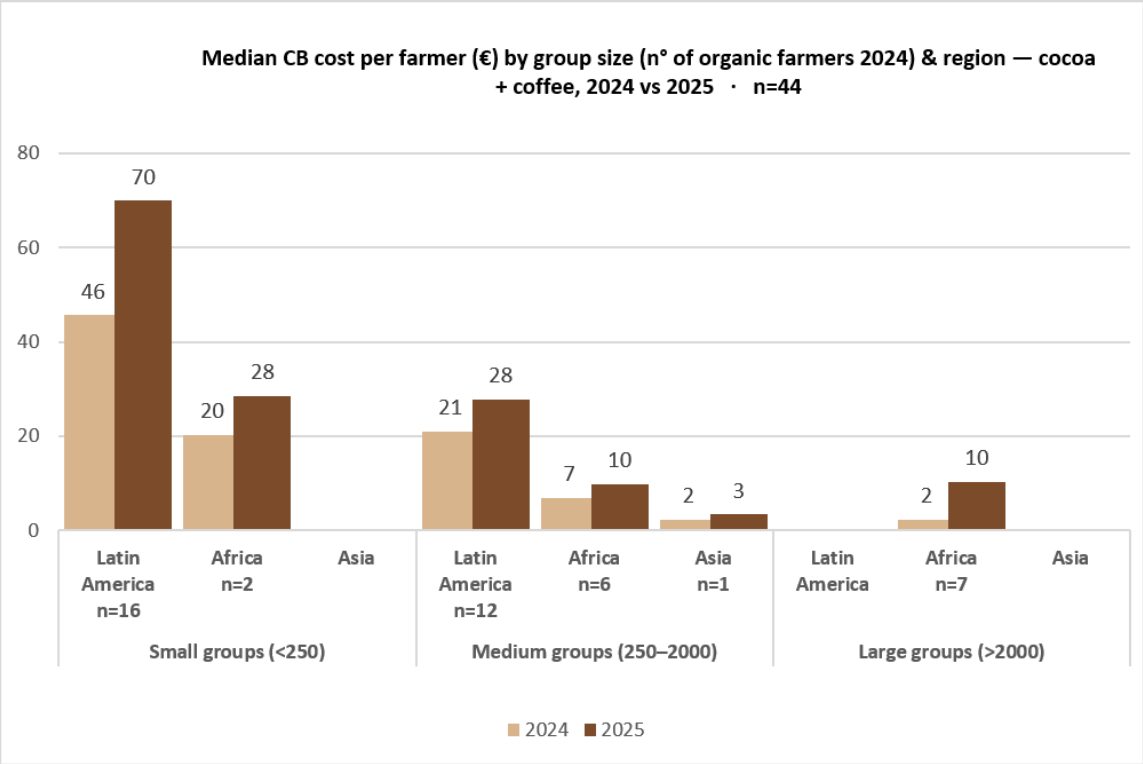


Figure 10: Median certification cost per farmer by group size and region, 2024–2025

Source: Own compilation based on a survey of farmers from 44 paired cocoa and coffee organisations and CB cost data. Group size is based on total organic farmers reported for 2024; cost per farmer uses each year's farmer numbers. Note that some regional sub-samples are small;

The group size effect is pronounced, and every size class moved to a markedly higher level in 2025 (Figure 10). The relative step is steepest for the large organisations because they started from a very low base, but they have the most farmers and relatively small volumes per farmer, so a few additional euros per farmer add up to a substantial sum. Small organisations remain by far the most expensive to certify per farmer, and their increase lands on an already high level.

Comparing each organisation with itself confirms the same pattern (Figure 11). On a paired basis, the typical small cocoa or coffee organisation paid about a third more per farmer in 2025, the typical medium-sized one about a fifth more, and the typical large one almost five times as much.

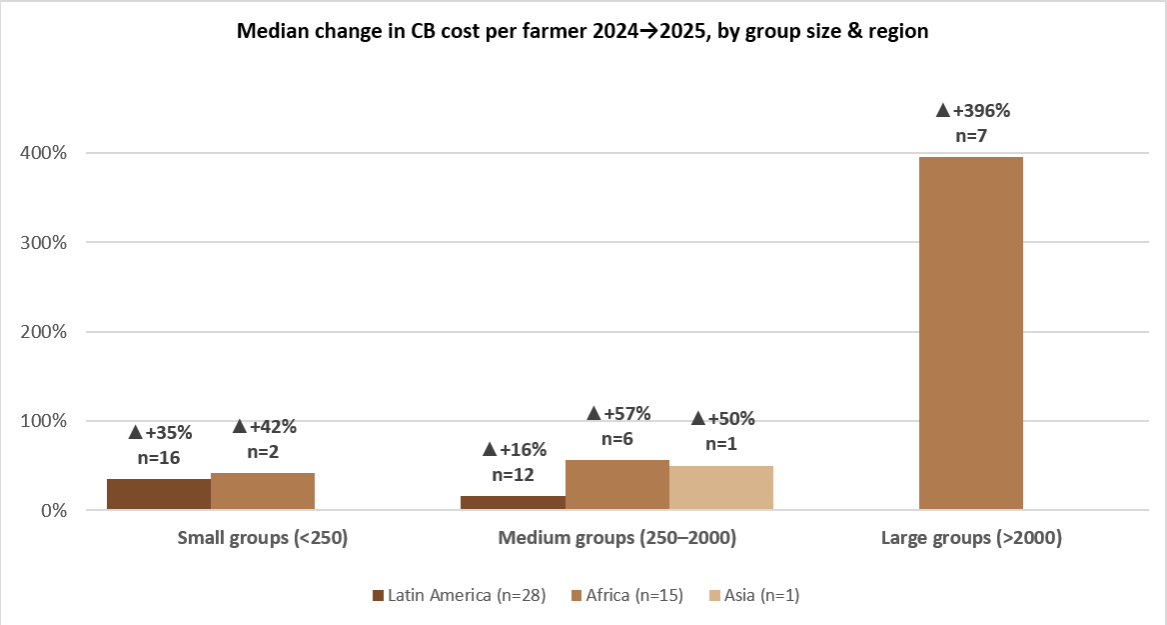


Figure 11: Median change in certification cost per farmer by group size and region

Source: Own compilation based on analysis of survey data (reported farmer numbers and total CB costs for 2024 and 2025; median of individual groups' changes)

Across all groups and regions (cocoa + coffee, n=44): the median group's CB cost per farmer rose +36% from 2024 to 2025 — 35 of 44 groups paid more per farmer, 5 paid less and 4 were unchanged. Group medians give every group equal weight and so understate what happened at the large ones: weighting by farmers, the median farmer sits in a group whose cost per farmer rose +725%, and blended across the whole sample (Σ fees ÷ Σ farmers), cost per farmer went from 4.51 EUR to 12.80 EUR (+184%). The two farmer-based figures partly reflect large groups reporting fewer organic farmers in 2025 (127,272 → 87,964), not fee increases alone.

Across all crops in the sample, the pattern is the same at somewhat higher absolute levels, with the largest organisations again showing a roughly fourfold increase from an unusually low base.

Change in CB cost per tonne of cocoa sold as organic – and why it's hard to read

To capture the cost of organic certification per tonne, we divided each organisation's organic certification fees by the volume of organic cocoa it exported to Europe. Thirteen cocoa organisations reported both fees and organic volumes for 2024 and 2025, so their cost per tonne can be compared between the years to illustrate the effects of the change to compliance with the EU Organic Regulation (EU) 2018/848 in 2025.

For the typical organisation, the cost per tonne rose from about 73 EUR to about 126 EUR (median of each year) (Figure 12). That middle case conceals how differently organisations were affected: the median organisation's own change was +41%, and individual changes range from a halving to an increase of more than 800%. Five of the

thirteen saw their cost per tonne fall, while three saw it more than quadruple – which is why the average increase (+185%) is several times the median.

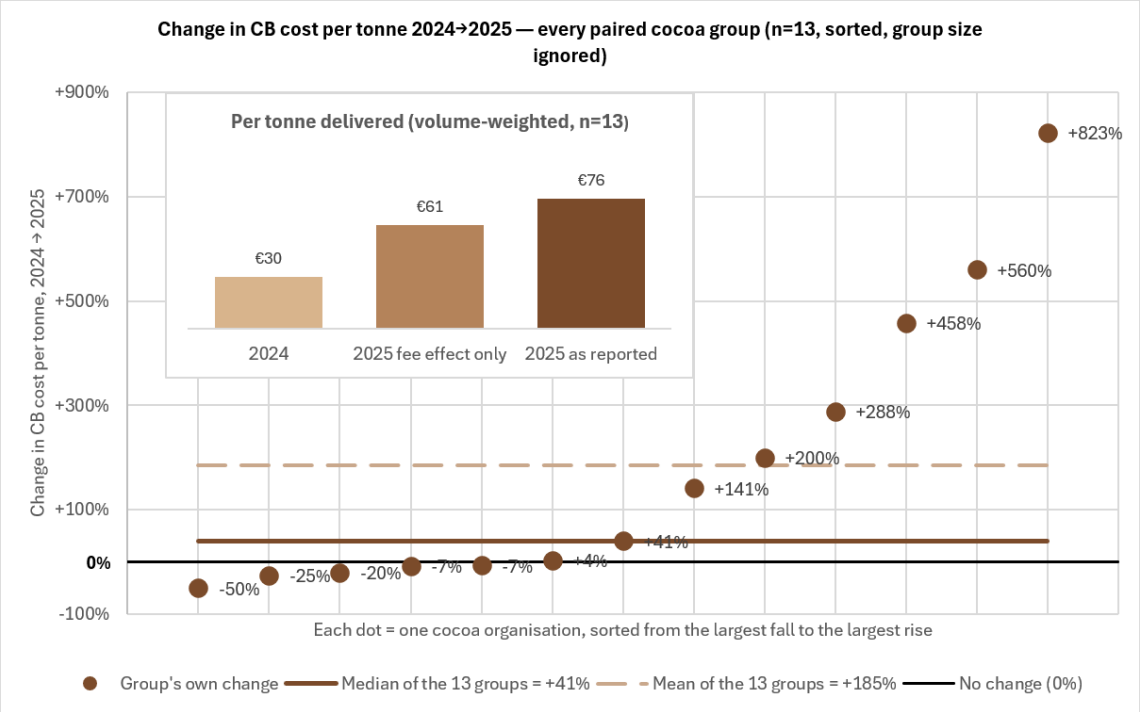


Figure 12: Change in certification cost per tonne, 2024–2025

Source: Own compilation based on survey data; Insets: median CB cost per tonne in each year, and pooled cost per tonne delivered — for 2025 as per volume reported, and with volumes held at their 2024 level to isolate the fee effect from fluctuating sales volumes.

The wide scatter has a simple cause: cost per tonne is a ratio of the fee charged to the volume sold as certified organic, and in this dataset, volume moved more than fees. Fees ranged from unchanged to more than ten times higher, and reported organic volume ranged from a fall of over 80% to a doubling. The steepest apparent increases therefore come from organisations whose organic volume collapsed, and the reductions from those that sold more (see sections 2.1 and 2.2). This also shows why organic certification is effectively a fixed cost for a producer organisation: if only part of the harvest can be sold as organic at a reasonable organic differential, the same cost is carried by fewer tonnes, which directly affects the viability of staying certified.

For a buyer, the relevant figure is not the typical organisation's but the pooled cost – all fees divided by all tonnes, so that each organisation counts in proportion to the volume it actually supplies. It sits well below the median organisation's cost because most volume comes from the larger organisations, which are considerably cheaper to certify per tonne. Holding volumes at their 2024 level, so only fees change, the pooled cost rose from about 30 EUR to 61 EUR per tonne, the fee effect alone, roughly a doubling. Adding the decline of about a fifth in the volume these organisations actually sold brings it to 76 EUR per tonne.

Two conclusions follow. Certification costs per tonne of organic cocoa sold rose substantially between 2024 and 2025 – for the typical organisation by about 73% (from about 73 EUR to 126 EUR), and across all organisations together fees per tonne roughly doubled, even without considering the fall in volumes. The burden landed very unevenly: five of the thirteen organisations saw their cost per tonne fall, while three faced more than a quadrupling. Because the denominator moved for reasons largely unrelated to certification, the per-tonne figures should be read as a level and a range rather than as a single headline percentage – unlike the per-farmer figures in the preceding section, which rest on a directly reported and more stable denominator.

3.2.3 Internal and total costs for being certified organic

The fees charged by the CB – for the audit, residue testing and the certificates of inspection issued for every export consignment – are only part of what organic certification costs a smallholder organisation. The larger part is usually running the internal control system: qualified field staff as internal inspectors, ideally field officers for farmer support and training, an ICS manager and often administrative staff to keep the records. The cost asymmetry is built into the system: the CB has to visit a small sample (at least 5% of members under the new rules), whereas the ICS must inspect every member at least once a year and keep all farm data, including yield estimates, up to date.

Further costs arise from maintaining traceability and segregation systems that prevent commingling and contamination and allow product to be traced back to the individual farmer. Many organisations now also test their own product for residues as a precaution, given how strictly certification bodies, import authorities and buyers handle any trace finding (see section 3.1.2).

Because these internal costs sit within staff budgets and are spread across many invoices, most producer organisations and traders have no consolidated view of what organic certification actually costs them at the organisational level, even beyond the organic differential they pay their members at farmgate level.

In the survey, we asked producer groups to self-assess how their internal costs of organic certification changed during the transition to compliance with the new regulation. The results are shown in Figure 13.

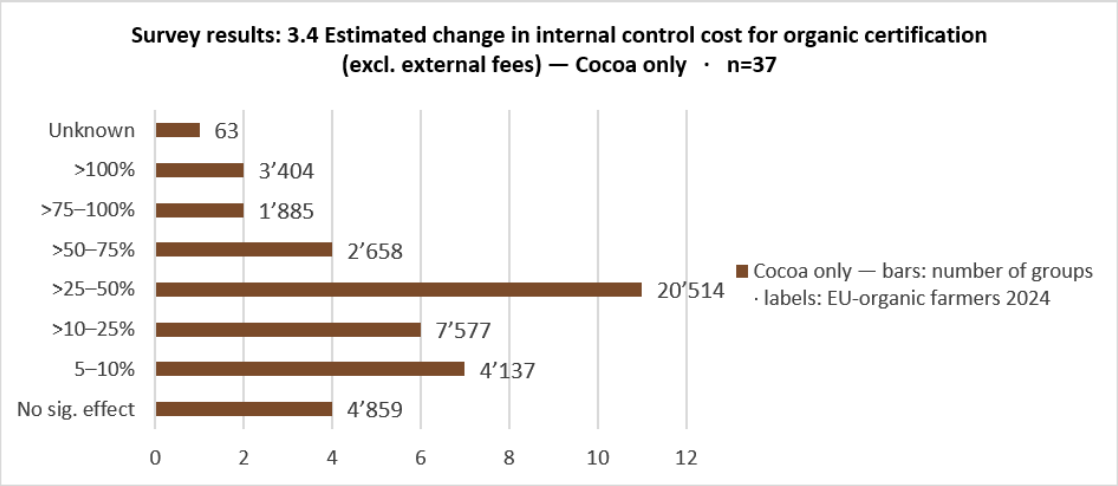


Figure 13: Reported change in internal control costs

Source: Own compilation based on survey results

The results show that internal control costs are also rising for almost every cocoa SPO. The median group reports a 25-50% increase. 8 groups (22%) report an increase of more than +50%. The picture is the same across all crops (110 of 116 groups, 95%).

These survey results are self-assessments, and respondents may not know their internal control costs precisely. The consistent message, however, is that the internal burden rose significantly for almost all organisations on top of the external fee increases discussed above. Part of this may reflect overdue strengthening of internal controls to secure organic integrity (see section 3.1.3), but it means organic prices for the European market should carry the substantially higher combined control cost.

Data on internal control costs and the ratio between internal and external costs

Systematic data on internal control costs are scarce, even within producer organisations, and the costs vary widely. Understanding them better was therefore one of the aims of this study. The few documented examples all point in the same direction. An ICS study in 2019 reported two groups – 600 farmers in Africa and 1,000 in Asia, both running high-quality systems with intensive extension and training – with internal costs eight to eleven times their external certification costs (Meinshausen et al., 2019). A more recent example from a Dominican cocoa organisation with some 2,000 members shows internal costs of 123 USD per farmer against 9 USD external under equivalence, rising to 186 USD against 14 USD under the new compliance system – a ratio of around thirteen in both years (Meinshausen and Blanco, 2024).

To better understand internal costs and cost factors, we analysed the very detailed Fairtrade cocoa cost-of-sustainable-production data for the 2022/23 season. We selected ten organic cocoa producer organisations in Latin America (Peru, Ecuador, Honduras and the Dominican Republic) that reported reliable cost data; the Sierra Leonean case was set aside because its certification and ICS were financed by the exporter.

Separating organic from other control costs in these data required several adjustments: the reported certification fee covers all schemes together, so the organic external figure is an upper limit, and internal control costs had to be isolated against a Fairtrade baseline where no internal control function was reported, with a modelled minimum applied to check if reported costs fell below what the regulation requires. The full method is documented in Annex A.2. The analysis of the internal-to-external relationship therefore rests on the six organisations whose figures are documented rather than modelled, while the wider sample informs the general picture.

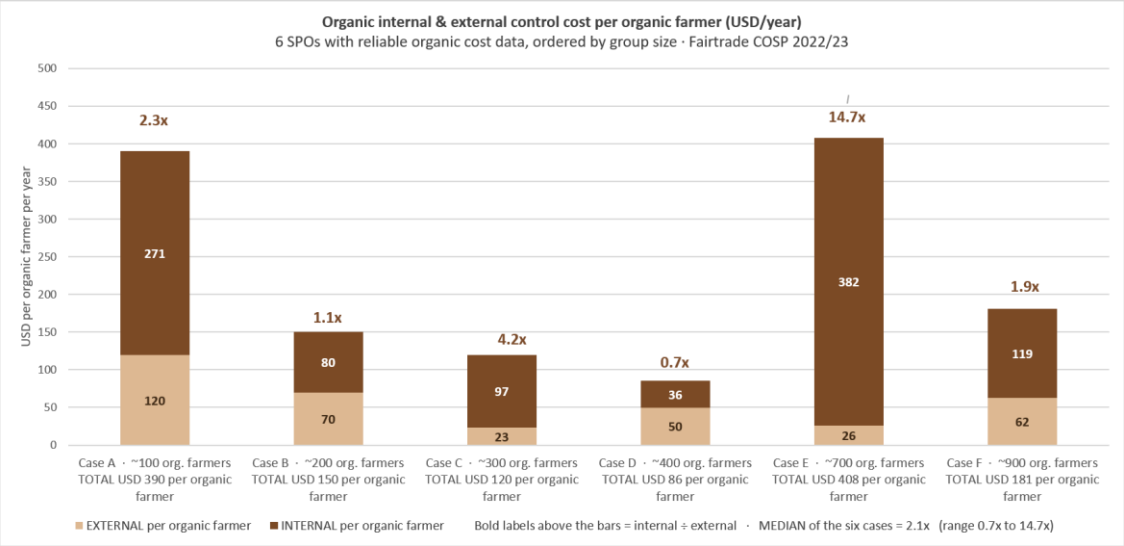


Figure 14: Analysis of internal and external control costs (Fairtrade data)

Source: Own compilation based on analysis of Fairtrade Cost of Sustainable Production Data for season 2022/23

Among these six organisations, organic certification costs a median of about 165 USD per organic farmer per year: roughly 56 USD external, paid to the certification body, and roughly 108 USD internal, spent on the organisation's own control system. Internal control is thus 2.1 times the external cost in this sample, and hence accounts for around two-thirds of the total cost– predominantly as staff cost.

The wider sample points the same way and suggests these figures are conservative: organisations that clearly documented their internal control show a median ratio of about 3.0, against 1.5 for those that did not. Two further caveats matter. These figures cover the ICS only, not residue testing or traceability systems, and they reflect costs under the previous equivalence system, with control systems that in many cases still need strengthening – and therefore more staff – to meet the new rules.

Estimated total internal and external control costs

Earlier studies point to higher ratios; this analysis uses a conservative factor of two between internal and external control costs – roughly the median ratio in the COSP data – to estimate respondents' internal costs for 2024. Applying each organisation's own

reported change in internal costs (Figure 13) then gives an estimate of total organic control costs per farmer for 2025 (Figure 15).

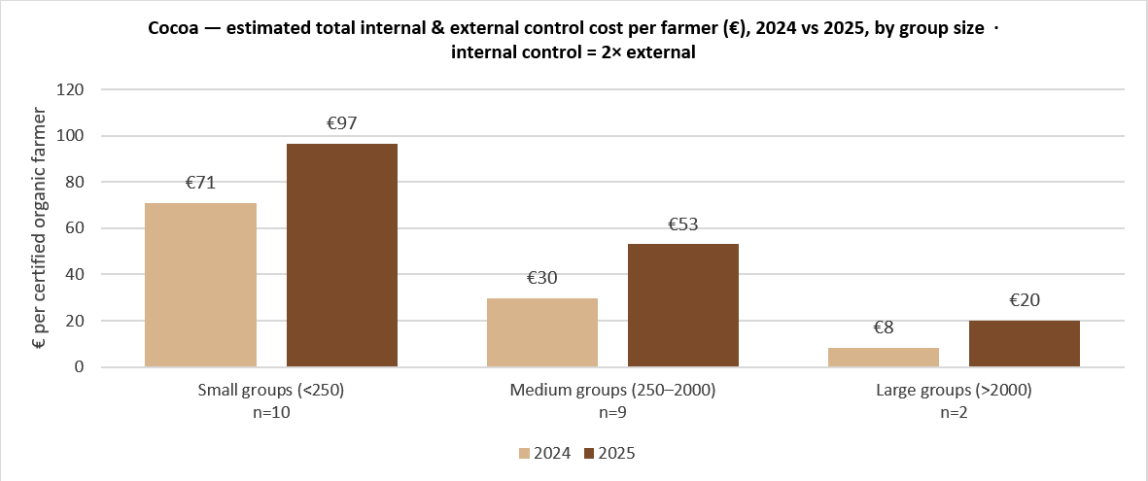


Figure 15: Estimated total control costs per farmer by group size

Source: Own compilation based on survey data with an estimated factor 2 of internal versus external control costs in 2024.

On that basis, the median cocoa organisation's total control cost per farmer rose by roughly 38% between 2024 and 2025, and every one of the 21 organisations with data for both years reported an increase. The group size gradient persists throughout. These absolute levels matter as much as the percentages: for an organisation of 1,000 members, an increase from 30 EUR to 53 EUR per farmer means a need for an additional 23,000 EUR each year within an already tight budget, and several organisations reported difficulty mobilising the additional working capital the organic system now requires.

The analysis of the new total internal and external control costs per tonne exported to Europe as organic resulted in a median total organic compliance cost of 189 EUR per tonne.

3.2.4 Effect of higher compliance costs on farmers' prices and premiums

In group certification, the internal and external control costs are always paid by the producer organisation – or, under the former system, by a trade partner – never directly by the individual farmer. But because the organisation must cover these costs from its overheads, higher control costs can feed through to the farmgate price, particularly to any organic premium paid above the local conventional price. The survey therefore asked whether the change in control costs affected the prices and organic premiums organisations pay their members.

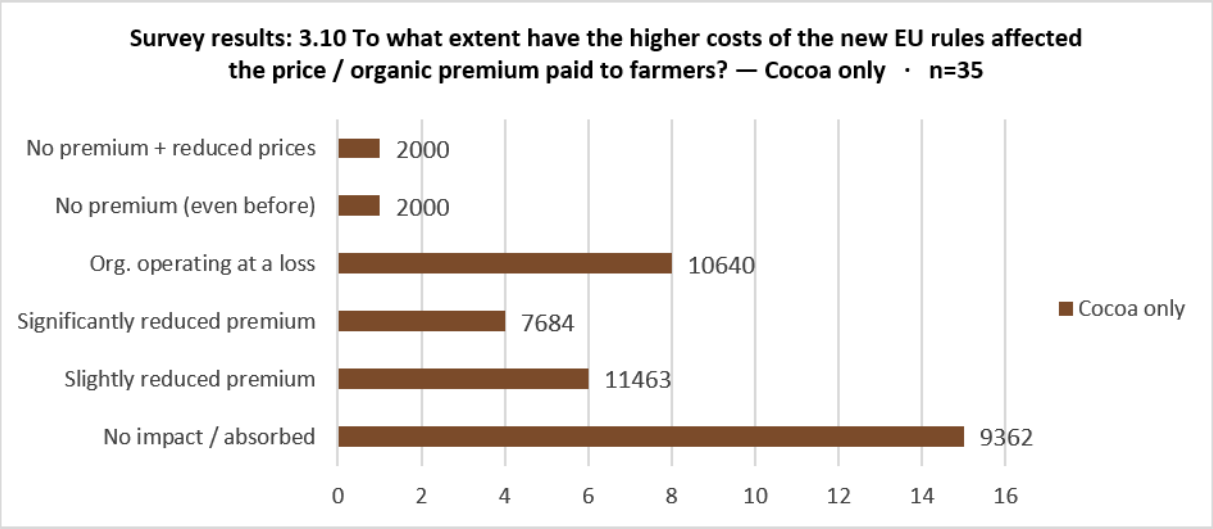


Figure 16: Effect of higher costs on farmgate prices and organic premium

Source: Own compilation based on survey results

Among cocoa organisations (n=35), fifteen reported no direct effect because they absorbed the additional cost at organisational level in 2025. Weighted by the farmers behind the responses, the picture is less reassuring than the counts suggest: organisations that reduced their premium represent about 19,000 of the roughly 43,000 cocoa farmers covered, while those absorbing the cost without an immediate effect on farmer prices account for only about 9,000. Taken together, 18 of the 35 cocoa organisations – just over half – report that the higher costs are either being passed to farmers or eroding the organisation's own financial viability; including the cases where no premium was paid to begin with, the share rises to three in five.

Across all crops (n=113), the distribution is very similar, but the farmer weighting is even more pronounced, with organisations that reduced their premium covering close to 60% of all farmers in the sample.

3.3 Effects of market price volatility on producers and SPOs

The cocoa traders interviewed for this study considered the recent cocoa market price peaks and price volatility since 2023 the second most important root cause of the shortage of organic cocoa (see section 2.3.2).

The scale of cocoa price peaks and volatility

The scale of cocoa price movements is visible in Figure 2 above. In January 2023 the world market price stood at about 2,620 USD per tonne, barely 9% above the Fairtrade Minimum Price of 2,400 USD. It climbed through 2023 and then exploded: to 9,740 USD per tonne in April 2024 – a jump of 2,650 USD in that single month, immediately followed by a fall of 2,200 USD – before reaching an all-time high of 10,750 USD in January 2025, four times the January 2023 level. The unwinding was just as violent: an

almost uninterrupted slide to 3,240 USD per tonne by March 2026, about 70% below the peak and close to the then-raised Fairtrade Minimum Price of 3,500 USD, followed by a 73% rebound to 5,610 USD within four months.

Higher prices sound like good news for producers, but both the level and the instability created problems. The level was extraordinary by any historical standard: the monthly average over the period was about 5,820 USD per tonne, and at the January 2025 peak, cocoa cost more than four times its price two years earlier. For cooperatives, exporters and buyers, this translates directly into a cash-flow problem. The working capital needed to buy, aggregate and ship the same volume of beans quadrupled, prefinance and credit lines had to be renegotiated at short notice and at higher cost, and organisations that could not raise the money simply could not buy their members' harvest.

The price instability compounded this. Single-month swings of more than 2,000 USD per tonne, in both directions, were not unusual. Forward contracting becomes hazardous under such conditions – a price agreed at signature can be thousands of dollars away from the market by the time of delivery – which raises the risk of default, margin calls and losses on both sides. Cooperatives did earn well at times, but margins could equally be squeezed to nothing or turn negative.

The Cocoa Barometer 2025 describes the same paradox. Higher prices combined with scarce beans, it notes, "has caused a veritable 'gold rush' to secure supply", which "could turn farmers away from sustainable production to quick sells on the bulk market, thereby foregoing any quality and sustainability criteria". The Barometer also documents the liquidity squeeze on cooperatives and local buying companies, which is aggravated where farmers sell "directly to traders as the prices are higher – and thereby sidelining cooperatives altogether". This, it argues, has "significant long-term consequences for cooperatives, as well as for the traceability and functioning of coupled sustainability systems", leaving cooperatives and local buyers in a severe cash-flow crisis (Fountain and Hütz-Adams, 2025, p. 31).

Producer representatives in the CLAC validation workshop confirmed both mechanisms from their own experience and added a third. Their central problem during the peak was not the price level as such, but financing capacity at the decisive moment in the harvest cycle: organisations that could not mobilise cash exactly when members were ready to sell lost those volumes to intermediaries, however good a price they could offer weeks later. They also reported that the incentive to deliver quality weakened, as almost any quality could be sold at high prices, so quality differentiation — one of the core assets of certified organic supply chains — eroded during 2024. Both effects eased during 2025, as the industry adjusted its financing and pricing practices to the new price ranges.

The Sierra Leonean interviews add a fourth strand, which ties the liquidity problem directly to organic compliance. Following the 2025 residue findings, their trader partner changed its prepayment terms: it now prefinances one container at a time, takes a test sample once that container has been assembled, and confirms the purchase only if no residues are detected — with no new contract or prepayment released until the previous

container has been delivered in full. Combined with complete traceability checks on every consignment, this makes organic cocoa move very slowly, ties up warehouse capacity and staff time, and leaves the cooperatives without cash at precisely the point in the harvest cycle when members want to sell. One cooperative lost advance payments altogether after its residue findings and could not buy its full organic volume the following season as a result.

When the survey was launched, producers were preoccupied with the fall in cocoa prices, which have since recovered somewhat. Respondents were asked what effects they expected from the lower price level (Figure 17).

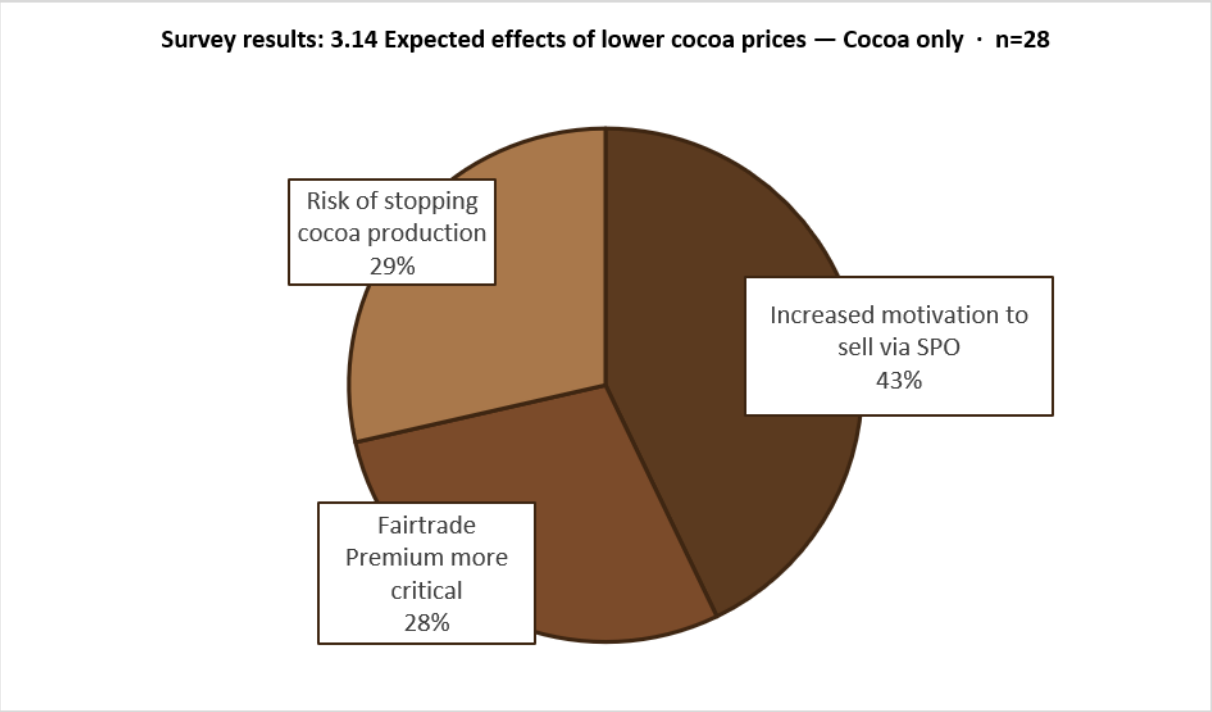


Figure 17: Expected effects of lower cocoa prices

Source: Own compilation based on survey results

The responses show how strongly the price level shapes producers' decisions. High prices had clearly motivated farmers to produce cocoa and invest in their plots – even though a high conventional price simultaneously weakens the incentive to remain certified organic and Fairtrade. Lower prices reverse part of this: the largest group of respondents expected them to strengthen farmers' willingness to sell through their own organisation, and therefore under organic certification, since side sales outside the organisation are never certified organic. Others noted that with lower prices and higher compliance costs, the role of the Fairtrade Premium in covering compliance expenses had become even more critical.

3.4 EUDR compliance for organic SPOs

For organic cocoa supply chains, the EUDR was not the main driver of the recent supply shortage: the traders interviewed for this study ranked it clearly below the new EU Organic Regulation and price volatility, arguing that organic and Fairtrade organisations were comparatively well prepared and already operated documented traceability systems (see section 2.3.2).

Seen from the producer side, however, this relative readiness says little about the workload involved. As set out in section 1.2.2, the EUDR requires organisations to georeference every member plot, cross-check it against deforestation baselines and deliver shipment-level data for the Due Diligence Statement filed by the operator placing the product on the EU market. This capacity had to be built between 2023 and 2025 under repeatedly shifting deadlines, in exactly the period in which the same organisations were adapting to the new EU Organic Regulation. For most small producer organisations the binding constraint was therefore less the substance of the requirements, many of which they already met in practice, than the parallel demand on staff, systems and cash (CLAC, 2026).

The survey therefore asked organic organisations which of the new EUDR requirements they found most challenging to comply with (Figure 18).

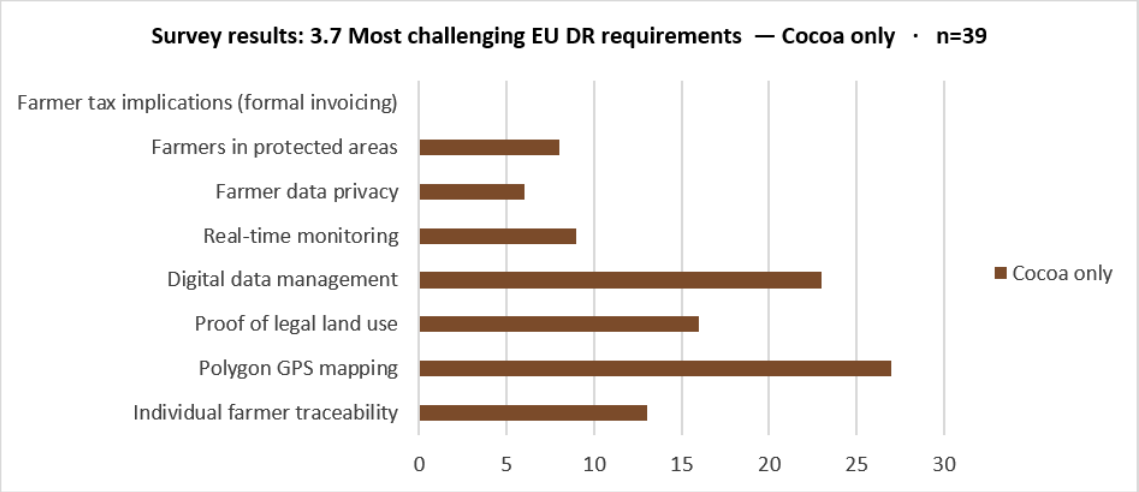


Figure 18: Most challenging EUDR requirements for organic cocoa organisations

Source: Own compilation based on survey results

The ranking closely mirrors the experience documented by CLAC (2026) among Fairtrade coffee and cocoa organisations in Latin America.

Polygon mapping and digital data management

For virtually all organisations, polygon mapping was the first and most resource-intensive area of work: collecting GPS points and polygons for every plot, uploading them to specialised platforms, and obtaining deforestation risk reports. Even when the

Fairtrade system provided a satellite service (Satelligence) and CLAC technical support, the organisations still had to do the fieldwork themselves, mobilising technical teams into remote areas and training producers. Much of this began while the technical criteria that buyers or the EU would ultimately apply were still unclear, generating additional costs and rework.

The recurring technical difficulty was false positives: different tools drew polygons twenty to fifty metres out of place, so that a neighbouring deforested plot appeared to form part of the farm; trees felled within the property for domestic use or shifts in agroforestry cover triggered alerts; and in Peru, official cadastral maps some 40 years old distorted polygon positions when cross-referenced with satellite imagery. One Peruvian organisation reported that 60% of its 300 members would have to correct their geolocation data. Refuting an alert requires the farmer or the organisation to assemble evidence (plot photographs, documents) within a few days, which is difficult for smallholders with limited technological access and is compounded by the absence of a clear EU procedure for managing verification disputes (CLAC, 2026).

The second-ranked challenge, digital data management, appears in the CLAC findings as a lack of standardisation rather than a technology problem. European buyers request geographic information in different formats or through their own systems, so organisations duplicate work and assign staff to highly operational data tasks across several parallel platforms, drawing capacity away from their core functions; the ICS of many cooperatives cannot easily absorb this volume of digital administration.

The costs of georeferencing and digital data management were substantial and rarely recorded systematically. A Peruvian cocoa organisation of some 600 members estimated 60,000 USD to 100,000 for its EUDR process, roughly 100 USD per producer; Peruvian coffee organisations reported that hiring and training georeferencing staff had doubled their administrative costs; and one cocoa union in Ecuador calculated some 5,000 USD per member cooperative. Much of this was financed from the Fairtrade Premium and organisations' own funds, so resources intended for social and development projects were redirected to mandatory compliance, while co-financing or price support from buyers were the exception rather than the rule.

Proof of legality of production and tax implications

Proof of legal land use and, more broadly, compliance with relevant national law – third in the survey ranking – emerged in the CLAC interviews as the most complex, least understood and least advanced requirement. The core issue is not whether producers comply, but how compliance can be documented: as one interviewee put it, "it is not so much that compliance is not achieved, but rather how to demonstrate that it is achieved". Land tenure is the critical factor, given the high informality of rural property ownership, particularly in Peru but also in Brazil and Ecuador. Informality does not automatically imply illegality – a farmer may comply with the law, for instance by paying property taxes, without holding formal title – but there is no documentary evidence for due diligence purposes.

Cooperatives have responded by recording individually which members hold title and planning medium-term support for regularisation, while acknowledging the systemic risk that untitled producers may eventually have to be excluded from export lots to the EU. Labour compliance raises a parallel evidence problem, since family farming and reciprocal labour arrangements generate neither payrolls nor contracts, leaving internal farm records as indirect proof. Tax formalisation can even work against farmers: in Ecuador, issuing official invoices may mean being treated as commercially active and losing access to the Seguro Social Campesino, forcing a choice between commercial formality and social security nets.

3.5 Combined effects on organic producer groups and producers' outlook

3.5.1 Impacts of organisational changes for EU compliance

For all organic cocoa organisations, the effects of organisational adaptations and higher costs under the new EU Organic Regulation, alignment with the EUDR, and market volatility combined to produce both positive and negative outcomes. Organisations in the survey were asked how those adjustments had affected their business and financial health, choosing up to three impacts (Figure 19).

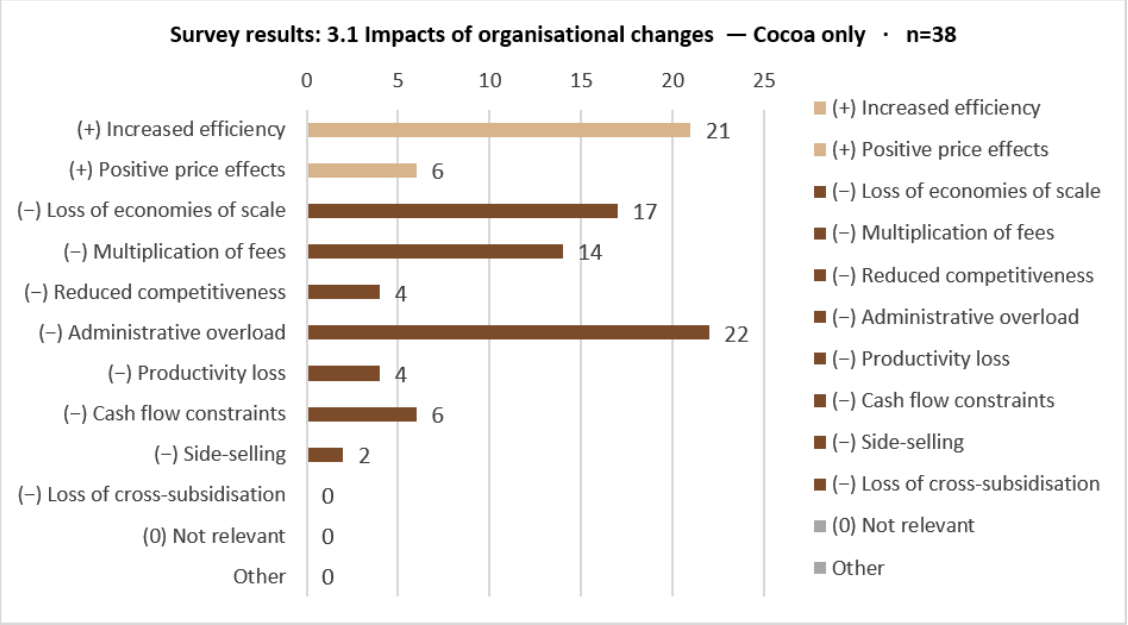


Figure 19: Impacts of organisational changes on business and financial health

Source: Own compilation based on survey results; respondents could select up to 3 impacts.

Among cocoa organisations (n=38), the most frequently named effect was administrative overload, closely followed — perhaps surprisingly — by increased efficiency. The picture is therefore mixed rather than uniformly negative: a majority of cocoa

organisations report that restructuring brought some operational gain, but an equal majority report a heavier administrative burden, and close to half lost the scale advantages that made certification affordable per farmer.

Across all crops (n=127), the balance tilts more clearly to the negative side. The dominant effects are the loss of economies of scale due to size restrictions for group and member sizes (77 of 127) and the multiplication of fees (63), with administrative overload third (51), while increased efficiency is named by only a third of organisations. The cocoa sub-sample thus reports a somewhat more favourable experience than the wider sample, though the two most costly consequences — fee multiplication and lost scale — are prominent in both.

Combined cost drivers for organic producer organisations

Organic compliance-related cost implications have already been analysed in sections 3.2.2 (external organic control costs), 3.2.3 (internal and total costs of being certified) and 3.2.4 (effects on premium and farmer prices). The additional costs of EUDR compliance are even harder to isolate within an organisation's overall budget. In practice, the cost effects of both regulatory changes and of the market situation have run together over the past few years, so organisations were asked which recurring internal costs they now feel most strongly.

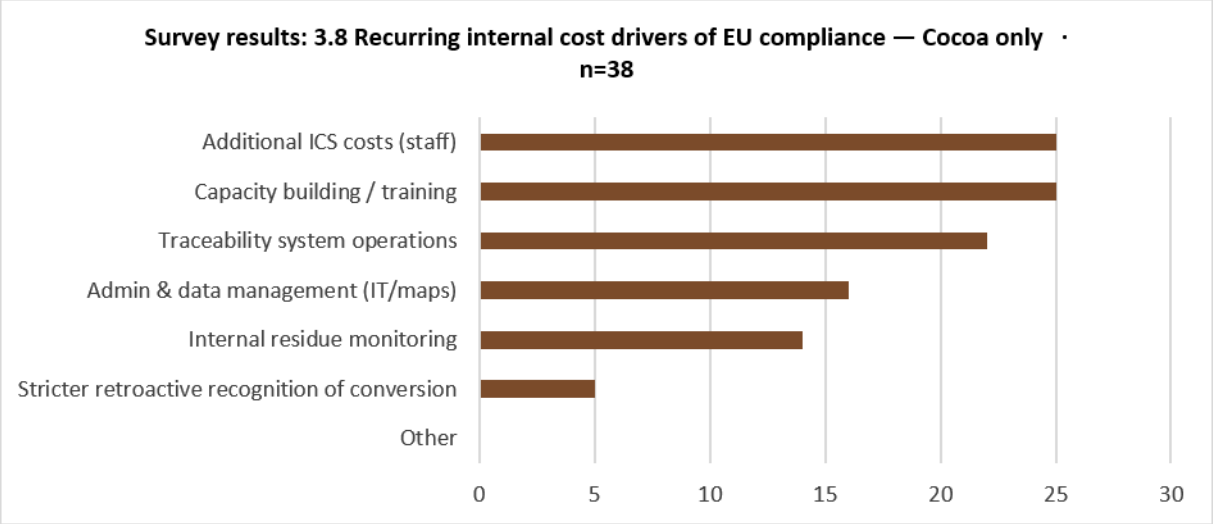


Figure 20: Recurring internal cost drivers of EU compliance

Source: Own compilation based on survey results

In their response, cocoa organisations pointed above all to increased staff costs. The two most frequently named drivers were additional staff for the ICS and the training needed to keep farmers and inspectors up to date, each cited by about two-thirds of the organisations. The pattern across all crops is virtually identical, which suggests that these cost drivers are inherent to the new requirements rather than specific to cocoa.

Participants in the CLAC validation workshop nevertheless named rising costs for equipment, vehicles and fuel — needed for more frequent internal inspections, sampling and farm mapping — as a noticeable additional burden.

The key point is that meeting the new rules did not simply require an initial investment; it permanently increased the staffing, training and data-management workload an organisation must carry every year to stay certified.

3.5.2 Strategic outlook by producers

Asked how they see the future of their organic certification over the next two years, 20 out of 37 said the major adjustments were behind them and that they expect to stabilise or grow (Figure 21). The remaining 17 groups felt less settled: seven reported continued uncertainty, seven expect consolidation at a smaller scale, two expect farmers to drop out of organic production and one plans a strategic reduction of its certified farms. Weighted by membership, the settled groups represent 61% of the organic cocoa farmers in the sample, and the less settled groups about 40%. Notably, no cocoa organisation reported considering withdrawal from organic certification altogether — an option that four organisations in the wider sample did select. Although the question focused on organic certification, it also indirectly reflects organisations' views on continued supply to the European market (and thus compliance with EUDR rules).

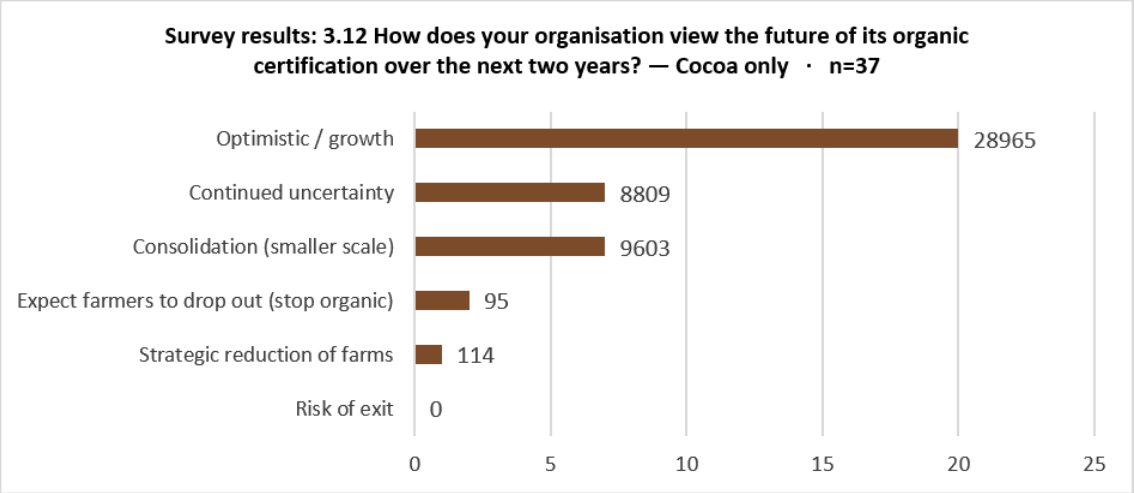


Figure 21: Cocoa organisations' outlook on their organic certification

Source: Own compilation based on survey results

The pattern across all crops is similar but slightly less optimistic: about four in ten expect to stabilise or grow, while the remainder are either still uncertain, consolidating at a smaller scale, or planning reductions. Read together with the cost findings, the picture is one of adaptation — most organisations intend to stay certified, but a substantial minority expect to do so with fewer farmers and less certified land than before.

Producer representatives in the CLAC validation workshop framed the same outlook as a structural risk rather than an individual choice: small organisations exposed to price

volatility and rising requirements may give up certification altogether, while larger and better-capitalised actors take over the space they leave. That would keep organic volumes flowing to Europe but change who supplies them.

The factors which cocoa organisations indicated would motivate them to maintain or increase production for the European organic market are discussed later, in section 5.2.1.

4. Focus countries: organic production, adaptation effects and outlook

The four country sections below are deliberately short. The global survey produced considerably more comparable evidence than country-level enquiries could add through focus group discussions and interviews. Due to Fairtrade producer network support and follow-up in the focus countries, many Fairtrade organic producer organisations in these countries had provided detailed data and comments to the survey. For organic cocoa, moreover, the decisive differences were found to run along regulatory and organisational lines rather than national borders, and these are covered in chapter 3.

4.1 Dominican Republic

The Dominican Republic is by far the largest supplier of organic cocoa to Europe. In 2025 it accounted for 39.0% of combined EU-27 and Swiss organic cocoa imports (see Figure 5), roughly 35,200 t in cocoa product weight. It is the origin most strongly shaped by the Swiss trade route: some 45% of its organic cocoa was imported directly into Switzerland, where it supplied 72.7% of all organic cocoa imports in 2025 (69.5% in 2024). EU import statistics alone therefore considerably understate the country's weight.

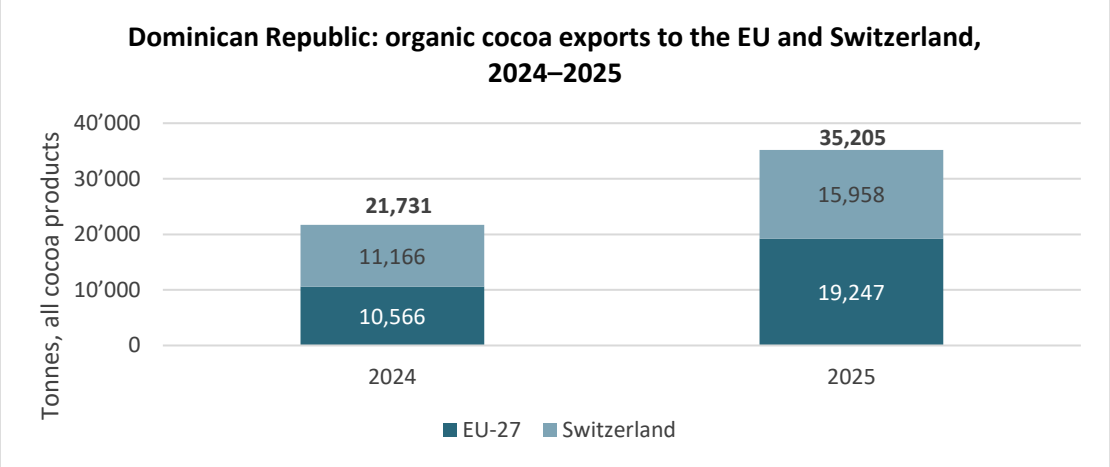


Figure 22: Dominican Republic: organic cocoa exports to the EU and Switzerland

In 2024, FiBL conducted a case study on the implications of Regulation (EU) 2018/848 in the Dominican Republic under the EU-funded AGRINFO programme, in close cooperation with the national competent authority, including a stakeholder workshop and interviews across the organic sector (Meinshausen and Blanco, 2024). According to

the study's mapping of the organic sector, cocoa engages more organic producers than any other crop in the Dominican Republic: around 16,000 organic cocoa farmers organised in groups (in 2023). Six Fairtrade organic cocoa producer organisations accounted for some 12,000 organic members in 2022, and all of them had to re-organise to continue certification. No large organic cocoa farms were reported by the CBs. Production is typically mixed cropping with minimal external inputs, and there is little new planting. Almost all organic exports, not only in cocoa but also in bananas, were to Europe.

At the end of the study in late 2024, awareness of the new rules and the need to adapt was good, and groups linked to an exporter were making progress — but the largest organisations were still blocked in their internal reorganisation and had not yet found a workable solution. The study flagged how price peaks affected farmer eligibility under the new organic rules: Before the 2023/24 season, the 25,000 EUR organic turnover corresponded to roughly 18–20 ha of cocoa, so virtually all members were well below it; at 2023/24 prices, a farm of 7–9 ha could exceed it. Seen against that starting point, the country's recovery of its organic export volumes in 2025 is a considerable achievement.

The survey itself received 15 responses from the Dominican Republic, 14 of them for cocoa. Nine came from producer organisations, six from trading or processing companies, and eleven were Fairtrade certified. Of the nine organisations that answered the question on organisational adaptations, all had made changes, and none had given up EU organic certification. The two most frequent measures were excluding members who exceeded the new limits and moving larger or high-turnover farmers to individual certification, each reported by seven of the nine.

Two examples with high cost and member effects

Example 1— a Fairtrade-certified trader-led group of 250–500 farmers, selling 70–80% of its organic cocoa to Europe. Certified membership fell by 55% between 2024 and 2025, while the fee paid to the control body rose from about 3,500 EUR to 4,500 EUR (+30%). Spread over far fewer farmers, the certification cost per farmer rose from 12 EUR to 33 EUR, an increase of 175% that is driven by the loss of members rather than by the fee.

Example 2 — a trader-led group of 500–1,000 farmers, and the most extreme adaptation in the whole cocoa sample. To comply with the new organic rules, the group dropped roughly 85% of the smallholders previously participating, while the remaining larger farms (>25ha) moved to individual certification. Certified membership fell by 95%, the fee paid to the control body rose from about 18,500 EUR to 73,500 EUR (+300%), and the cost per farmer rose from 33 EUR to 2,103 EUR. Internal costs are reported to have more than doubled as well.

But beyond these extreme cases, there are also steady ones: one group kept its fee at about 2,500 EUR with a cost per farmer of 1.3 EUR, the other saw fees rise by 15% and cost per farmer rise from 9.9 EUR to 12 EUR. Both nevertheless report internal cost increases of more than 25%.

As a result, five (out of seven) named the loss of economies of scale as their main impact, followed by increased certification fees and administrative overload (three each) and

reduced competitiveness (two). Two also recorded a positive effect: better management and clearer processes after restructuring. Regarding costs, five of seven reported an increase in external certification cost per farmer above 25%, three in the 50–100% range and one above 300%; five of the seven organisations answering that question also reported internal costs rising by more than 25%.
In the CLAC producer workshop, the Dominican Republic was seen from the regional perspective as comparatively well placed, having maintained its organic supply relatively well. The workshop also identified the country, alongside Peru and Ecuador, as a priority for follow-up work on the real costs of compliance.

4.2 Peru

Peru is Europe's second-largest organic cocoa origin, accounting for 22.8% of combined EU-27 and Swiss organic cocoa imports in 2025, or roughly 20,600 t in bean equivalent. It is also the second most important origin for Swiss direct imports (8.7% in 2025, 11.6% in 2024). Peru's shipments recovered strongly over the two years: combined exports to the EU-27 and Switzerland doubled from 10,243 t in 2024 to 20,569 t in 2025, with the EU accounting for 18,667 t and Switzerland for 1,902 t.

Peru has a functioning national organic regulation and a competent authority, SENASA, which publishes annual statistics on certified organic production — so the sector can be described from official data. Those statistics show a sector that contracted before the new EU rules took full effect and has since stabilised: the number of organic producers, counting fully certified and in-conversion farmers together, fell from 107,868 in 2022 to 93,707 in 2023 (−13%) and 89,844 in 2024, and was essentially unchanged at 89,868 in 2025. The number of registered organic operations changed little over the same period, from 973 to 931, of which 388 were producer groups with an internal control system in 2025, while the total organic and in-conversion area went from 529,771 ha to 443,236 ha (SENASA, 2022–2025).

Organic cocoa follows the same pattern; see Figure 23. SENASA recorded 18,556 organic cocoa producers on 52,786 ha in 2022, then 13,824 producers on 41,955 ha in 2023, recovering to 14,998 producers in 2024 and 15,002 on 42,173 ha in 2025. The number of operations (including groups) with organic cocoa fell from 94 to 70 over the four years. Holdings are small, averaging about 2.8 ha of organic cocoa per producer.

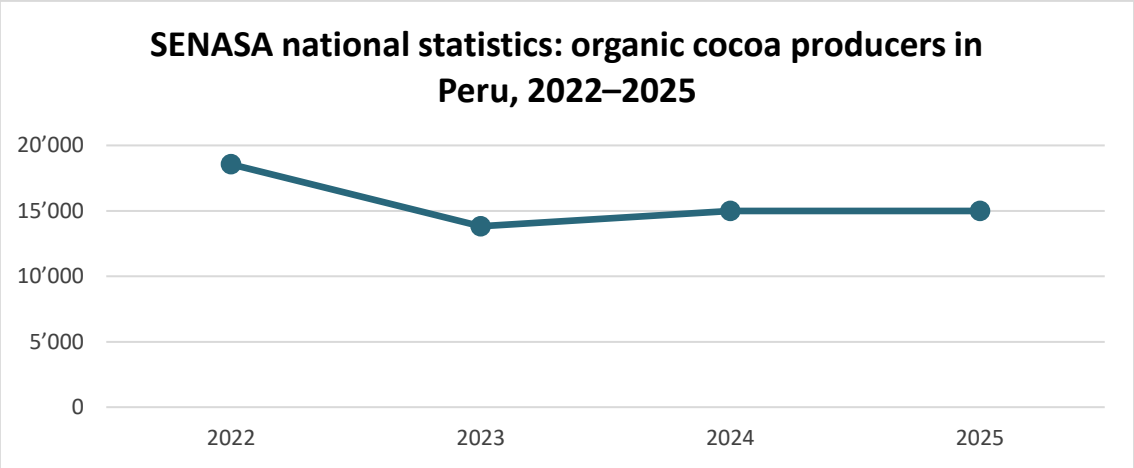


Figure 23: Peru: organic cocoa producers, 2022–2025

Source: Own compilation based on SENASA data "Principales cultivos orgánicos a nivel nacional" cacao table

A structural feature specific to Peru shapes how the group of operators rules apply. Under national law 31335 on farmer associations and cooperatives, Organic first-grade cooperatives may only have organic members; second-grade cooperatives may also include non-organic primary cooperatives. More Peruvian organisations therefore fall better within the new group of operators definition than in most other countries (Meinshausen et al., 2024)

In the current survey, Peru provides the most complete cost data in the cocoa sample: four groups reported certification fees for both years. Their fees changed by 0% to +10% and their certification cost per farmer by −5% to +15% — the steadiest picture of any country described thus far. What varies far more is the cost per tonne of organic cocoa sold, which moved between −25% and +550% across the same four groups, driven almost entirely by the volume each group managed to sell as organic.

Example 1 — an SPO of 100–250 farmers, 70–80% of organic sales going to Europe. Certified membership rose by 5%, the fee stayed at about 5,500 EUR, and the cost per farmer eased from 26 EUR to 25 EUR. Because the volume sold as organic rose by a third, the certification cost per tonne fell from 74 EUR to 55 EUR. The group still reports its internal costs as 5–10% higher than before.

Example 2 — an SPO of 250–500 farmers, with 20–30% of organic sales going to Europe. The fee rose from about 5,500 EUR to 6,000 EUR (+10%) and the cost per farmer from 18 EUR to 21 EUR (+15%), both moderate. However, the volume sold as organic fell by 83%, so the certification cost per tonne of organic cocoa rose from 37 EUR to 243 EUR. The case shows plainly that, for an individual group, the cost per tonne may be driven more by organic sales volume than by the certification fee.

Two country-specific points came from the CLAC producer workshop. First, Peru's progress in restricting certain pesticides, including glyphosate, was identified as a genuine opportunity because it should reduce cross-contamination from neighbouring conventional plots, which has become commercially risky under the stricter residue

rules discussed in section 3.1.2. Second, climate change, pests and diseases continue to weigh heavily on organic production and were seen as mattering as much as the regulatory burden. Peruvian participants also stressed that cost studies must capture the organisations' real costs — administration, export, technical assistance and the work farmers do without accounting for it — and that these costs need to be communicated to the market if they are to be recognised in the price.

Peru's cocoa had a shifting risk status in the EU's risk-based import controls (see section 3.1.2): organic cocoa beans were listed as high risk in 2022 and 2023, came off the list in 2024 and 2025 (European Commission, DG AGRI, 2022–2024), and appear again in the draft implementing regulation published for feedback in July 2026 with 10% of consignments to be checked and sampled in Peru and a further 10% on arrival in the EU (European Commission, 2026b). The listing rests on a number of OFIS notifications in 2025, all with residues above the maximum residue level. For an origin that has only just recovered its export volumes, this adds testing costs and border procedures, and it reminds us that pesticide restrictions and contamination-prevention work must hold at scale before the improvement shows in the EU's notification statistics.

4.3 Ecuador

Ecuador is a modest organic cocoa origin despite its weight in conventional and fine-flavour cocoa: 2,440 t in bean equivalent, or 2.7% of combined EU-27 and Swiss organic cocoa imports in 2025. Its share of Swiss direct imports is of the same order (4.5% in 2025, 4.4% in 2024). Producer representatives said the country finds it difficult to expand organic supply, which is consistent with these volumes.

Ecuador was the subject of an earlier FiBL assignment on the same regulation: a training and technical-support consultancy carried out together with Agrocalidad, the national competent authority, and concluded in April 2024 (Meinshausen, Vergara and Santillán, 2024). The work involved workshops and interviews across the sector and helped explain the new rules and the adaptations they required. Like Peru, Ecuador has a functioning national organic regulation, so Agrocalidad maintains official statistics on certified organic operators and producers, but only limited crop-specific and structural details are publicly available.

Ecuador's organic sector grew steadily and has since consolidated: According to Agrocalidad's bulletin 2024, the organic area in 2024 was 78.950 ha, of which 12% was cocoa (up from 8% in 2023). In total, there are 921 registered operators: 825 individual operators and 96 group operations. Cocoa and cocoa products accounted for 2.4% of Ecuador's 621 million USD in organic exports in 2024 (about 15 million USD) and 5.6% of its EU-bound organic exports. (Agrocalidad, 2024)

Example 1 — an SPO of 500–1,000 farmers selling 90–100% of its organic cocoa to Europe, and the only Ecuadorian cocoa group that reported certification fees for both years. Certified membership grew by 10%, but the fee paid to the control body rose from about 82,500 EUR to 107,000 EUR (+30%) and the cost per farmer from 106 EUR to 126 EUR (+20%) — the highest cost per farmer in the Latin American sample. Because the

volume sold as organic rose by 38%, the certification cost per tonne of organic cocoa nevertheless fell slightly, from 135 EUR to 126 EUR. The group stated its internal costs had increased by 25–50%.

The country-specific points from the CLAC producer workshop concern the operating environment rather than certification as such. One participating organisation works with Fairtrade but has not pursued organic certification because the costs are considered too high. Participants named rising input and labour costs alongside insecurity, extortion and crime as factors affecting marketing directly: some farmers prefer to sell to intermediaries rather than transport cocoa to their organisation, and some audits have had to be conducted virtually for safety reasons. Both effects work against the traceability and organisational investments that the EU rules require.

Ecuadorian organic cocoa was treated as a high-risk product in 2023, was dropped from the list for 2024 and 2025 (European Commission, DG AGRI, 2022–2024), and does not appear in the draft high-risk list published for feedback in July 2026, where only bananas remain listed for Ecuador (European Commission, 2026b).

4.4 Sierra Leone

Sierra Leone is the third-largest organic cocoa origin for Europe, supplying 11.3% of combined EU-27 and Swiss organic cocoa imports in 2025 — roughly 10,200 t in bean equivalent — and 5.0% of Swiss direct imports. What sets it apart from the Latin American origins is that organic certification has historically been trader-driven. Most organic groups are Fairtrade-certified, self-governing small producer organisations, but their organic certification was paid for and organised by traders. The analysis of Fairtrade's COSP data for 2022/23 reflects this: none of the Sierra Leonean organic groups reported any ICS or certification costs of their own.

The new organic rules therefore triggered a transfer of responsibility and certificate ownership to the producer organisations, as well as a reduction in members to meet the new rules. Three organic cocoa cooperatives were interviewed for this study in September 2026; all have been certified organic since 2023 with the help of the same European trader, who remains their only organic buyer (see more detailed interview summary in Annex A.5.2). Certificates and ICS now sit with the groups themselves, while the trader continues to pay the external certification fee and to second its own inspectors alongside the cooperative's internal team and to provide technical training to the ICS team and farmers. Producer representatives describe the shift to ownership of the organic certificate as a clear improvement: instead of receiving a list of sanctioned farmers from the trader, organisations now work to document procedures, decide on sanctions themselves, receive the control body's report directly and can follow up findings with training and sensitisation. The limit of that change is commercial. Where the trader retains control of the TRACES portal to apply for certificates of inspection for each organic export consignment to Europe, the organisation can, in practice, sell as organic only to that trader—an arrangement several organisations are trying to renegotiate.

Sierra Leone survey data show a fall in certified organic farmers, mostly driven by the 2,000-farmer ceiling, and most groups seem to have been set up in line with the new EU rules from the start: in 2024, 6 of the 16 groups reporting farmer data already indicated exactly 2,000 members. The 12.3% decline in certified organic farmers (-4,200) between 2024 and 2025 therefore captures possibly only part of the effect.

Example 1 (interview) — the cost of the 2,000-farmer ceiling. One cooperative had some 5,200 members; 4,000 of them then entered the organic programme, but now only 2,000 remain certified under the new regulation. The others are still invited to organic training and farm organically, but it proved difficult to find a good market for the non-certified farms. The SPO currently sells about 1,000 t of organic cocoa a year and estimates it could sell more than double that volume from its existing organically producing membership. Being allowed to certify all 4,000 organic farmers—or to register two groups of operators under one cooperative, as the proposed revision of the EU regulation may permit— would be a major relief.

Certification costs moved further in Sierra Leone than anywhere else in the sample. Five Sierra Leonean groups reported fees for both years, more than in any other country, and their range is the widest recorded: fees increased by 0% to +1,075% and the cost per farmer by +5% to +1,050%. The drivers are two sides of the same reorganisation: certified memberships were cut back to the ceiling of 2000 farmers, and single certificates covering large memberships were replaced by several certificates. In absolute terms, the figures nevertheless remain far below Latin American levels, because fees are spread over large memberships of small, low-productivity farms.

Example 2 (survey) — the two ends of the cost range.
In one group of 1,000–2,000 farmers, the fee paid to the control body did not change, at about 3,000 EUR, but certified membership was cut by 40%, and the cost per farmer rose from 1.5 EUR to 2.5 EUR (+65%).
In another group of comparable size, certified membership stayed unchanged while the fee rose from about 7,000 EUR to 83,000 EUR — the largest increase recorded in the survey and flagged as an outlier — taking the cost per farmer from 3.6 EUR to 41 EUR and the cost per tonne of organic cocoa from 18 EUR to 166 EUR; a further group saw fees rise from about 11,000 EUR to 46,000 EUR.

Contamination and price risk compound these organisational effects. All three cooperatives interviewed lost substantial volumes to glyphosate findings in 2025 and were still working off the financial consequences at the time of the interviews; the incident and the way the organisations resolved the underlying problem are described in section 3.1.2. However, other groups in Sierra Leone reported no significant or severe consequences of residue cases, so the situation is certainly heterogeneous.

Organic differentials received are weak or absent: reported levels range from no differential at all — and consequently no organic price premium for members beyond possible bonus payments from the Fairtrade Premium — to less than one percent over the conventional price, and one organisation could pay no premium at all last year because of its losses. Asked what would keep them and their members in organic production, all three named the same three things: fair prices and a reliable organic

differential, continuous training for farmers and ICS staff, and better access to prefinance. All three also reported year-on-year production increases since starting organic certification in 2023, which they attribute to training, improved farm practices and the diversified production practices discussed in section 5.2.4.

Sierra Leonean organic cocoa (CN 1801 00 00) was classified as a high-risk product in 2023 (European Commission, DG AGRI, 2022–2024) and has been off the list since, including in the July 2026 draft (European Commission, 2026b).

5. Discussion and recommendations

This chapter interprets the findings of chapters 2 to 4 and draws out their implications for securing organic cocoa supply. In doing so, it also presents additional survey results – notably on the role of the Fairtrade Premium in covering compliance costs, on producers' motivational factors and on the adequacy of the organic price differential – together with Fairtrade-specific analysis of pricing and standards. These results are introduced here rather than in the preceding chapters because they bear directly on the question of how the effects described so far can be addressed. Section 5.1 discusses the interplay between Fairtrade and organic certification, section 5.2 the conditions for the economic viability of organic cocoa production, and section 5.3 derives recommendations for the main actors.

5.1 Fairtrade and Organic: synergies and interdependence

5.1.1 Fairtrade and Organic: overlap and benefits of the combination

For producers and brands alike, Fairtrade and organic certification are complementary. Organic provides an officially controlled framework for how cocoa is produced in line with strict organic standards; Fairtrade adds social and broader environmental requirements and fair trading mechanisms – a minimum price floor, the Fairtrade Premium, long-term buyer relationships and support for organisational strengthening. Combined, the two schemes strengthen smallholder organisation and empowerment and cushion precisely the price, cash-flow and capacity risks that organic compliance brings, which is why organic is far more frequently found within than outside Fairtrade supply chains. For brands, the double certification delivers a credible environmental and social claim from the same supply chain, backed by group structures, internal control systems, traceability and credible assurance.

Fairtrade counts about 830 Fairtrade organic producer groups with nearly 800,000 smallholder families as members (Fair Trade Advocacy Office, 2025). Overall, more than half of all Fairtrade small producer organisations are also certified organic. The highest overlap is in coffee, where the total organic import volumes in 2024 almost matched Fairtrade organic volumes. But Fairtrade certification is also very relevant in cocoa,

where Fairtrade organic volumes were about half of the European organic cocoa imports in 2022 (Meinshausen et al., 2024).

As so many Fairtrade organisations are also certified organic and were starting to be affected by the challenging new rules of the EU Organic Regulation, the Fairtrade system has become more active in recent years to support producer organisations also in their organisational alignment with the new organic rules, e.g. by adapting Fairtrade certification requirements so as not to place an additional burden on organisations restructuring to meet the new EU rules, or by training the Fairtrade producer network advisors in the requirements of the EU Organic Regulation. Public webinars and other events to highlight the challenges producers were facing to their Fairtrade market partners, help to increase awareness and – ideally additional support- from organic buyers in Europe.

In parallel, the Fair Trade Advocacy Office (FTAO) has also started to monitor and provide feedback on all ongoing regulatory amendments to Regulation (EU) 2018/848 and its secondary acts. The Fairtrade position paper "avoiding negative impacts of the new EU organic regulation: A just transition for Fair Trade organic producers to access the European Market" (Fair Trade Advocacy Office, 2024) and the position paper calling for a simplification of the regulation (Fair Trade Advocacy Office, 2025) helped to raise the topic to the attention of European institutions and certainly contributed to widespread parliamentary support to improve the group of operators rules in Art 36 (in process).

Closer collaboration between the organic and Fairtrade sectors has many positive effects in supporting organic and Fairtrade production of important smallholder crops such as cocoa, coffee or banana. Many producer organisations hold certifications under both schemes and implement them through combined internal control systems, and they have long asked for better harmonised standards. The current fundamental Fairtrade standard revision and simplification process aims to benchmark organic standards against the new Fairtrade standards with the aim that organic Fairtrade producers do not need to be checked in detail against aspects already guaranteed by organic certification, minimising the double certification burden.

Also, the forced restructuring of formerly commercial trader-organised smallholder value chains to legally constituted farmers' groups raises new opportunities for Fairtrade eligibility, as Fairtrade does not allow trader-led "contract production" except in a few commodities and regions. Especially in the African context, where a lot of production of organic cocoa outside the more state-governed production in Côte d'Ivoire and Ghana used to be exporter-organised, this change, together with importers' search for new organic cocoa origins, raises new opportunities.

From Fairtrade's point of view, given the high level of double certification, the new conditions for organic certification, with farmers' demotivation because of organic's complex and restrictive rules and raised costs, also pose a risk, as for many big retailers

or brands, it's the combination of both schemes that they seek, and lower available organic volumes hence also restrict Fairtrade volumes - see also section 2.3.1.

5.1.2 Role of the Fairtrade Premium and Organic Differential to cover compliance costs

The role of the Fairtrade Premium

The Fairtrade Premium is an additional sum of money paid on top of the purchase price – or, where the market price falls below the Fairtrade Minimum Price, on top of that price floor – into a communal fund of the producer organisation. For cocoa, the Premium stood at 240 USD/t for many years; following the Fairtrade cocoa pricing review, it rose by 15% to 275 USD/t (250 EUR/t in Côte d'Ivoire), applicable to contracts signed from 11 June 2026 in non-regulated origins and from 1 October 2026 in Ghana and Côte d'Ivoire (Fairtrade International, 2025).

Under the Fairtrade Standard for Small-scale Producer Organisations, the Premium is meant for investments that improve the members' social, economic and environmental situation; it has to be accounted for separately, and its use is decided democratically by the General Assembly on the basis of a Fairtrade Premium Plan. The rules explicitly allow organisations to invest the Premium in their own business development, and to distribute part of it as direct payments to members – an option many organisations use to narrow the gap between the price received and a living income, typically at the end of the season, once the total Premium earned is known, since they are rarely able to sell their entire production on Fairtrade terms. For the regulated origins, the new Cocoa Standard requirement even prescribes the allocation: from 1 October 2026, at least 40% of the Premium must be paid out to members in cash in Ghana and Côte d'Ivoire, with minimum shares of 10% each for the organisation itself, for farm services and for community projects (Fairtrade International, 2025).

For this reason, the Fairtrade Premium has often been used in organic organisations to finance the high costs of setting up an organic "programme" within the organisation in order to access premium markets, in effect cross-financing the costs of certification, especially in the initial years when organic sales volumes are still low. Over the past years, however, the Fairtrade Premium's role in covering higher compliance costs has become far more pronounced, effectively reducing its intended development impact and cross-financing compliance costs that should be paid for by the market price of organic products.

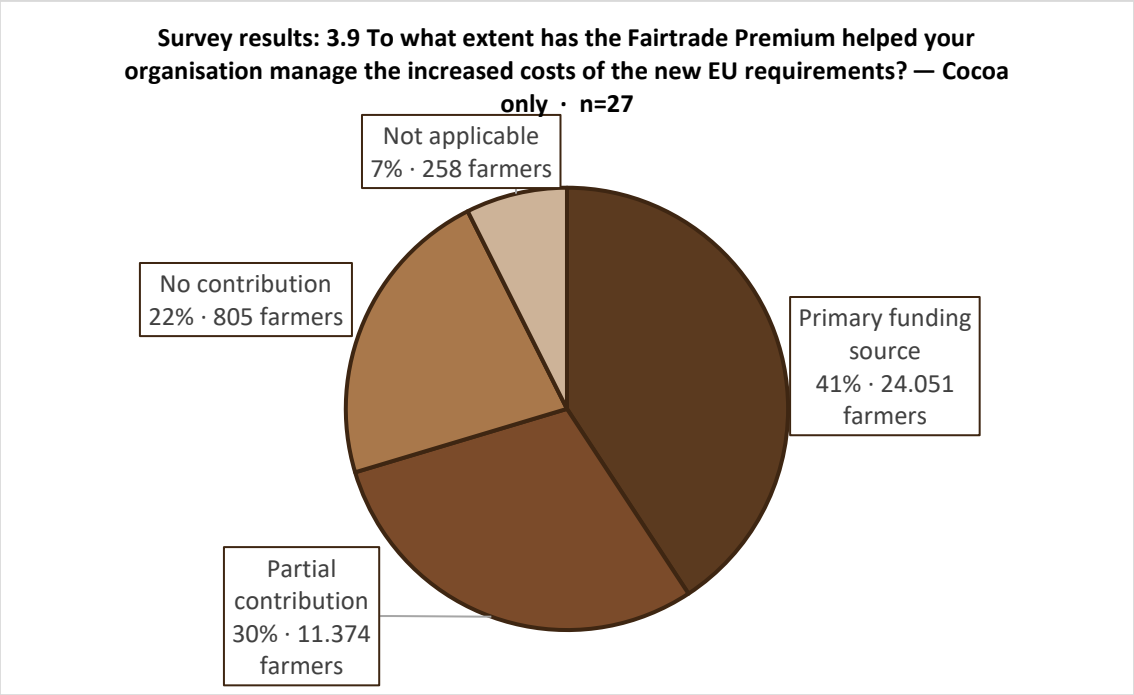


Figure 24: Role of the Fairtrade Premium in covering EU compliance costs

Source: Own compilation based on survey results

Organisations receiving a Fairtrade Premium were asked what role it plays in managing the higher costs brought by the new EU requirements. The answer is unambiguous: 19 of 27 cocoa organisations – 70%, and 35,400 of the 36,500 organic cocoa farmers they represent – rely on the Premium primarily or partially to shoulder these costs (Figure 24). The pattern across all crops is the same.

This is consistent with an earlier cost-benefit analysis of the EU and US organic regulatory changes, which found that some organic producer groups had only been able to maintain their certification thanks to regular support from NGO and aid programmes and to the investment of Fairtrade Premium funds – generated through sales of conventional Fairtrade cocoa or other products – to pay for the growing costs of certification, digitalisation and technical assistance. That study already cautioned that such cross-financing is unlikely to be sustainable and can be unfair (TERO/BASIC, 2024).

The Fairtrade Organic Differential

In addition to the Fairtrade Premium, the Fairtrade Organic Differential per tonne of cocoa therefore plays a crucial role. In recognition of the higher production and compliance costs – explicitly including those arising from the new EU organic rules – Fairtrade International's Standards Committee announced on 11 December 2025 its decision to raise the Organic Differential by 50%, from 300 USD/t to 450 USD/t (410 EUR/t for Côte d'Ivoire). In all non-regulated origins, it applies to contracts signed from 11 June 2026; deliveries under earlier contracts could still be made at the old values until 30 September 2026. In Ghana and Côte d'Ivoire, it applies to all deliveries from 1 October

2026. The same decision raised the Fairtrade Minimum Price for conventional cocoa in Ghana and Côte d'Ivoire by 45%, to 3,500 USD/t and 3,200 EUR/t respectively, bringing them in line with the minimum price applicable in non-regulated origins since October 2025 (Fairtrade International, 2025).

The Fairtrade Organic Differential – like the Fairtrade Minimum Price and the Fairtrade Premium – is based on detailed cost of sustainable production (COSP) data from representative organisations in all key production regions, but ultimately also on market considerations, so that it remains viable enough not to dampen Fairtrade sales in the medium term – all the more so for a global commodity without clear origin prices. When minimum prices were raised in the past, Fairtrade usually saw some bulk buying ahead of the increase, followed by a temporary drop in sales, before volumes recovered. It is hoped that the market now adapts without a reduction in volume to the newly raised Fairtrade Organic Differential, which should be of an order of magnitude that allows part of the payment to trickle down to the organic farmers themselves in the form of organic farmgate differentials, rather than being fully absorbed by the organisation's costs for internal and external organic control. This is analysed in more detail in section 5.2.2.

The Fairtrade Organic Differential also serves as an important benchmark for organic sales beyond the Fairtrade system, so its signalling effect reaches well beyond Fairtrade volumes. However, outside registered Fairtrade sales, the differential is not guaranteed, and several organisations reported in group discussions and in conversations with FiBL experts that during peak price periods the organic differential on top of market prices (often referred to as "organic premium" by organic actors) had at times eroded completely. Committed long-term organic fair trade buyers, on the other hand, are well aware of the higher cost situation in their supply chains and have paid prices that at times exceeded the Fairtrade Organic Differential then in force, in order to secure their suppliers' continued commitment to organic production. This is confirmed by the survey results on the effect of higher compliance costs on farmer prices and premiums presented in section 3.2.4: 18 out of 35 cocoa organisations had either reduced the organic premium paid to farmers or were maintaining farmer prices and premiums — to keep their members motivated to keep selling to them — while operating at a loss.

Views on the organic differential among the traders interviewed were divided. Sustainability-focused brand manufacturers and dedicated organic and Fairtrade pioneers questioned whether the new differential is in fact high enough to keep farmers in organic cocoa production over the long term. Large-volume bulk manufacturers, by contrast, urged caution: in their view, an organic price differential that is too high would push organic Fairtrade cocoa further into a niche and ultimately reduce sourced organic volumes, as customers discontinue organic product lines.

5.2 Securing the viability of organic cocoa production

5.2.1 Motivational factors for producers

Asked what would most motivate them to maintain or increase organic certification for the European market — with up to three answers each — cocoa organisations were clear about their priorities, as shown in Figure 25.



Figure 25: Motivational factors for organic production for the EU market

Source: Own compilation based on survey results

Secure, long-term market access was named by 29 of the 36, and a higher organic premium by 22; together these two dominate every other consideration. Prefinancing for certification and internal control costs came third.

Across all crops, the same two factors lead by a wide margin, though regulatory simplification is somewhat more prominent there than among cocoa organisations. The message for buyers and standard-setters is straightforward: what organisations most ask for is reliable demand and a price that reflects the cost of compliance — and, where that is not immediately possible, help with the cash flow needed to carry certification costs until the harvest is sold. Regarding regulatory simplification, it may be relevant that, when this survey was conducted, the EU had already proposed amending the group of operators membership rules, and that groups had just spent two to three years trying to understand and then align to the new rules.

5.2.2 What's a fair price differential for EU-organic cocoa?

Based on the external control costs reported in the survey, estimated internal control costs and the reported farmer numbers and volumes for 2024 and 2025 (see sections 3.2.2 and 3.2.3), we assessed whether the old and the new Fairtrade Organic Differential are sufficient both to cover the producer organisation's compliance costs and to leave a farmgate organic premium that rewards farmers for complying with organic rules.

Expressed per tonne of organic cocoa exported, the total cost of internal and external control in 2025 varies enormously between the cocoa organisations that reported full data — from about 30 EUR to over 900 EUR per tonne, depending mainly on how much volume each organisation can spread its fixed control costs over — with a median of about 189 EUR per tonne (roughly 205 USD/t). It is this median, together with the more expensive quarter of organisations (75th percentile, at roughly 480 USD/t), that we use to assess whether the Fairtrade Organic Differential is sufficient under the new (2025) cost conditions. Both figures should be read as indicative orders of magnitude rather than precise values: as set out in section 3.2.2, they rest on the organic volumes reported for 2025 – a year in which sales volumes fluctuated far more strongly than fees. The comparison below therefore indicates whether the differential is broadly sufficient, not by how many dollars it falls short.

Setting these estimated 2025 total organic control costs at organisation level against the Fairtrade Organic Differential shows that much of the differential is absorbed before it reaches the farmer; see Figure 26.

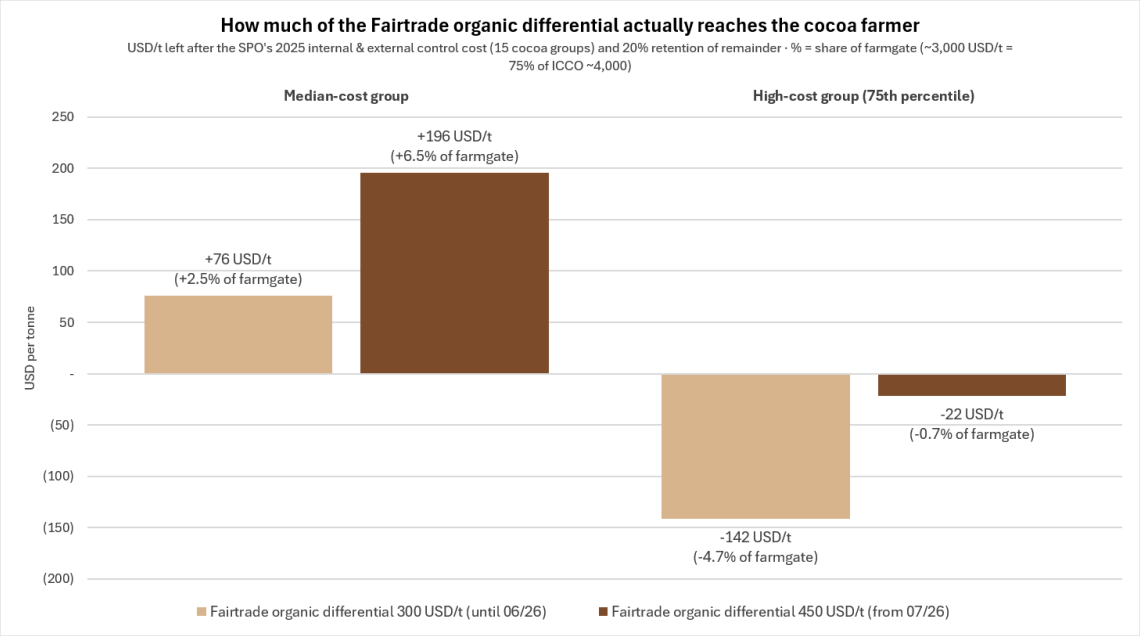


Figure 26: Share of the Fairtrade Organic Differential potentially reaching farmers

Source: Own compilation based on survey results and estimated internal control costs; assumes all organic sales on Fairtrade organic terms; % of farmgate price based on an ICCO price of 4,000 USD/t (rounded average January–June 2026, World Bank Pink Sheet) and an assumed farmgate price of 75% of this (3,000 USD/t).

For an organisation with median control costs, the Fairtrade Organic Differential of 300 USD/t applicable to contracts signed before 11 June 2026 left about 76 USD/t to be passed on to farmers after control costs and an assumed SPO retention of 20% of the remaining amount. Under the 450 USD/t differential (contracts signed from 11 June 2026; all deliveries from 1 October 2026), the amount rises to about 196 USD/t – roughly 6.5% of a farmgate price of 3,000 USD/t, compared with 2.5% under the old differential. In other words, control costs and the organisation's retention absorb about three-quarters of the

old differential and more than half of the new one, rather than passing it on to the producer.

However, less organic differential reaches farmers when an organisation can sell only part of its organic production at the new differential of 450 USD/t or more. Its control costs remain the same, but the total organic differential it receives is lower than in the calculation above. Also, if the SPO calculated its 20% retention on the full organic differential received – as a trader would to cover pre-financing and overheads – the amount reaching farmers in a median-cost organisation falls to about 155 USD/t under the new differential (instead of 196 USD/t). For both reasons, the amounts reaching farmers shown in the figure above should be read as upper estimates.

For organisations with high control costs (the 75th percentile in the figure above), the differential does not even cover control costs: at roughly 480 USD/t, they clearly exceeded the old rate of 300 USD/t and still slightly exceed the new rate of 450 USD/t. Six of the fifteen cocoa organisations with full data had control costs per tonne above the old differential, and four still exceed the new one. Where the differential is fully absorbed by compliance costs, this does not mean farmers pay for certification directly; it means the gap must be covered from elsewhere in the group's budget — most often the Fairtrade Premium, the organisation's trading margin or its reserves. Since seven in ten cocoa organisations already report using Premium funds to help pay for control costs, this is not a hypothetical transfer.

The increase in the Fairtrade Organic Differential from 300 to 450 USD/t is therefore a substantial and welcome improvement and a viable compromise, albeit calibrated to the typical organisation rather than the more expensive ones. For a median-cost organisation selling all its organic cocoa on Fairtrade terms, it now leaves a clearly noticeable organic premium of almost 200 USD/t for farmers. As a fixed amount, however, this premium shrinks in relative terms as market prices rise. Once the ICCO price exceeds about 5,200 USD/t, it falls below 5% of the farmgate price, a level often regarded as the minimum organic premium needed to keep organic farmers motivated.

For high-cost groups in particular, lowering compliance costs will be important. The cost examples in this study suggest that organisations still have room to do so. Strategic segregation, i.e., certifying only part of production for the EU, helps contain certification costs. The planned revision of the group of operators rules – with considerably higher size/turnover limits for members and the option for a group of operators to be part of a larger farmers' organisation – may also help, especially in Latin America. Sharing ICS inspectors between organisations can reduce staff costs while strengthening quality; see recommendations in section 5.3.3.

Ultimately, whether the new price differential effectively motivates organic production depends on the global cocoa price. The Fairtrade Organic Differential and the Fairtrade Premium are fixed amounts per tonne on top of a highly volatile world market price (see sections 2.1 and 3.3), so their weight and incentive effect change with the price cycle. At the price peak, the price advantage of organic all but disappeared and side-selling

increased (section 2.3.1); when prices are low, SPO margins shrink and fixed compliance costs become harder to carry. A fixed minimum amount nevertheless has clear advantages: it is predictable for SPOs and farmers throughout the season and ensures that fixed costs are covered. In any case, the Fairtrade Organic Differential is meant as a minimum organic differential to safeguard producers, and commercial organic differentials may be above this fixed amount to secure volumes, as traders also reported in interviews.

5.2.3 New sourcing models and purchase adaptations

Securing organic cocoa supply over the long term is not primarily a question of agronomic yield increases, though also important. The interviews and group discussions pointed to the terms of purchase as the more decisive lever: multi-year volume commitments, transparent sharing of price and compliance risk between buyer and producer organisation, and prefinancing arranged close to the producer organisation, in its own currency and season logic.

One recurring idea is an industry-wide minimum organic differential that would also apply to sales outside the Fairtrade system. To be commercially more acceptable, such a minimum organic differential could be limited to contracts up to a certain average market price level.

Several stakeholders indicated a willingness to guarantee a fair organic price differential (even beyond Fairtrade sales), provided they could be confident that the additional payment actually reaches the farmers rather than being absorbed at organisational level. The new Fairtrade Premium allocation rules for the regulated cocoa markets in Ghana and Côte d'Ivoire, which require that 40% of the Premium be paid out to members in cash (see section 5.1.2), show one way in which such pass-through can be made visible, although a fixed payout share is not necessarily transferable to organic sourcing and the situation in regulated markets is very different from unregulated markets. Organic producer organisations have a strong incentive to pay members an organic premium at farmgate to secure volumes. However, because organic compliance costs as well as final trade margins cannot be predicted precisely and often only part of the volume is sold at Fairtrade terms, many organisations know only after the season how much organic premium is available; e.g. two of the Sierra Leone groups indicated that they decide on organic premium use and payout at the general assembly, for the past season.

This uncertainty is itself an argument for greater transparency between trading partners. A more open exchange on costs, premiums and purchase commitments – as a normal part of commercial dialogue rather than an additional control requirement – could build the trust needed for fair organic differentials and help producer organisations plan premium payments before, rather than after, the season.

A further idea raised is how organic cocoa could be partly decoupled from extreme market price fluctuations. One option discussed is a floor price or minimum differential for organic cocoa that applies irrespective of the conventional market level and beyond

Fairtrade-labelled volumes – a commitment that the major organic cocoa buyers could agree jointly, for instance through platforms such as SWISSCO or the national ISCOs, as a "fair minimum for organic cocoa".

Fairtrade and the organic cocoa sector would be needed to develop these options further; the survey and interview evidence in this study mainly indicates that some form of predictable minimum price differential for organic is needed more than ever under the new higher compliance cost and commercial risk conditions, together with more transparency between trading partners.

5.2.4 Diversification to improve resilience

A second, complementary route to more income and climate change resilience lies within the cocoa plot itself. Diversifying cocoa production through agroforestry is currently being discussed intensively in the sector, and it is particularly relevant for organic systems. Intercropping quickly pays off in young or rejuvenated plantings: bananas and plantains generate crucial cash flow and family food during the first years, when cocoa trees are not yet bearing and replanting would otherwise mean a gap in income. Fruit and biomass trees that provide a well-managed level of shade, as promoted under dynamic agroforestry (DAF) approaches, add household food and organic matter while establishing the partial shade in which cocoa develops well.

The benefits documented for such systems are both agronomic and economic. Shade reduces heat stress on the cocoa trees and lowers their vulnerability to pests and diseases, while the systems improve soil quality, sequester carbon and increase resilience to climate change. At the same time, they diversify farm income, contribute to household food security and reduce the need for external inputs, which lowers input and labour costs over time (SWISSCO, 2025). For organic producers, this combination is doubly relevant, since input substitution is not an option for them and a second income stream cushions both cocoa price volatility and the rising costs of compliance (which affect the contract farmgate prices they receive).

Diversification is, however, not without trade-offs, and these deserve attention when it is promoted as a resilience strategy. Producing for national or regional food markets can strengthen food security and reduce dependence on an unreliably priced export commodity, but farmers then have to market several products individually, outside the commodity-specific cooperative structure that handles their cocoa. Realising the potential therefore depends on enabling conditions beyond the farm: secure land and tree tenure, technical advice on establishing and managing mixed systems, and buyers willing to create market access for agroforestry products alongside cocoa (SWISSCO, 2025). Many producers find it difficult to risk their limited income on new production methods that are not yet locally common or proven. At least initial project support with the supply of quality seedlings, as well as hands-on training and support for farmers and ICS teams, is therefore critical. A FiBL study on the global adoption of dynamic agroforestry systems in cocoa is currently underway and will provide further evidence on where such systems perform best.

The producer interviews in Sierra Leone conducted for this study speak directly to these enabling conditions in a setting where crops are grown in monoculture on small farms. All three Sierra Leonean cooperatives participate in a dynamic agroforestry project run by their trader with EU funding, and in all three, the binding constraint on adoption is project capacity rather than farmer willingness, as farmers perceived diversification very positively when they could see it on a plot in their village.

Case example — farmer response to diversified production.
All three Sierra Leonean cooperatives described the agroforestry project as a very positive intervention. What convinced farmers was seeing for themselves that food and fruit crops grow well within young cocoa plots. Farmers value the free seedlings, planting material and tools, and report additional income from bananas, oranges and other crops alongside their cocoa. One cooperative linked the better training by the project and the local trader to production increases of 15–20% since it started organic production, through better maintenance and quality management. In all three cases, demand from farmers to join the programme exceeds the places available: only about twenty farmers per community can take part. All other organic members have asked to join, and some neighbouring farmers have begun adopting some practices on their own. ICS teams received intensive training and began to feel ready to support the farmers going forward (e.g., also in pruning).

5.3 Technical and strategic recommendations

The following recommendations summarise the leverage points that emerged from the survey, the trader and certifier interviews and the country case studies. They are grouped by the actor best placed to act; the underlying evidence and reasoning are set out in the sections referenced.

5.3.1 Recommendations to importers, chocolate brands and retailers

- **Pay a reliable organic differential also outside Fairtrade-labelled sales**. The new Fairtrade Organic Differential of 450 USD/ton sets the new reference level for a fair price differential also for organic-only sales. This should be considered rather as a fair minimum differential, as even this considerably higher organic differential would not allow all organic groups to cover their organic control costs and may not be a differential to farmers (see analysis in section 5.2.2). At the same time, market acceptance matters: the widening price gap to conventional products should be kept as small as possible, and producer organisations may ultimately gain more from selling their whole volume at a differential the market accepts as fair than from a higher differential perceived as unrealistic in an increasingly price-conscious Europe.
- **Share the additional cost across the organic chain**. Importers and specialised organic processors work on thin margins and were among the first to reduce or discontinue organic lines during the 2024 supply squeeze (see section 2.3.2), while the capacity to absorb higher compliance costs sits further downstream: value-chain analysis for German organic dark and milk chocolate estimates net profit margins per tonne of organic chocolate sold at roughly 2,890 EUR at retail and

1,460 EUR at finished-product manufacturing, against 180 EUR at collection and export, 120 EUR at cocoa processing and effectively nothing at cultivation level – with a further 1,710 EUR per tonne levied as tax in the consuming country (TERO/BASIC, 2024). That study put the additional cost of complying with the new EU and US organic rules at 115 EUR to 175 per tonne for 2025 – an estimate that the cost figures in this study suggest is, if anything, conservative – and concluded that at origin such costs would consume most of the value created there and be passed on to farmers, whereas the manufacturing and retail stages have a higher capacity to accommodate them. A durable organic differential therefore depends on brands and retailers accepting a share of the cost in their purchasing terms, rather than leaving it with the last link before the farmer.

- **Move from spot purchasing to multi-year volume commitments** with transparent sharing of price and compliance risk, and provide prefinancing arranged close to the producer organisation (see section 5.2.3). Such contracts should combine security with a degree of flexibility; however, organisations locked into low fixed prices cannot buy from their members when market prices peak.
- Consider paying a higher organic differential if suppliers are willing to **increase transparency of organic premiums to farmers** (see section 5.2.3).
- **Explore a jointly agreed floor price for organic cocoa** across the sector (even beyond Fairtrade labelled sales), for example through SWISSCO or the national ISCOs (see section 5.2.3).
- **Co-finance the fixed overhead of organic certification of long-term trusted suppliers** directly – external audits, ICS staff, data management and traceability systems – instead of leaving it to be absorbed by the Fairtrade Premium, which seven in ten cocoa organisations already use for this purpose (see section 5.1.2).
- **Accept standardised geodata and traceability formats** instead of each buyer requesting its own, since the proliferation of platforms was among the most frequently named EUDR burdens (see section 3.4).

5.3.2 Recommendations to standard systems

- **Update Fairtrade COSP data collection** for cocoa and coffee to more clearly capture organic compliance costs. This data can then be better used to assess the organic differential systematically against actual costs of sustainable production (see sections 2.3.3 and 5.2.2).
- **Allow longer and pragmatic exception windows** than the standard six months when market or supply anomalies occur; the flexibility shown by Fairtrade and FLOCERT during the recent price peaks was valued but proved too short-lived (see section 2.3.3).
- **Examine pragmatic mass-balance arrangements** as a time-limited option, within what the organic rules permit – an approach several traders asked for during the supply crisis and which Fairtrade applied temporarily in late 2025.

- **Advance cross-acceptance and harmonisation** between organic and sustainability standards – as pioneered with the benchmarking of organic requirements within the current Fairtrade standard revision – so that aspects already verified by organic certification are not audited twice.

5.3.3 Recommendations to producer organisations

- **Aim for better cost transparency per tonne and per market**, even if retrospectively while assigning last year's margins: knowing the total internal and external control cost and what this means in terms of cost per tonne sold as organic is important for negotiating differentials and for deciding which markets remain viable (see section 3.2.3).
- **Consider strategic segregation of organic certification by destination market** – for example certifying only part of the membership as EU-organic and keeping those volumes separate from cocoa sold to the US organic market, matched to long-term average sales volumes to the different markets (see section 5.2.2). If the proposed amendments to Article 36 of the organic regulation are adopted (see section 1.2.1), strategic segregation would also become an option for more organisations and could help them stay within the 2,000-member limit. The cost savings must be weighed against the added complexity of segregating EU-organic and NOP-organic qualities, so this will be more relevant for larger groups.
- **Strengthen the internal control system where it matters most in terms of efficiency:** staggered or split internal inspection calendars that make off-season input use detectable. This may also require a larger permanent core of ICS staff, both to ensure adequate qualifications and to cover risks across the full production season. To buffer the cost, producer organisations in the same region – including those working with different crops – could exchange internal inspectors during their respective risk and pre-harvest periods, or draw on emerging local ICS inspection service providers for qualified staff during peak inspection periods, which differ by crop.
- **Introducing systems for consolidated data management** linking farmer, plot and lot records for both organic and EUDR reporting would also be very helpful (see section 3.4).
- **Use diversification and agroforestry projects**, where additional development funding can be mobilised, deliberately as an income and resilience strategy (see section 5.2.4).

5.3.4 Recommendations for policy dialogue, institutional support and donor funding

- Continue structured dialogue with EU regulators on smallholder realities. The agreed simplification of the EU Organic Regulation greatly improves the group of operators membership restrictions. However, equally important for the medium-

term viability of organic certification would be further simplification measures in the secondary legislation[2], aimed at reducing the sharply increased cost of external control. Concrete suggestions include:

  - Replace the fixed external re-inspection rate of 5% of members with a more risk-based sampling approach – that still improves control quality compared with the former equivalence system, but places a smaller burden on large groups of very small farmers, who otherwise risk being excluded. The Fair Trade Advocacy Office, for example, proposes a 5% re-inspection rate for groups of operators of fewer than 700 members and 1.4 × the square root of the number of members for groups of 700 to 2,000 farmers, with a floor of 10 farmers, as well as lower sampling rates for low-risk groups (Fair Trade Advocacy Office, 2026).
  - Raise the maximum group size limit of 2,000 members, for instance to 3,000 farmers or explicitly allow that a farmers organisation can have several up-to-2000-farmers groups of operators as "subgroups" under its legal personality.
  - Reduce the fixed residue-sampling rate of 2% to, for example, 1%, given that higher sampling requirements already apply to crop–origin combinations classified as high risk by the EU, and that importers carry out substantial additional testing.
  - Develop a more pragmatic and harmonised EU approach to residues: a realistic and proportionate approach to minor residues and background contamination, including quantifiable trigger thresholds for expensive official investigations, as called for by IFOAM Organics Europe (IFOAM Organics Europe, 2026).

- Improve predictability and dispute handling in EUDR implementation: the repeated shifts in deadlines, combined with unresolved questions on dispute handling for deforestation alerts, generated costs that producer organisations carried without any commercial return (see section 3.4).
- Ensure uniform enforcement and inspection at EU borders, so that non-compliant cocoa entering through parallel channels does not undercut the legitimate, high-cost certified organic supply chains (see section 2.3.3).
- Provide public and donor funding for organic advisory services, farmer training and the setting up of ICS, data management and traceability systems – functions

[2] On 16 December 2025 the Commission presented both a targeted proposal amending Regulation (EU) 2018/848 – which revises among other points the groups of operators article – and a roadmap, "Organic rulebook fit for the future – towards a more competitive sector with high standards", setting out which further issues are to be addressed through the organic secondary legislation, updated legal interpretations, guidelines and FAQs, with an indicative timeline for each action (European Commission, 2025). On 20 October 2026, the European Parliament and the Council reached a provisional agreement on the amendments, which still has to be formally adopted by both institutions (Council of the EU, 2026).

that cannot realistically be financed from the organic differential – with particular attention to the conversion phase and to origins where producer network support is thin, notably in Africa.

- Strengthen national institutions and producer networks in supporting organisations with certification administration, land and tree tenure documentation and up-to-date cadastral data, which several groups had to resolve case by case (see section 3.4).

5.4 Need for further research

This study has focused on the supply side: on how EU compliance requirements and market dynamics affect organic producer organisations and the availability of organic cocoa. Its findings indicate, however, that demand plays an equally important role. Mainstream traders reported that, at record price levels, demand for Fairtrade organic products weakened downstream (section 2.3.1); some importers and brands reduced or discontinued organic lines, and Fairtrade temporarily allowed exceptions due to the shortage of organic supply (sections 2.3.1 and 2.3.2). At the same time, retail data point to stable or rising organic demand (section 2.3.1). Higher organic differentials are therefore not only a question of fairness and cost recovery; their effectiveness also depends on whether the market can absorb the additional costs.

Future studies of this type could therefore strengthen the demand-side perspective, for example by examining how price increases for organic and Fairtrade organic cocoa affect sales of organic chocolate, how brands and retailers decide on their organic commitments under volatile prices, and how far additional compliance costs can be passed on along the value chain.

Further research is also needed on the supply side, where this study could only provide partial evidence: a more systematic assessment of changes in the East African coffee sector (section 3.2.1), and on price effects in organic coffee in general. More data is also needed on internal control costs and other recurring costs of being certified organic. In the coming years, once the TRACES database provides organic producer statistics, tracking membership changes within certified groups of operators (section 3.2.1) will also be interesting.

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7. Annex (separate document)

A. Methodology and survey results

A.1 Survey questionnaire, sample and full results

A.2 Total organic control costs: analysis of Fairtrade COSP data

A.3 Analysis of certification cost per tonne

A.4 Details key informant interviews

A.5 Focus-country analysis and producer input

Impressum

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Use of AI

This study was planned, implemented and written by humans. AI was used in MS Word for text editing (DeepL, Claude, ChatGPT) and in MS Excel (Claude) to assist with the production of graphs and partially with data analysis.

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