



**ANNUAL REPORT
FOR
1999/00**

International Cocoa Organization
22 Berners Street, London W1P 3DB

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INTRODUCTION

The International Cocoa Council's annual report for the 1999/2000 cocoa year (1 October 1999-30 September 2000) is published in accordance with Article 41 of the International Cocoa Agreement, 1993.

The report is divided into two parts. Part I concerns the membership of the International Cocoa Organization and the work of the Council and its subsidiary bodies. Part II deals with a review of the world cocoa situation.

International Cocoa Council

| | |
|------------------------------|---|
| Chairman: | Mr. D.P.D. Van Rappard (Netherlands) |
| First Vice-Chairman: | Mr. Charles Bois d'Enghien (Belgium) |
| Second Vice-Chairman: | Mr. E. Ragi (Papua New Guinea) |
| Executive Director: | Mr. Edouard Kouamé |

Members of the International Cocoa Agreement, 1993 as at 30 September 2000 (full details are given in Annex I to this report):

| <i>Exporting members</i> | <i>Importing members</i> |
|---------------------------------|---------------------------------|
| Benin | Austria |
| Brazil | Belgium/Luxembourg |
| Cameroon | Czech Republic |
| Côte d'Ivoire | Denmark |
| Dominican Republic | Egypt |
| Ecuador | Finland |
| Gabon | France |
| Ghana | Germany |
| Grenada | Greece |
| Jamaica | Hungary |
| Malaysia | Ireland |
| Nigeria | Italy |
| Papua New Guinea | Japan |
| Peru | Netherlands |
| Sao Tome and Principe | Norway |
| Sierra Leone | Portugal |
| Togo | Russian Federation |
| Trinidad and Tobago | Slovak Republic |
| Venezuela | Spain |
| | Sweden |
| | Switzerland |
| | United Kingdom |
| | European Union |

Executive Committee

| | |
|-----------------------|-------------------------------------|
| Chairman: | Mr. Y.-M. Koissy (Côte d'Ivoire) |
| Vice-Chairman: | Mr. A. Nkoghe-Essingone (Gabon) |

The following members served on the Executive Committee for the 1999/2000 cocoa year:

| <i>Exporting members</i> | <i>Importing members</i> |
|---------------------------------|---------------------------------|
| Brazil | Belgium/Luxembourg |
| Cameroon | France |
| Côte d'Ivoire | Germany |
| Ecuador | Italy |
| Gabon | Japan |
| Ghana | Netherlands |
| Jamaica | Russian Federation |
| Malaysia | Spain |
| Nigeria | Switzerland |
| Papua New Guinea | United Kingdom |

Credentials Committee

| | |
|------------------|------------------------|
| Chairman: | Mr. M. Delage (France) |
|------------------|------------------------|

The following members were re-appointed to serve on the Credentials Committee for the 1999/2000 cocoa year:

| <i>Exporting members</i> | <i>Importing members</i> |
|---------------------------------|---------------------------------|
| Cameroon | Belgium/Luxembourg |
| Ecuador | Finland |
| Ghana | France |
| Jamaica | Japan |

The following committees and working groups met during the 1999/2000 cocoa year and were open to all members.

| | |
|--|--|
| Production Committee | Expert Working Group on Stocks |
| Chairman: Dr. R. Tafani (Brazil) | Chairman: Mr. R. Fish (Managing Director, PCR Ltd.) |
| Consumption Committee | Expert Working Group on Quality |
| Chairman: Mr. F. Massimo (Italy) | Chairman: Dr. T. Harrison (President, IOCCC) |
| Working Group on the provisions of the 1993 Agreement | Preparatory Committee for a Sixth International Cocoa Agreement |
| Chairman: Mr. H. Sona Ebai (Cameroon) | Chairman: Mr. Edouard Kouamé |
| Advisory Group on the World Cocoa Economy | |
| Chairman: | Mr. Edouard Kouamé |

PART I – ORGANIZATION AND ADMINISTRATION

MEMBERSHIP OF THE INTERNATIONAL COCOA ORGANIZATION

1. During the 1999/2000 cocoa year, two new members, namely Egypt and Peru joined the International Cocoa Organization (ICCO) under the International Cocoa Agreement, 1993, bringing its membership to forty-two at the end of the year. The total membership comprised nineteen cocoa-exporting and twenty-two cocoa-importing countries and the European Union. Belgium/Luxembourg participated in the International Cocoa Agreement, 1993, as joint members although they signed and ratified the Agreement as separate states. The European Union participated in the Agreement as an intergovernmental organization under the provisions of Article 4.

2. Details of ratification, acceptance, approval and accession to the 1993 Agreement are contained in Annex I to this report.

INTERNATIONAL COCOA COUNCIL

3. The International Cocoa Council, ICCO's highest authority, is composed of all the contracting parties to the International Cocoa Agreement. The Council held two regular and two special sessions during the 1999/2000 cocoa year.

Sixty-first regular session

4. The Council held its sixty-first regular session from 8-17 March 2000 during which it dealt with a number of issues. It approved the audited administrative accounts for the year ended 30 September 1999 and the reports of the auditors appointed by member countries to audit the Organization's various accounts. The Council also appointed auditors for 1999/2000.

5. The Council expressed concern about the extremely low prices of cocoa at the time and resolved to take measures to bolster prices.

6. The Council adopted annual forecasts of world production and consumption in accordance with the provisions of Article 29(4). Reports on the progress of projects funded by the Common Fund for Commodities (CFC) were also discussed and noted.

7. The Council discussed projects on Price Risk

Management for Cocoa Farmers and Sustainable Cocoa Programme and decided to submit the former to the CFC for financing.

8. During the session, the Council received reports from the Chairmen of the subsidiary bodies meetings.

Sixty-second regular session

9. The Council held its sixty-second regular session from 4-8 September 2000 and considered several matters.

10. The Council approved the administrative budget for the 2000/01 cocoa year and the creation of a Global Co-ordination Group on Sustainable Cocoa Economy.

11. The Council adopted the proposed text of the Sixth International Cocoa Agreement for the United Nations Cocoa Conference which was to be held in Geneva in November 2000.

Twenty-first special session

12. The Council held its twenty-first special session from 17-21 January 2000 to consider mainly the final report of the Working Group on the provisions of the International Cocoa Agreement, 1993, and made a number of recommendations.

Twenty-second special session

13. The twenty-second special session of the Council was held from 5-14 June 2000. The Council considered the report of the Preparatory Committee for a Sixth International Cocoa Agreement, 1993, and agreed to re-negotiate the International Cocoa Agreement, 1993, from 13-24 November 2000 in Geneva.

EXECUTIVE COMMITTEE

14. The Executive Committee is elected annually by the Council and is composed of ten exporting and ten importing members under the terms of the 1993 Agreement. The Committee is responsible to and works under the general direction of the Council. During the 1999/2000 cocoa year, the Executive Committee held the following meetings.

| | |
|-----------------------------|--------------------|
| Hundred and fourth meeting | 17-21 January 2000 |
| Hundred and fifth meeting | 8-17 March 2000 |
| Hundred and sixth meeting | 5-14 June 2000 |
| Hundred and seventh meeting | 4-8 September 2000 |

15. The Committee examined the world cocoa market situation, progress reports on projects, new project proposals and the finances and administration of the Organization. In addition, several matters were considered and recommendations were made to the Council accordingly. The new projects considered were the pilot project on Risk Management for Cocoa Farmers, Generic Promotion of Cocoa in China, Côte d'Ivoire and the Russian Federation.

PRODUCTION COMMITTEE

16. The Production Committee met as follows during the 1999/2000 cocoa year:

| | |
|-----------------------|-----------------|
| Twenty-third meeting | 8-17 March 2000 |
| Twenty-fourth meeting | 5-14 June 2000 |

17. The Committee considered reports on production-management programmes in exporting member countries, the assessment of the movements of global supply and demand of cocoa and the fixing of indicative tonnages of annual cocoa production necessary to achieve and maintain a balance between global supply and demand.

CONSUMPTION COMMITTEE

18. The Consumption Committee met as follows during the 1999/2000 cocoa year:

| | |
|-----------------------|-----------------|
| Twenty-third meeting | 8-17 March 2000 |
| Twenty-fourth meeting | 5-14 June 2000 |

19. The Committee continued to consider the prospect and effects of a possible EU directive on the use of vegetable fats, other than cocoa butter, in the production of chocolate. Reports by members on the policies and measures employed to encourage the expansion of cocoa consumption in their countries and developments in world cocoa consumption were considered.

EXPERT WORKING GROUP ON STOCKS

20. The Expert Working Group on Stocks held its eighth meeting between 17-21 January 2000. It considered an assessment of world stocks of cocoa

beans as at 30 September 1999 and the reconciliation of historical data in selected major cocoa-exporting and cocoa-importing countries.

EXPERT WORKING GROUP ON QUALITY

21. The Expert Working Group on Quality held two meetings during the 1999/2000 cocoa year:

| | |
|------------------|--------------------|
| Tenth meeting | 17-21 January 2000 |
| Eleventh meeting | 8-17 March 2000 |

22. The Group noted status reports on the international standards for jute sacks. It also discussed the issue of quality requirements for the cocoa-processing and chocolate-manufacturing industries. The progress in the development of the pilot project to improve the quality of exported cocoa beans in Côte d'Ivoire was noted.

WORKING GROUP ON THE PROVISIONS OF THE 1993 AGREEMENT

23. The Working Group on the provisions of the 1993 Agreement which had been set up by the Council at its fifty-eighth regular session in September 1998, held its fourth and final meeting during the 1999/2000 cocoa year from 17-21 January 2000.

24. The Working Group continued to consider proposals on Articles 29, 30, 32 and 33 of the International Cocoa Agreement, 1993.

PREPARATORY COMMITTEE FOR A SIXTH INTERNATIONAL COCOA AGREEMENT

25. The Preparatory Committee for a Sixth International Cocoa Agreement held three meetings during the 1999/2000 cocoa year.

| | |
|----------------|--------------------|
| First meeting | 17-21 January 2000 |
| Second meeting | 5-14 June 2000 |
| Third meeting | 4-8 September 2000 |

The Committee considered proposals for a sixth International Cocoa Agreement.

PROGRESS REPORT ON ICCO/COMMON FUND FOR COMMODITIES (CFC) PROJECTS

26. ICCO continues to enjoy an active and productive working relationship with the Common Fund for Commodities (CFC). The Common Fund has made

substantial financial contributions to most ICCO projects. However, more recently, the ICCO could also draw on other sources of funding for projects.

Pilot plants for the processing of cocoa by-products in Ghana

27. The aim of the project is the development and transfer of technologies for the commercial processing of cocoa by-products and cocoa wastes with a view to expanding the income-generating capacity of the cocoa industry in cocoa-producing countries. The Cocoa Research Institute of Ghana (CRIG) implements the project. Work in 1999/2000 included experiments to determine the growth, performance and economics of feeding pigs with fresh cocoa pod husks. Data on the yield of butter obtained from unmarketable cocoa beans were collected and analysed. As regards transformation of cocoa sweatings into wine, work was still in progress under a controlled environment and samples were being taken periodically for laboratory analysis. Studies on the shelf life of cocoa pulp juice soft drinks were also still in progress. A contract was signed with two consultants to jointly undertake the economic feasibility study of the project.

Conservation and utilization of cocoa germplasm

28. The objective of the project is the development and distribution of improved, pest- and disease-resistant varieties of cocoa planting material, which produces good quality cocoa and achieves higher and sustainable production levels.

29. Regular reports submitted to ICCO by the International Plant Genetic Resources Institute (IPGRI), the Project Executing Agency, indicated that most of the activities planned had been carried out successfully by the participating research institutes. Whenever problems were encountered on certain project sites, remedial measures were suggested and adopted. The successful implementation of the project demonstrates that, with careful planning and good procedures, it is feasible to implement a cocoa project on a truly global scale. This proved possible thanks to the co-operation of many people in a number of different countries. The project will enable cocoa farmers, and ultimately consumers throughout the world to benefit from the biological diversity of cocoa germplasm.

The use of molecular biology techniques in a search for varieties resistant to witches' broom disease of cocoa

30. The project aims at developing and releasing new cocoa plant varieties which are more uniform, more productive and more tolerant to disease, particularly to witches' broom disease of cocoa. The "*Comissao Executiva do Plano da Lavoura Cacaueira*" (CEPLAC) in Brazil was appointed as the Project Executing Agency. Project implementation started in April 2000 and a first interim report, received in July 2000, indicated that the start of the project had been satisfactory, with most activities underway after three months and others waiting to start.

Study of the chemical and physical parameters to establish the difference between fine and bulk cocoa

31. The project aims at developing the capacity to differentiate adequately between fine and bulk cocoa, thus improving the marketing of fine or flavour cocoa. By September 2000, the conditions for disbursement of CFC-financing had been fulfilled by the *Instituto Nacional de Investigaciones AgroPecuararias* (INIAP) of Ecuador, the Project Executing Agency, the Cocoa Research Unit (CRU) of Trinidad and Tobago and the Cocoa and Coconut Research Institute (CCRI) of Papua New Guinea. Some complications had emerged with regard to the implementation of the project in Venezuela following the disbandment of the *Fondo Nacional del Cacao* (FNC). Alternative arrangements were being made and a phased implementation of the project had been agreed upon, starting with an initial project workshop, to be held in Trinidad and Tobago in January 2001.

Resource-management project for sustainable cocoa production

32. Following a decision to reposition the ICCO project proposal on the "Resource-management of cocoa production in major cocoa-producing countries" as an integral part of the Organization's programme on a sustainable cocoa economy, the proposal was re-titled "Resource-management for sustainable cocoa production in Côte d'Ivoire, Cameroon and Nigeria". The proposal was, in particular, adapted to the objectives to collect essential information for planning of the work of other projects aimed at sustainable cocoa production, and adjusted to take full advantage

of possible synergies with other projects of the programme. Special attention was also paid to involving farmers' organisations to the greatest extent possible in project activities. The exercise substantially lowered the budgets for the project and by the end of the 1999/2000 cocoa year the revised proposals were close to completion and ready for submission to possible donor governments and agencies.

Improvement of cocoa marketing and trade in liberalizing cocoa-producing countries

33. The Project Agreement was signed in July 1999. GtZ became the Project Executing Agency and in September 1999 initial workshops were held in each of the countries. The first CFC funds were transferred to the countries in January 2000.

34. **Côte d'Ivoire** was the first country to start project activities. The Coordination Unit became operational in January 2000, while key local experts were recruited between December 1999 and March 2000. At that time, three collateral managers had signed up for the project, as had one local bank. The National Advisory Committee for the project was installed and held its first meeting. During the rest of the 1999/2000 cocoa year, the experts involved did preparatory work for the pilot operations of the project.

35. One of the main conclusions of an international seminar held in Abidjan in May 2000 was the importance of bringing closer together the quality control and the conditioning of the cocoa for export by establishing conditioning plants with cooperatives in the production areas. Closer scrutiny of these suggestions by the project experts indicated that this would not only give the farmers full control over the quality delivered for export, but that it would also be a suitable vehicle for collateralized trade financing with cooperatives up-country. Consequently, the project has stimulated the formation of a cooperative enterprise for this purpose - SOCATENE, a cooperative of farmers from a number of affiliated cooperatives. Detailed plans were made to establish a conditioning plant with a capacity of 15 tonnes per hour in Oumé.

36. The implementation of project activities in **Cameroon** started a little later than in Côte d'Ivoire. Key local experts started their work in the period January to May 2000. The National Advisory Committee held its first meeting in March 2000. As in Côte d'Ivoire, the team in Cameroon did the necessary preparatory work for arrangements between the parties

concerned to start the pilot operations of the project. However, at the end of the 1999/2000 cocoa year work with regard to the cooperatives was not as far advanced as in Côte d'Ivoire. This was directly related to the later start of the work and to the fact that the cooperative movement in Cameroon is less developed than in Côte d'Ivoire. By the end of the cocoa year, the team was discussing the basic project documents with the private partners in the pilot project, to arrive at a package that was acceptable to all parties concerned, in particular for the banks, who had to risk their money in the lending operation. Two collateral managers were actively participating in the project, as were three local banks.

37. The start of the project in **Nigeria** was a little later than in Cameroon. The Coordination Unit became operational in April 2000. Key local experts started their work in the period May-June 2000.

38. The first meeting of the National Advisory Council was held at the end of April 2000. The work of the team in Nigeria developed along the same lines as in Cameroon and Côte d'Ivoire. The long distances and the federal structure of the state are specific features of the project in Nigeria. Despite the late start, the team made good progress in the 1999/2000 cocoa year. One of the related factors is that the banking sector is well developed in Nigeria. Three banks are participating in the project. As far as participation of cooperatives was concerned, a survey indicated that the trading volumes of most commercial cooperatives were small. It was, therefore, envisaged that only the largest trading cooperatives would participate in the project, while the idea was explored for some other, smaller, cooperatives to join forces to participate collectively in the project through a new co-operative.

Pilot project on price risk management for cocoa farmers

39. The overall objective of the project is to reduce the exposure of smallholder cocoa farmers to fluctuations in world market prices, thus better securing incomes from cocoa growing. The practical aim of the project is to test the feasibility of the use of various price risk-management instruments by cocoa farmers. The project has three components. The first component consists of the selection of suitable price risk instruments and the design of a suitable system of contract compliance by local operators. The second component comprises the actual running of the pilot scheme for at least two years, refining the chosen risk-

management instruments during the process. The substantive work of the third component of the project consists of the widest possible dissemination of project results.

40. The Consultative Committee of the Common Fund reviewed the project proposal in January 2000. In April 2000, the Executive Board of the Common Fund approved the project proposal. The draft Appraisal Report and Project Agreement were subsequently prepared by the Common Fund secretariat. At the end of the 1999/2000 cocoa year the envisaged Project Executing Agency and the ICCO secretariat were reviewing these documents.

Project to relaunch the cocoa sector in Gabon

41. A feasibility study mission visited Gabon from May to June 1999, led by the ICCO secretariat and including international experts in economics, sociology, agricultural-economics, agronomy, marketing, plant protection and soil science. In August 2000, the full draft of the final report on the feasibility study, including a statistical and analytical annex, was sent to the Gabonese authorities for their comments and observations, further to which the final document will be produced.

Cocoa quality improvement project

42. The objective of the project is to ensure the supply of good quality cocoa beans, whilst paying a premium to the farmer for the extra effort to be made. As a survey of farming and commercialization practices was part of the project profile, work in the second part of the 1999/2000 cocoa year concentrated on the preparation of such a survey, to be conducted in Côte d'Ivoire.

43. The Task Force for the project met several times during the cocoa year and in September 2000 an operational Plan for the survey was finalized. The survey was scheduled to take place from 6 November to 10 December 2000.

Consumption Promotion in the Russian Federation

44. The objective of a planned study is to determine the feasibility, strategy and instruments for undertaking a generic-promotion campaign for cocoa and chocolate in Russia. The start of the feasibility study was initially postponed because of the deterioration of the general economic situation in the Russian Federation. In December 1999, the Executive

Committee of ICCO decided that, provided the positive economic trend in Russia was sustained, it would be advisable to reactivate the work on the preparation of the study.

45. Consequently, the ICCO secretariat undertook the necessary steps to reconfirm the participation in the project of the International Trade Centre (ITC) UNCTAD/WTO, the Association of Enterprises of the Confectionery Industries of the Russian Federation (ASCOND) and the Research Institute of the Confectionery Industries of Russia. Contacts were also established and maintained with the Russian governmental institutions. A detailed plan of operations and budgets were developed. A request for financing was filed with ITC.

Consumption Promotion in China

46. The overall objective of the project is to increase the awareness of the Chinese population of cocoa and chocolate and their benefits, to improve the image of these products in the mind of the Chinese public and thus to increase the demand for cocoa and chocolate. The beneficiaries of the project will be both the cocoa producing countries, on the one hand, and cocoa processors and chocolate manufacturers, on the other hand.

47. The project proposal prepared by the ICCO secretariat was noted by the Executive Committee in January 2000.

Consumption Promotion in Producer Countries: the case for Côte d'Ivoire

48. A project profile was developed by the ICCO secretariat and supported by member-countries for capacity building in the manufacture of chocolate in Côte d'Ivoire with a view to increasing cocoa and chocolate consumption. The project aims at increasing consumption by promoting local products, either by creating dishes for instant consumption or by carrying out research into the development of products adapted to the local situation: cheap and with a relatively long shelf life in a tropical climate.

49. In January 2000, a representative of the Ministry of Vocational Training in Côte d'Ivoire visited representatives of the private sector in Belgium to discuss possible technical and financial assistance for the project. In the Spring of 2000, additional information was collected at the local level. Subsequently, a revised project profile was formulated and sent to the authorities in Côte d'Ivoire for their

comments.

Sustainable cocoa programme

50. The Sustainable Cocoa Programme for Africa contains the cocoa resource-management project, which aims at a better understanding of the tree stocks and the farm practices related to sustainability; the sustainable cocoa-growing project, which aims at introducing sound cocoa-growing practices in West Africa; the cocoa quality project, proposed by the industry in order to promote the production of high quality cocoa in Côte d'Ivoire and later in the rest of West Africa; and a project profile on the organization of farmers and the maximization of farmers' revenue.

51. It is planned to have one sustainable cocoa programme for Africa, one for the Caribbean and Latin America and one for South East Asia in order to take into account the differences in conditions and characteristics of cocoa production in the three main cocoa-producing regions. Bringing all these projects under the umbrella of one programme is a natural step in the aftermath of the international consensus developing around sustainability. The production side of the programmes will be supported by generic promotion projects on the consumption side. Work is currently continuing on the development of the ICCO's core sustainable cocoa programme with the cooperation of member countries and relevant institutions.

ADMINISTRATIVE BUDGET AND ACCOUNTS FOR 1999/2000

52. At its sixty-second regular session, held in September 2000, the Council approved an administrative budget for 1999/2000. The budget provided for a projected total expenditure of £1,764,890, to be financed by members' contributions of £1,402,800 (representing a contribution per vote of £713.32), transfer from capitalized interest on the Special Reserve Fund (£99,230), interest on the Special Reserve Fund for the year (£140,500) and others amounting to £122,360.

53. Total expenditure out-turn for 1999/2000 cocoa year was £1,763,306. Members' contributions amounted to £1,402,800 whilst other income was £261,276. Taking into account a transfer of £99,230 from capitalized interest on the Special Reserve Fund, income exceeded expenditure by £34,081. The audited balance sheet as at 30 September 2000 and the audited income and expenditure account for the year ended 30 September 2000 are shown in Annex II of

this report.

PERSONNEL

54. At the end of 1999/2000, the staff establishment stood at ten posts in the Professional and Higher categories and twelve in the General Services category, making a total of 22.

55. Annex III of this report lists all the staff members as at 30 September 2000.

STATISTICAL INFORMATION AND ECONOMIC STUDIES

56. During the 1999/2000 cocoa year, the ICCO secretariat prepared and distributed statistical information on cocoa in accordance with the provisions of the 1993 Agreement and decisions taken by the International Cocoa Council.

57. The daily price figures, computed in accordance with the provisions of Article 35 of the 1993 Agreement, were distributed to news agencies on each market day for publication.

58. The secretariat prepared reviews of the cocoa market situation, including estimates and forecasts of world production and grindings of cocoa, for consideration by the Council and the Executive Committee.

ICCO PUBLICATIONS

59. During the 1999/2000 cocoa year the following ICCO titles were published:

Quarterly Bulletin of Cocoa Statistics, volume XXVI
Annual Report 1998/1999
World Cocoa Directory 1999
Quality and Financial Aspects of the Cocoa Campaign. Compilation of Presentations, International Seminar, Abidjan, Côte d'Ivoire, May 2000
Cocoa and Chocolate in Brazil

RESULT OF THE COUNCIL'S ANNUAL REVIEW

60. The Council reviewed the operation of the International Cocoa Agreement, 1993, under the provisions of Article 41 and concluded that the performance of most members in conforming to the principles and promoting the objectives of the Agreement was satisfactory.

PART II – REVIEW OF THE WORLD COCOA SITUATION

MARKET DEVELOPMENTS

61. The world cocoa market evolved erratically during the course of the 1999/2000 cocoa year, changing direction several times. However, despite its volatile movements, the market lacked a clear overall direction and cocoa-bean prices continued to fluctuate around historically low levels. **Chart II** shows graphically the evolution of the ICCO daily price, which is the average of the quotations of the nearest three active futures trading months on the London International Financial Futures and Options Exchange and on the New York Coffee, Sugar and Cocoa Exchange and is expressed in SDR's per tonne.

62. Chart II illustrates, in particular, that the market followed a clear downward trend at the start of the 1999/2000 cocoa year - from the beginning of October to the middle of November 1999. The major influence behind this decline in prices was the underlying supply/demand fundamental situation in the world cocoa market at that time. On the one hand, large global production was anticipated for the 1999/2000 season, mainly as a result of favourable weather conditions in the leading cocoa-producing regions of the world. On the other hand, the publication of grindings statistics apparently confirmed the view that world consumption growth would remain depressed. A production surplus was, therefore, expected to increase global stocks of cocoa beans, which were already at a sufficiently high level not to cause genuine availability concerns in the major consumer markets.

63. Developments in Côte d'Ivoire during the second half of November, however, reversed the declining trend. Following liberalization of its marketing system, farmgate prices in Côte d'Ivoire fell considerably, thus negating the expected benefit associated with liberalization. Indeed, after liberalization of the country's cocoa sector in August 1999, farmgate prices in Côte d'Ivoire had been falling along with world market prices and had consequently declined to less than half the price paid to farmers at the start of the previous 1998/99 season. In an effort to push up farmgate prices, farmers organized protests and disrupted internal cocoa-marketing and transport systems and threatened to burn large quantities of cocoa. Consequently, two upward movements in the market which occurred

during the second and fourth weeks of December had been associated primarily with precautionary buying due to uncertainties surrounding events in Côte d'Ivoire.

64. However, there was no marked movement in cocoa prices following a military *coup d'état* in Côte d'Ivoire towards the end of December 1999, as reports coming from the country indicated that activity in the cocoa sector had not been interrupted. During January 2000, cocoa prices were confined to narrow ranges in the absence of any clear overall trend in the world cocoa market. The availability of physical supplies remained at a sufficiently high level and origin sales were generally met by purchases of manufacturers and traders.

65. At the end of January 2000 a sharp fall in prices occurred in just two days - on 31 January and 1 February - during which cocoa prices lost more than 8% of their value. The decline was attributed to speculative selling in New York, partly triggered by reports of very good crops in the leading cocoa-producing countries and thus prospects of abundant cocoa supplies for the 1999/2000 cocoa season.

66. At the end of February the futures market started a strong rally, pushing prices to their highest points since the beginning of the season. The recovery, primarily attributed to short covering by investment funds and to speculative buying, proved to be short-lived, however, and was reversed in the second half of March as prices fell sharply on speculative long liquidation.

67. The market was apparently unmoved by the government decision in Côte d'Ivoire in the second half of March to ban exports of cocoa beans smaller than 100 beans per 100 grammes from the country. It was assumed that such cocoa would still come onto the market: market participants reasoned that Côte d'Ivoire had enough processing capacity to utilize all small beans internally and export the semi-finished products, or farmers might retain the cocoa and blend it into the main crop with larger beans.

68. Another technically-driven price rally, underpinned by evidence of a strong growth in grindings in leading cocoa-importing countries and a seasonal slowdown in the volume of cocoa coming to the market as the West African main crop marketing

season drew to a close, was seen in the first half of April 2000. However, prices once again changed direction in the second half of April as the prospects of a record crop of over 3 million tonnes eased worries of potential supply shortages.

69. At the beginning of May prices moved up, although there were no fundamental factors to substantiate the increases. The market was seen initially to be consolidating the falls in the latter half of the previous month, with continuing market uncertainty and nervousness regarding political and trade-related developments in Côte d'Ivoire providing additional support.

70. The last week of May and the first week of June saw prices moving lower, with speculators liquidating in an otherwise featureless market. Thereafter, futures staged another mini-rally, sparked by rumours of a fresh *coup d'état* attempt in Côte d'Ivoire leading to speculative short covering and stop-loss buying. Reports of below average pod setting for the 2000/01 main crop in Côte d'Ivoire and Ghana, indicating a slow start to the forthcoming season, also provided support. However, after the concern sparked by rumours from Côte d'Ivoire had subsided and the situation in the country became more stable, futures prices fell at the end of June 2000 under the influence of a heavy volume of speculative liquidation and stop-loss selling.

71. Favourable growing conditions in West Africa improved the prospects for the forthcoming main crops in the region, resulting in further declines in market prices at the beginning of July 2000. An upward movement in the second half of July was immediately followed by almost similar declines. There was no apparent market reaction to the news reports that four leading West African cocoa-producing countries - Côte d'Ivoire, Ghana, Nigeria and Cameroon - had agreed upon the creation of a crop withdrawal mechanism, followed by the destruction of a minimum of 250 000 tonnes of cocoa beans to be effective in 2000/01. A financial mechanism was to be set up to implement the crop withdrawal and destruction measures. The four countries also called on other cocoa-producing countries to join the initiative in order to promote a sustained rise in world cocoa prices.

72. Reports of an improved pod set in Côte d'Ivoire,

expectations of a surplus in supplies in the next 2000/01 season and an expansion of the net short position held by investment funds put further pressure on prices in August. Futures prices rallied at the beginning of September over general concerns of social and political uncertainty in Côte d'Ivoire, associated with the referendum for a new constitution and presidential elections.

PRICES

73. Reflecting the market movements described above, the monthly average of the **ICCO daily price** declined from their highest level for the year of SDR 735 per tonne in October 1999 to SDR 670 per tonne in November (**Table 3**). Prices remained unchanged from their November level in December 1999 and January 2000 but reached the year's low of SDR 639 per tonne in February 2000. After recovering to SDR 695 per tonne in March, cocoa prices drifted upwards and averaged SDR 708 per tonne in June and July, before declining to SDR 671 per tonne in August. By September 2000, monthly prices had recovered to SDR 683 per tonne, but, nevertheless, were 7% down from the monthly average at the beginning of the season.

74. The average ICCO daily price for the 1999/2000 cocoa year was SDR 685 per tonne, representing a significant decline of 27% from the average of SDR 944 recorded in the previous year. Cocoa-bean prices in 1999/2000 were almost half the level recorded two years earlier in 1997/98 when the ICCO daily price averaged SDR 1 269. The highest daily price, SDR 810 per tonne, was recorded on the first day of the 1999/2000 cocoa year; the lowest price, SDR 615 in the middle of February 2000.

PRODUCTION

75. **World production** of cocoa beans in 1999/2000 was estimated at 3 073 000 tonnes, representing an increase of 265 000 tonnes (9.4%) from the level of 2 808 000 tonnes recorded in the 1998/99 season (**Table 1**). Among the cocoa-producing regions, production in 1999/2000, as compared to the previous cocoa year, increased in **Africa** by 242 000 tonnes (12.6%), in the **Americas** by 22 000 tonnes (6.0%) in the **Asia and Oceania** by 1 000 tonnes (0.2%).

76. At the country level, in **Côte d'Ivoire**, the leading

world cocoa producer, the crop outturn amounted to 1 409 000 tonnes, representing an increase of 246 000 tonnes (21.2%) over the previous season. In **Ghana**, the second largest producer, production in 1999/2000 amounted to 437 000 tonnes, showing an increase of 40 000 tonnes (10.1%) from the previous year's level. Production in **Indonesia** and **Ecuador** rose by 20 000 tonnes each to 410 000 tonnes and 95 000 tonnes respectively in 1999/2000, representing increases of 5.1% and 26.7% from their respective levels in the previous cocoa year. Comparatively smaller but significant increases occurred in the **Dominican Republic**, up 11 000 (42.3%) to 37 000 tonnes and in **Papua New Guinea**, up 11 000 (30.6%) to 47 000 tonnes. In contrast, production in **Nigeria** and in **Malaysia** declined sizeably from the previous season's level to 165 000 tonnes (down 33 000 tonnes or 16.7%) and to 45 000 tonnes (down 30 000 tonnes or 40.0%) respectively.

77. The relative importance of the main cocoa-producing areas, measured in terms of their shares of total world production, is shown in brackets in **Table 1**. Compared with the previous cocoa year, the share of the African countries, the major world cocoa-producing region, rose by 2.0 percentage points to 70.3% while the share of Asia and Oceania and the Americas declined by 1.6 and 0.4 percentage points to 17.0% and 12.7% respectively. Overall, the share of ICCO Member countries in the total world production of cocoa beans for the 1993/94 - 1999/2000 period under the 1993 International Cocoa Agreement amounted to 83.1%, compared to an average of 77.4% for the 1986/87 - 1992/93 period under the previous International Cocoa Agreement, 1986 (**Table 4**).

PROCESSING

78. **World grindings** of cocoa beans in 1999/2000 are estimated at 2 967 000 tonnes, representing an increase of 7.4% (205 000 tonnes) from the level in the previous cocoa year. Grindings of cocoa beans continued to be undertaken predominantly in the consuming countries. The share of cocoa-producing countries in world grindings was practically unchanged from the previous year's level at 31.8% in 1999/00 (**Table 2**).

79. Among the main cocoa-importing countries, the largest volume increase in grindings in 1999/2000 as compared to 1998/99 occurred in the **United States** (up 33 000 to 439 000 tonnes). Relatively smaller

increases were recorded in the **Netherlands** (up 21 000 to 436 000 tonnes), **France** (up 18 000 to 142 000), **Germany** (up 18 000 to 215 000 tonnes), **Canada** (up 14 000 to 56 000 tonnes) and the **Russian Federation** (up 13 000 to 60 000). Marginal increases were recorded in **Belgium/Luxembourg** (up 2 000 to 55 000 tonnes) and the **United Kingdom** (up 1 000 to 168 000 tonnes). In contrast lower grindings were reported in **Italy** (down 9 000 to 64 000 tonnes) and in **Japan** (down 1 000 to 47 000 tonnes).

80. Among the major cocoa-producing countries, the biggest rise in grindings was recorded in **Ecuador** (up 17 000 to 43 000 tonnes). Relatively smaller increases were recorded in **Côte d'Ivoire** (up 10 000 to 235 000 tonnes), **Indonesia** (up 10 000 to 85 000 tonnes), **Malaysia** (up 10 000 to 115 000), **Brazil** (up 10 000 to 202 000 tonnes), **Ghana** (up 5 000 to 70 000 tonnes) and **Nigeria** (up 2 000 to 22 000 tonnes).

81. The regional distribution of cocoa-bean grindings, measured as the percentage share of total world grindings, is shown in brackets in **Table 2**. **Europe**, which is the largest grinding region, saw its share in world grindings in 1999/2000 decrease by 0.7 percentage points to 45.7% compared to the previous cocoa year. The share of **Africa** declined in 1999/2000 by 0.4 percentage points from the previous year's level to 12.3%, while the shares of the **Americas** and of **Asia and Oceania** rose by 0.6 percentage points to 28.4% and by 0.5 percentage points to 13.6% respectively. In the aggregate, the share of ICCO Member countries in world grindings averaged 71.0% for the 1993/94 - 1999/2000 period under the International Cocoa Agreement, 1993, compared to an average of 72.1% for the 1986/87 - 1992/93 period under the previous International Cocoa Agreement, 1986 (**Table 4**).

STOCKS

82. On the basis of the production and grindings estimates described above, the 1999/2000 cocoa year should have yielded a production surplus of 75 000 tonnes. The total stocks of cocoa beans at the end of the 1999/2000 cocoa year should, therefore, have amounted to 1 341 000 tonnes, which is equivalent to 45.2% or about five and a half months of estimated annual world grindings in 1999/2000.

83. Overall, the statistical situation shows production deficits in four of the past seven crop years which have substantially reduced the world stocks of cocoa

beans from 1.53 million tonnes at the start of the 1993/94 season to around 1.34 million tonnes at the end of the 1999/2000 cocoa year. The stocks-to-grindings ratio, an approximate measure of supply tightness, is correspondingly estimated to have fallen from 63.1% to 45.2% over the same period. However, despite this decline in world stocks of cocoa, they still remain at a sufficiently high level not to cause supply concerns to manufacturers in the short to medium term. Indeed, advances in technology have allowed firms to operate with smaller working stocks and there is a greater move by manufacturers and processors towards vertical integration with the export sector at origin to secure uninterrupted deliveries of cocoa.

CHART I

World cocoa-bean production, grindings, stocks and prices, 1960/61 to 1999/2000

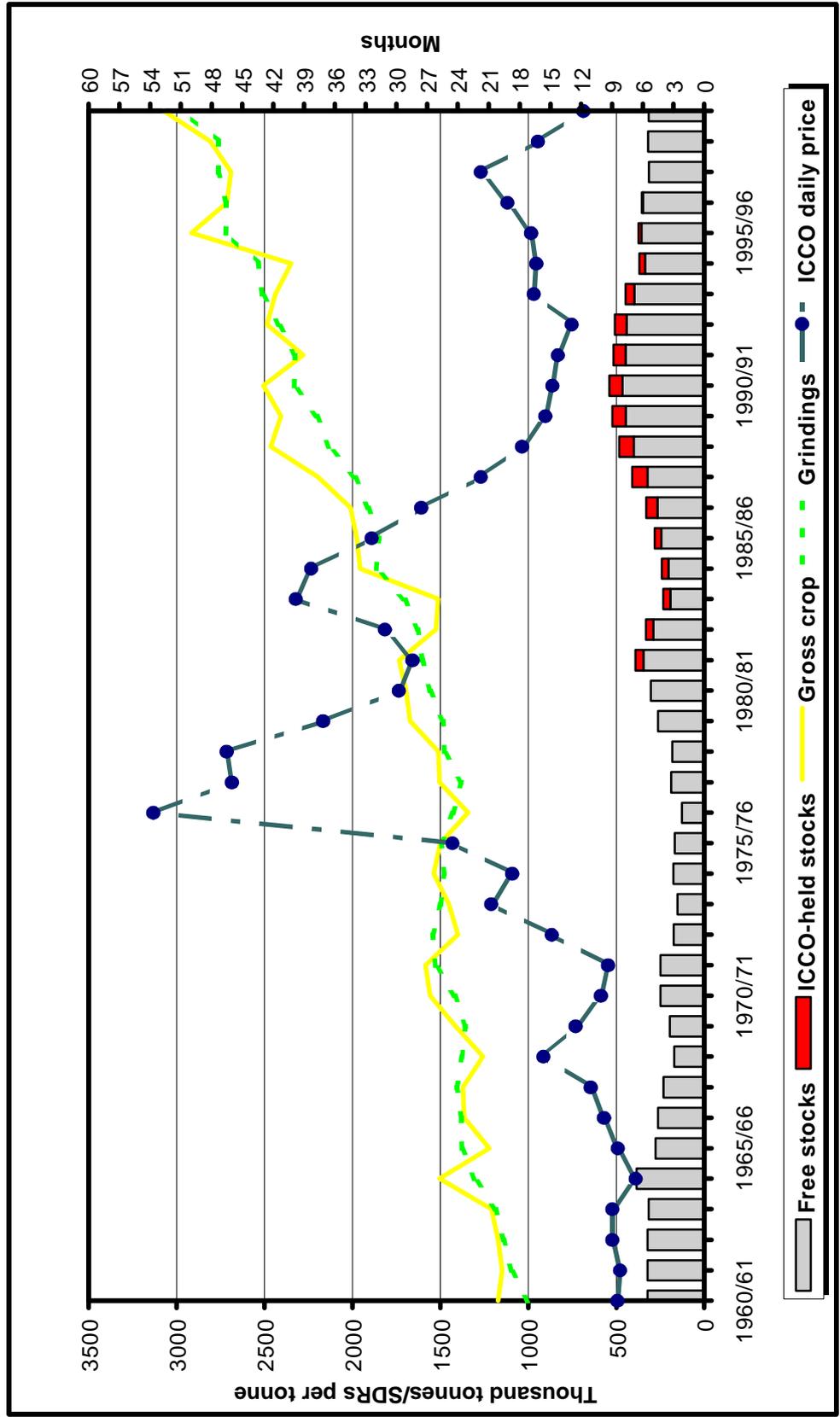


CHART II

ICCO daily prices of cocoa beans: October 1999 to September 2000

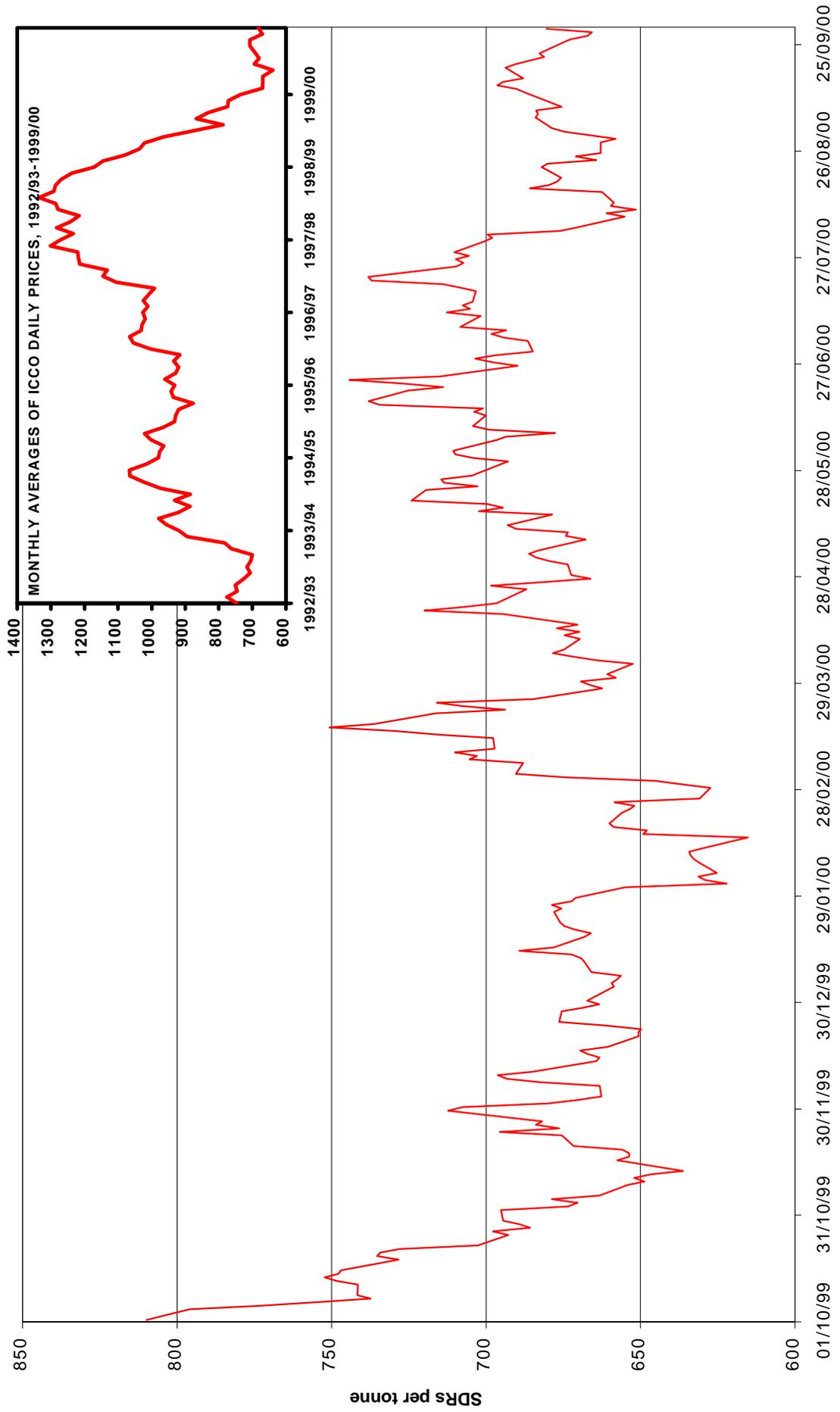


TABLE 1
WORLD PRODUCTION OF COCOA BEANS, 1992/93 - 1996/97, 1997/98, 1998/99
AND 1999/2000

(thousand tonnes a)

| Continent and countries | Annual average 1992/93 - 1996/97 | 1997/98 | 1998/99 | 1999/2000 |
|---|----------------------------------|-----------------------|-----------------------|-----------------------|
| AFRICA | <u>1 571</u> (60.9%) | <u>1 841</u> (68.4%) | <u>1 919</u> (68.3%) | <u>2 161</u> (70.3%) |
| Cameroon | 113 | 115 | 124 | 115 |
| Côte d'Ivoire | 960 | 1 113 | 1 163 | 1 409 |
| Ghana | 321 | 409 | 397 | 437 |
| Nigeria | 148 | 165 | 198 | 165 |
| Others <u>b</u> / | 29 | 39 | 37 | 35 |
| NORTH, CENTRAL AND SOUTH AMERICA | <u>533</u> (20.7%) | <u>403</u> (15.0%) | <u>368</u> (13.1%) | <u>390</u> (12.7%) |
| Brazil | 246 | 170 | 138 | 124 |
| Colombia | 48 | 38 | 38 | 38 |
| Dominican Republic | 55 | 70 | 26 | 37 |
| Ecuador | 87 | 30 | 75 | 95 |
| Mexico | 44 | 35 | 35 | 37 |
| Peru | 14 | 22 | 21 | 22 |
| Venezuela | 17 | 17 | 17 | 17 |
| Others <u>b</u> / | 22 | 21 | 18 | 20 |
| ASIA AND OCEANIA | <u>475</u> (18.4%) | <u>446</u> (16.6%) | <u>521</u> (18.6%) | <u>522</u> (17.0%) |
| Indonesia | 270 | 331 | 390 | 410 |
| Malaysia | 153 | 65 | 75 | 45 |
| Papua New Guinea | 33 | 30 | 36 | 47 |
| Others <u>b</u> / | | | | |
| World total | <u>2 579</u> (100.0%) | <u>2 690</u> (100.0%) | <u>2 808</u> (100.0%) | <u>3 073</u> (100.0%) |

Notes: a/ Rounded to the nearest thousand tonnes.
b/ Countries which individually produce less than 10 000 tonnes per annum.

Sources: ICCO *Quarterly Bulletin of Cocoa Statistics*, Vol. XXVII, No. 4 (Cocoa year 2000/2001).

TABLE 2
WORLD GRINDINGS OF COCOA BEANS, 1992/93 - 1996/97, 1997/98, 1998/99 AND 1999/2000
(thousand tonnes a/)

| Continent and countries | Annual average 1992/93 - 1996/97 | 1997/98 | 1998/99 | 1999/2000 |
|---|-------------------------------------|-----------------------|-----------------------|-----------------------|
| EUROPE | <u>1 291</u> (50.1%) | <u>1 311</u> (47.4%) | <u>1 281</u> (46.4%) | <u>1 356</u> (45.7%) |
| Austria | 15 | 19 | 20 | 19 |
| Belgium/Luxembourg | 61 | 53 | 53 | 55 |
| Czech Republic | 13 | 12 | 10 | 10 |
| Denmark | 4 | 11 | 11 | 15 |
| France | 101 | 103 | 124 | 142 |
| Germany | 275 | 226 | 197 | 215 |
| Ireland | 9 | 11 | 9 | 8 |
| Italy | 67 | 72 | 73 | 64 |
| Netherlands | 355 | 425 | 415 | 436 |
| Poland | 32 | 36 | 37 | 32 |
| Spain | 48 | 58 | 54 | 58 |
| Switzerland | 24 | 20 | 22 | 23 |
| Russian Federation | 73 | 46 | 47 | 60 |
| Other former USSR | 19 | 24 | 28 | 34 |
| United Kingdom | 171 | 174 | 167 | 168 |
| Others <u>b/</u> | 24 | 21 | 14 | 17 |
| AFRICA | <u>218</u> (8.5%) | <u>313</u> (11.3%) | <u>351</u> (12.7%) | <u>366</u> (12.3%) |
| Cameroon | 19 | 29 | 31 | 31 |
| Cote d'Ivoire | 121 | 193 | 225 | 235 |
| Ghana | 53 | 67 | 65 | 70 |
| Nigeria | 17 | 17 | 20 | 22 |
| Others <u>b/</u> | 8 | 7 | 10 | 8 |
| NORTH, CENTRAL AND SOUTH AMERICA | <u>741</u> (28.7%) | <u>770</u> (27.9%) | <u>769</u> (27.8%) | <u>843</u> (28.4%) |
| Brazil | 206 | 188 | 192 | 202 |
| Canada | 36 | 53 | 42 | 56 |
| Colombia | 45 | 38 | 38 | 37 |
| Ecuador | 38 | 27 | 26 | 43 |
| Mexico | 33 | 24 | 32 | 32 |
| Peru | 14 | 17 | 13 | 13 |
| United States | 341 | 399 | 406 | 439 |
| Others <u>b/</u> | 28 | 24 | 20 | 21 |
| ASIA AND OCEANIA | <u>328</u> (12.7%) | <u>370</u> (13.4%) | <u>361</u> (13.1%) | <u>402</u> (13.6%) |
| China | 32 | 30 | 19 | 29 |
| Indonesia | 56 | 76 | 75 | 85 |
| Japan | 43 | 45 | 47 | 46 |
| Malaysia | 98 | 100 | 105 | 115 |
| Philippines | 14 | 13 | 13 | 13 |
| Singapore | 53 | 59 | 56 | 60 |
| Thailand | 7 | 11 | 11 | 13 |
| Turkey | 12 | 22 | 22 | 25 |
| Others <u>b/</u> | 13 | 14 | 13 | 16 |
| World total | 2 578 (100.0%) | 2 764 (100.0%) | 2 762 (100.0%) | 2 967 (100.0%) |
| Total producing countries | 755 (29.3%) | 834 (30.2%) | 877 (31.7%) | 945 (31.8%) |

Notes: a/ Rounded to the nearest thousand tonnes.

b/ Countries which individually grind less than 10 000 tonnes per annum.

Sources: **ICCO** *Quarterly Bulletin of Cocoa Statistics*, Vol. XXVII, No. 4 (Cocoa year 2000/2001).

TABLE 3
AVERAGE, HIGHEST AND LOWEST VALUES OF ICCO DAILY PRICES OF COCOA BEANS,
OCTOBER 1999 - SEPTEMBER 2000

| Period | DAILY PRICES | | |
|----------|----------------|---------|--------|
| | Average | Highest | Lowest |
| | SDRs per tonne | | |
| 1999 | | | |
| October | 735.18 | 809.88 | 685.75 |
| November | 670.16 | 712.27 | 636.20 |
| 2000 | | | |
| January | 669.60 | 689.21 | 654.89 |
| February | 638.78 | 660.06 | 615.28 |
| March | 694.69 | 750.65 | 645.12 |
| April | 680.43 | 719.91 | 652.46 |
| May | 693.42 | 724.10 | 667.79 |
| June | 707.62 | 744.25 | 677.65 |
| July | 707.44 | 738.09 | 686.45 |
| August | 670.97 | 699.50 | 651.43 |
| | (US cents/lb) | | |
| 1999 | | | |
| October | 46.33 | 51.09 | 43.26 |
| November | 41.84 | 44.36 | 39.71 |
| 2000 | | | |
| January | 41.63 | 42.95 | 40.19 |
| February | 38.97 | 40.26 | 37.62 |
| March | 42.32 | 45.84 | 39.19 |
| April | 41.34 | 43.87 | 39.79 |
| May | 41.23 | 42.76 | 39.60 |
| June | 42.71 | 44.84 | 41.08 |
| July | 42.49 | 44.21 | 41.64 |
| August | 39.82 | 41.58 | 38.63 |

Sources: ICCO *Quarterly Bulletin of Cocoa Statistics*, Vol. XXVII, No. 4 (Cocoa year 2000/2001).

TABLE 4
SHARE OF ICCO MEMBERS IN WORLD PRODUCTION AND GRINDINGS,
1976/77 - 1999/2000

| | 1975 Agreement | | 1980 Agreement | | 1986 Agreement | | 1993 Agreement | |
|------------|-------------------------|----------|-------------------------|----------|-------------------------|----------|-----------------------------|----------|
| | Average 1976/77-1979/80 | | Average 1981/82-1985/86 | | Average 1986/87-1992/93 | | Average 1993/94 - 1999/2000 | |
| | thousand tonnes | per cent | thousand tonnes | per cent | thousand tonnes | per cent | thousand tonnes | per cent |
| Production | 1 399 | 92.5 | 1 032 | 59.4 | 1 810 | 77.4 | 2 252 | 83.1 |
| Grindings | 1 185 | 82.0 | 1 273 | 74.0 | 1 570 | 72.1 | 1 924 | 71.0 |

Source: ICCO *Quarterly Bulletin of Cocoa Statistics* (various issues)

ANNEX I

| MEMBERSHIP OF INTERNATIONAL COCOA AGREEMENT, 1993 (as at 30 September 2000) | | |
|--|-------------------------------|-------------|
| Exporting members | Type of instrument | Date |
| Benin | Ratification | 13.07.98 |
| Brazil | Ratification | 10.12.96 |
| Cameroon | Notification under Article 55 | 11.01.94 |
| Côte d'Ivoire | Ratification | 18.05.94 |
| Dominican Republic | Notification under Article 55 | 06.02.97 |
| Ecuador | Ratification | 26.10.94 |
| Gabon | Notification under Article 55 | 21.12.93 |
| Ghana | Notification under Article 55 | 12.10.93 |
| Grenada | Notification under Article 55 | 18.02.94 |
| Jamaica | Ratification | 28.02.94 |
| Malaysia | Ratification | 25.01.94 |
| Nigeria | Ratification | 02.12.94 |
| Papua New Guinea | Accession | 01.09.95 |
| Peru | Accession | 21.08.00 |
| Sao Tome and Principe | Notification under Article 55 | 06.03.95 |
| Sierra Leone | Notification under Article 55 | 07.10.93 |
| Togo | Notification under Article 55 | 12.10.93 |
| Trinidad and Tobago | Ratification | 30.09.93 |
| Venezuela | Ratification | 08.05.96 |

| Importing members | Type of instrument | Date |
|---|-------------------------------|-------------|
| Austria | Ratification | 23.04.96 |
| Belgium/Luxembourg | Notification under Article 55 | 16.02.94 |
| Czech Republic | Approval | 23.06.94 |
| Denmark | Approval | 28.09.98 |
| Egypt | Accession | 20.07.00 |
| Finland | Acceptance | 01.10.93 |
| France | Approval | 16.05.96 |
| Germany | Ratification | 28.09.98 |
| Greece | Ratification | 28.09.98 |
| Hungary | Approval | 22.02.94 |
| Ireland | Ratification | 30.09.98 |
| Italy | Ratification | 28.09.98 |
| Japan | Acceptance | 18.01.95 |
| Netherlands | Acceptance | 21.07.98 |
| Norway | Ratification | 14.10.93 |
| Portugal | Ratification | 31.08.95 |
| Russian Federation | Acceptance | 02.11.94 |
| Slovak Republic | Approval | 26.04.94 |
| Spain | Ratification | 29.09.94 |
| Sweden | Ratification | 30.09.93 |
| Switzerland | Ratification | 17.06.94 |
| United Kingdom | Ratification | 06.11.98 |
| Intergovernmental organization (under Article 4) | | |
| European Community | Approval | 28.09.98 |

ANNEX II
AUDITED ACCOUNTS

ADMINISTRATIVE ACCOUNT – BALANCE SHEET AS AT 30 SEPTEMBER 2000
(expressed in £ Sterling)

| 1998/99 | | | 1999/2000 |
|-----------|--|-----------|-----------|
| | CURRENT ASSETS | | |
| 2,955,526 | Balance with bankers and cash in hand | | 2,637,965 |
| 98,504 | Debtors | | 45,134 |
| 10,204 | Prepaid Expenses | | 10,270 |
| | Contributions to administrative budgets outstanding: | | |
| 170,565 | 1990/91 to 1998/99 inclusive | 240,509 | |
| 143,215 | Year ended 30 September 2000 | 139,211 | |
| | | | 379,720 |
| 3,377,744 | | | 3,073,089 |
| | Less: CURRENT LIABILITIES: | | |
| 38,802 | Creditors and provisions for accrued expenses | 29,799 | |
| 27,250 | Deferred Expenditure Fund | 5,000 | |
| 226,410 | Members' contributions paid in advance | 13,943 | |
| | | | 48,742 |
| 3,085,282 | TOTAL NET ASSETS | | 3,024,347 |
| | Represented by: | | |
| | SPECIAL RESERVE FUND (Note 2) | | |
| 2,500,000 | Principal | 2,500,000 | |
| 84,750 | Less: Contributions outstanding | 84,750 | |
| 2,415,250 | | 2,415,250 | |
| 212,963 | Add: Interest on Special Reserve Fund | 113,733 | |
| 2,628,213 | | | 2,528,983 |
| | REVENUE RESERVE FUND (Note 3) | | |
| 143,289 | Liquid funds | 115,644 | |
| 313,780 | Contributions in arrears | 379,728 | |
| | | | 495,364 |
| 3,085,282 | | | 3,024,347 |

ADMINISTRATIVE ACCOUNT

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2000
(expressed in £ Sterling)**

| 1998/99 | | | 1999/2000 | |
|-----------|---------|--|-----------|-----------|
| | | INCOME | | |
| 1,402,800 | | Contributions assessed on members in the year | | 1,402,800 |
| | 28,988 | Interest earned - general funds | 13,936 | |
| | 150,771 | Interest earned - special reserve | 149,620 | |
| 179,759 | | | | 163,556 |
| 6,960 | | Subscriptions to <i>Quarterly Bulletin of Cocoa Statistics</i> | | 11,256 |
| 3,919 | | Other document sales | | 8,317 |
| 784 | | Other income | | 78,147 |
| 1,594,222 | | TOTAL INCOME | | 1,664,076 |
| - | | Add: Transfer from capitalized interest | | 99,230 |
| 1,594,222 | | | | 1,763,306 |
| | | Less: | | |
| 1,718,006 | | ADMINISTRATIVE EXPENDITURE | | 1,729,225 |
| (123,784) | | Balance carried to Revenue Reserve Fund | | 34,081 |

ADMINISTRATIVE ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR TO 30 SEPTEMBER 2000

1. Accounting policies

Accounting Convention

These financial statements have been prepared under the Historical Cost Convention and in accordance with International Accounting Standards.

Fixed Assets

Expenditure on fixed assets during the year has been written off to the Income and Expenditure Account as incurred. The total original cost of fixtures, furniture and equipment purchased to date, less disposals, as shown by the inventory amounts to £341,709 (1999: £339,166). This figure takes no account of depreciation for wear and tear.

Overdue Contributions

No provision has been made for possible irrecoverable overdue contributions from ICCO members.

2. Special Reserve Fund

A Special Reserve Fund of £2.5 million was established by the Council in 1997. At present a total of £84,750 is still to be received from members. The fund is to provide long-term security to the administrative budget. In the previous years, the accumulated interest on the Special Reserve Fund up to 30 September 1998 provided additional security to the administrative budget. From the current year, this accumulated capitalised interest together with the interest earned on the fund in 1999/2000 has been used to finance part of the expenditure for the year.

3. Revenue Reserve Fund

The Revenue Reserve Fund has been split into two categories: liquid resources of £115,644 (1999: £143,289) and arrears of members' contributions to the administrative budgets of £379,720 (1999: £313,780).

4. Leased premises

The Organization leases premises at 22 Berners Street, London, under an agreement which provides for a rent review in April 2001. Under the present terms of the lease the annual rent is £136,000.

PROMOTION FUND – BALANCE SHEET AS AT 30 SEPTEMBER 2000
(expressed in £ sterling)

| 1999 | | | 2000 |
|---------|--|-------|---------|
| | ASSETS | | |
| 1,032 | Balance at Bankers | | 1,058 |
| 44 | Value Added Tax recoverable | | - |
| 1,076 | | | 1,058 |
| | Less: LIABILITIES | | |
| - | Balance of contracted project fees | - | |
| - | Audit Fees | - | |
| 2,250 | Balance due to ICCO Administrative Account | 3,634 | |
| | | | 3,634 |
| (1,174) | NET LIABILITIES | | (2,576) |
| (1,254) | Balance of Funds at 1 October 1999 | | (1,174) |
| (80) | Deficit/(Surplus) for the year | | (1,402) |
| (1,174) | DEFICIT AT 30 SEPTEMBER 2000 | | (2,576) |

PROMOTION FUND
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 30 SEPTEMBER 2000
(expressed in £ sterling)

| 1999 | | | 2000 |
|------|---------------------------------------|-------|---------|
| | INCOME | | |
| 80 | Interest earned at Bank | | 56 |
| | Less: EXPENDITURE | | |
| - | Consultancy fees | 1,384 | |
| - | Administrative Expenses | 74 | |
| 0 | | | 1,458 |
| 80 | Deficit/(Surplus) for the year | | (1,402) |

PROMOTION FUND - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 SEPTEMBER 2000

Accounting convention

These accounts have been prepared under the Historical Cost Convention and in accordance with International Accounting Standards.

Deficit of funds

Apart from interest earned on bank deposit, no new funds were received during the year. During the year, an expenditure of £1,458 was incurred resulting in a deficit of £1,402. The ICCO Administrative Account has funded this deficit.

ENVIRONMENT FUND

BALANCE SHEET AS AT 30 SEPTEMBER 2000 (expressed in US dollars)

| 1999 US\$ | ASSETS | 2000 US\$ |
|--------------|---------------------------------|--------------|
| 47,237 | Balance with bankers | 48,458 |
| | Represented by: | |
| | FUND | |
| - | Balance as at 1 October 1999 | 47,237 |
| 47,237 | Surplus for the year | 1,221 |
| 47,237 | Balance as at 30 September 2000 | 48,458 |

ENVIRONMENT FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 30 SEPTEMBER 2000 (expressed in US dollars)

| 1999 US\$ | INCOME | 2000 US\$ |
|--------------|--|--------------|
| 47,237 | Contributions | |
| - | Interest earnings | 1,221 |
| 47,237 | | 1,221 |
| - | Less: EXPENDITURE | - |
| 47,237 | Surplus for the year transferred to the fund | 1,221 |

ENVIRONMENT FUND - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 SEPTEMBER 2000

Accounting convention

These accounts have been prepared under the Historical Cost Convention and in accordance with International Accounting Standards.

Fund

In 1998/1999, the Government of the Netherlands contributed an endowment of NLG 100,000. No contribution

ANNEX III
LIST OF MEMBERS OF THE SECRETARIAT
(as at 30 September 2000)

OFFICE OF THE EXECUTIVE DIRECTOR

| | |
|---------------|--------------------|
| Mr. E. Kouamé | Executive Director |
| Miss S. Sharp | Personal Assistant |

ECONOMICS AND STATISTICS DIVISION

| | |
|--------------------------|------------------|
| Dr. J. W. A. Vingerhoets | Head of Division |
|--------------------------|------------------|

Statistics and Market Review Section

| | |
|-------------------|------------------------------|
| Mr. N. Mistry | Statistician |
| Mr. C.J. Bouic | Senior Statistical Assistant |
| Mrs. V. Ramgulam | Statistical Assistant |
| Mrs. C.E. Knott | Stenographer |
| Mrs. I. Giryayeva | Research Assistant |

Economics and Development Section

| | |
|-------------------|---------------------------|
| Dr. A.C. Brewer | Econometrician |
| Mr. N.I. Gorokhov | Economist |
| Dr. J-M.A. Anga | Project Officer |
| Mr. V.K. Adjei | Senior Research Assistant |

ADMINISTRATIVE AND FINANCIAL SERVICES DIVISION

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| Dr. K.K. Sarpong | Head of Division |
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Personnel and General Services Section

| | |
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| Miss S. Petros | Senior Administrative Assistant |
| Mr. J. Fernandes | Senior Accounts Assistant |
| Mr. G. Owusu-Aninakwah | Registry Clerk |
| Mr. F.A. Hurtado | Communications/Computer Assistant |

Information and Conference Services Section

| | |
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| Mrs. S. J. Esplan | Languages/Conference Officer |
| Miss M. T. Faherty | Librarian/IT Officer |
| Mr. A. C. Banbury | Senior Conference Assistant/Machine Operator |
| Mr. S. Persad | Conference Assistant |
| Miss P. L. J. Gruel | Stenographer |

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