

Press Release

FOR IMMEDIATE RELEASE

Ottawa-Based Fair Trade Company asks Canadian Government to Condemn Unfair Tax on Small Cocoa Farmers in the Dominican Republic

Ottawa, June 15, 2006 – Responding to a plea for support from small-scale cocoa farmers in the Dominican Republic, Canada's leading fair trade chocolate company, La Siembra Co-operative, is urging the Canadian government to condemn an illegitimate tax imposed by the government of the Dominican Republic. The tax is widely viewed as unconstitutional and discriminatory and is believed to be greatly influenced by a small group of families who have traditionally dominated the Dominican cocoa industry.

"For the past seven years, we have sought to bring more equity to a global cocoa trading system that systematically keeps small farmers impoverished", said La Siembra's Director Jeff de Jong. "Now the Dominican government and large cocoa traders are unfairly intervening in the market to further penalize the traditionally poor", he added.

Until very recently, almost all Dominican cocoa exports were controlled by a few wealthy families who could count on buying cocoa from poor small scale farmers at low prices and without competition from other buyers. However, this began to change in the 1990s when farmers started to work with one another to create their own cocoa marketing enterprise. That effort built CONACADO, a co-operative owned by 15,000 small-scale Dominican farmers, and now the world's largest exporter of certified organic cocoa. For the traditionally dominant cocoa exporters, CONACADO's grassroots success has meant more competition, less business and lower profits as CONACADO now exports 20% of the country's cocoa, often to high-end buyers who had traditionally shunned Dominican cocoa.

However, instead of supporting this home-grown success that is bringing economic development and safe, sustainable agriculture to the nation's countryside, the government has agreed to a recommendation from CONACADO's competitors to impose a punitive tax on CONACADO members and other small-scale cocoa producers. In just the two years since the tax went into effect (May 25, 2004) small farmers have already paid \$9.86 million in "solidarity" taxes.

In their fight to repeal the tax, CONACADO has pointed out the National Cocoa Commission does not have the authority to impose taxes, let alone to do so in an arbitrary manner that benefits one sector of the cocoa industry at the expense of another. Further, the tax was not created by law, as required by the Dominican constitution.

La Siembra Co-operative is based in the Ottawa-Gatineau region. La Siembra is the pioneer of fair trade certified organic cocoa and sugar products in North America. It is a worker co-operative, which means that employees are also member-owners of the co-op and participate democratically in the operation of the company. The co-op has chosen to identify with its producer partners by adopting the same democratic, participatory and transparent model that they follow.

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