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1. Mandate and Priorities of the ICCO

The International Cocoa Organization (ICCO) was established in 1973 under the auspices of the United Nations to administer the provisions of the International Cocoa Agreement, 1972, and its successor Agreements. The current Agreement was concluded in Geneva in March 2001 at a United Nations’ International Cocoa Conference. The Agreement came into force provisionally on 1 October 2003, and entered definitively into force on 2 November 2005.

The Organization presently brings together 42 exporting and importing Member Countries with the mandate to work towards the objectives of the International Cocoa Agreement, 2001, which are:

(a) To promote international cooperation in the world cocoa economy;
(b) To provide an appropriate framework for the discussion of all matters relating to all sectors thereof;
(c) To contribute to the strengthening of the national cocoa economies of Member countries, in particular through the preparation of appropriate projects to be submitted to the relevant institutions for financing and implementation;
(d) To contribute to a balanced development of the world cocoa economy in the interest of all Members through appropriate measures, including:
   (i) Promoting a sustainable cocoa economy;
   (ii) Promoting research and the implementation of its findings;
   (iii) Promoting transparency in the world cocoa economy through the collection, analysis and dissemination of relevant statistics and undertaking of appropriate studies; and
   (iv) Promoting and encouraging consumption of chocolate and cocoa-based products in order to increase demand for cocoa in close cooperation with the private sector.

Upon recommendation by the Executive Committee, the Council decided to maintain for the 2007/2008 cocoa year the following three priority areas for implementation of the Agreement:

I. Cocoa Prices, Farmers’ Incomes and Export Revenues

This area comprises activities of direct and immediate relevance for cocoa prices, for the incomes of the cocoa farmers and for the export revenues for the cocoa producing and exporting countries. This area refers to the “economic pillar” of a sustainable cocoa economy. Without economic sustainability, farmers cannot properly address social and environmental sustainability. Hence this area deserves to be the first area of priority for the implementation of the Agreement.

II. Market Access, Market Information and Market Development

This second priority area comprises all activities required to secure, facilitate and improve the capability of origin countries to better and more easily reach the final consumers, so as to derive maximum economic benefit from producing and exporting cocoa beans and cocoa products.

III. Sustainable Cocoa Economy

The third priority area comprises all activities related to economic, social and environmental sustainable cocoa production. Achieving this total sustainability should, supported by activities in the other two areas, result in a substantial improvement of the income position of the cocoa farmers. The concept of sustainability encompasses social, economic and environmental dimensions in terms of production, trade, transport, warehousing, processing and manufacturing of cocoa and chocolate. It covers all areas of interest and concern in the world cocoa economy. The benefits of the “economic pillar” of sustainable production should always, through improved resource use and increased productivity, by far outweigh any possible costs of social and environmental sustainability.
2. Structure and Functioning of the ICCO

<table>
<thead>
<tr>
<th>EXPORTING COUNTRIES</th>
<th>IMPORTING COUNTRIES</th>
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<tbody>
<tr>
<td>Brazil</td>
<td>Austria</td>
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<td>Cameroon</td>
<td>Belgium</td>
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<tr>
<td>Côte d'Ivoire</td>
<td>Bulgaria</td>
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<td>Dominican Republic</td>
<td>Luxembourg</td>
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<td>Ecuador</td>
<td>Cyprus</td>
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<td>Gabon</td>
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<td>Ghana</td>
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<td>Malaysia</td>
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<td>Nigeria</td>
<td>Finland</td>
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<td>Papua New Guinea</td>
<td>France</td>
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<td>Togo</td>
<td>Germany</td>
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<td>Trinidad and Tobago</td>
<td>Greece</td>
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<tr>
<td>Venezuela</td>
<td>Hungary</td>
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<tr>
<td>Ireland</td>
<td>United Kingdom</td>
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</table>

### I. Membership

The International Cocoa Organization consists of all the Contracting Parties to the International Cocoa Agreement, 2001.

The total number of Member States of the Organization consists of 13 cocoa exporting countries and 29 cocoa importing countries.

During the 2007/2008 cocoa year, a number of non-Member States attended the meetings of the Council and its subsidiary bodies in an observer capacity. These included Colombia, Croatia, the Democratic Republic of Congo, Cuba, India, Indonesia, Jamaica, Madagascar, the People’s Republic of China and Peru.

### II. Council and Subsidiary Bodies

The International Cocoa Council is the highest authority of the Organization, consisting of all the Contracting Parties to the International Cocoa Agreement, 2001. The Council decides on all important and strategic matters and gives direction to the Secretariat on the implementation of the Agreement. It oversees the operations of its subsidiary bodies: the Executive Committee, the Market Committee, the Credentials Committee; the Promotion Committee; the Expert Working Group on Quality, and the Expert Working Group on Stocks. At its 31st special session in January 2008, the Council established a Working Group for the negotiation of a future International Cocoa Agreement. The organizational structure as at 30 September 2008 is provided in Annex I attached.

During the 2007/2008 cocoa year, the Council held two regular sessions and one special session under the chairmanship of Ms. Irina Medvedeva (Russian Federation):

- 31st special session, 16-17 January 2008, London
- 77th regular session, 27-28 May 2008, Berlin
Among the list of Observers registered at the ICCO meetings were representatives of intergovernmental organizations, namely the African Development Bank, the Commonwealth Secretariat, the Cocoa Producers’ Alliance, CAOBISCO, the Common Fund for Commodities, the International Coffee Organization, the International Sugar Organization, the International Institute for Sustainable Development, the European Cocoa Association and UNCTAD. Non-governmental organizations such as the Rainforest Alliance, Oxfam Novib and the Worldwide Fund for Nature (WWF) attended the Consultative Board meetings.


During the 31st special session of the Council, the Executive Director reported on the outcome of and follow-up to the first Roundtable meeting for a Sustainable World Cocoa Economy. The Roundtable had been held in Accra in October 2007, and had brought together not only cocoa farmers, cooperatives and exporters, but also processors, traders, chocolate manufacturers as well as governmental and non-governmental organizations. The meeting had been a resounding success, culminating in a document entitled: “The Accra Agenda: towards a Sustainable World Cocoa Economy” which outlined a comprehensive framework for a sustainable world cocoa economy, with priority areas for action. The Accra Agenda had been adopted by consensus at the Roundtable meeting.

Following a recommendation of the Consultative Board, the International Cocoa Council agreed to the establishment of an independent Working Group on a Sustainable Cocoa Economy. It was decided that the Working Group would be composed of representatives from cocoa producing and cocoa consuming Member countries, the European Commission, non-governmental organizations, trade and industry associations, the ICCO Spokesmen for Producers and Consumers and the Chairman of the Consultative Board on the World Cocoa Economy. The task of the Working Group would be to prepare for the next Roundtable Meeting. It was also decided that the ICCO would host and facilitate the Roundtable, including the Working Group meetings and that the Executive Director would attend the meetings in an observer capacity.

Key decisions of the Thirty-first special session of the Council

At its 31st special session, the Council also adopted five important decisions on the future of the Organization:

1. The extension of the whole of the International Cocoa Agreement, 2001, for a period of two years with effect from 1 October 2008. This extension was decided upon, in accordance with the provisions of Article 63, paragraph 3, stipulating that the Council may extend the Agreement, in whole or in part, for two periods not exceeding two cocoa years each;

2. The extension of the appointment of the incumbent Executive Director for a period of two years, with effect from 1 October 2008;

3. The establishment of a Working Group to negotiate a future International Cocoa Agreement. The Working Group would be composed of all Member States of the Organization, all registered observer countries, UNCTAD, the Cocoa Producers’ Alliance, and the Chairman and the Vice-Chairman of the Consultative Board on the World Cocoa Economy.

4. The extension of the lease for the temporary offices located at Commonwealth House, 1-19, New Oxford Street, London WC1A 1NU for a period of four years with effect from 25 December 2008 until 24 December 2012;

5. The evaluation of the situation in Côte d’Ivoire in September 2009, in September 2010 and in September 2011, based on a report by the Executive Director, with a view to implementing the Council decision to relocate the Headquarters of the Organization to Abidjan, Côte d’Ivoire. Should the Council decide that the conditions in Côte d’Ivoire are fulfilled at any of these assessment dates, the Organization should undertake the relocation process. However, if in September 2011, the Council would decide that the situation in Côte d’Ivoire did not allow the implementation of the decision to relocate, the Council should decide on alternative locations.

During the 77th regular session of the Council in May 2008, which was hosted in Berlin at the kind invitation of the Government of the Federal Republic of Germany, Members were updated on the preparations for the next meeting of the Roundtable for a Sustainable Cocoa Economy (RSCE2). Members welcomed the official invitation by the Government of Trinidad and Tobago to host the next Roundtable meeting in Port of Spain in March 2009. It was also decided that a Preparatory meeting for the RSCE2 would take place in Abidjan, Côte d’Ivoire in February 2009. The Swiss Government announced its commitment to contribute to the RSCE2, which would complement the available funding already offered by the German and Dutch Governments.

Mme. Acquah, Vice-President of the Management Committee for the Cocoa and Coffee sector in Côte d’Ivoire, presented a video on the Prevention of Child Labour in Cocoa Production, illustrating the efforts and achievements of her country in tackling the issue. It was also announced that a Seminar on Cocoa Certification would take place from 10-12 June 2008 in Abidjan. The workshop brought together more than 200 participants from around the world, and included an in-depth analysis of the certification process in Côte d’Ivoire. The report emanating from the Seminar provides recommendations on labour practices and socio-economic conditions in the farming community, and guidance on future assistance and remediation programmes.

Key Decisions of the Seventy-seventh regular session of the Council

At its 77th regular session, the Council also adopted the recommendations made in January 2008 by the Ad Hoc Panel on Fine or Flavour Cocoa. As a consequence, the revised Annex “C”, approved by the Council at this session, replaced the existing Annex “C” of the International Cocoa Agreement, 2001. It was agreed that the next meeting of the Ad Hoc Panel on Fine or Flavour Cocoa would take place in 2010 to allow all Member countries sufficient time to prepare their cases for inclusion in Annex “C” of the Agreement. (Further information is provided on page 8).

At the same session in Berlin, the Council agreed to mandate the Executive Director to sign a new lease for the current headquarters at Commonwealth House, New Oxford Street, London.

The Council further adopted in Berlin the revised Administrative Rules of the Organization. Following a request from the Government of Ecuador, the Council agreed to extend the period for the payment of the country’s arrears of contributions from five to ten years. The Council also adopted 1 October as the National Day for the celebration of Cocoa and Chocolate.


Among the decisions taken by the Council at its 78th regular session in September 2008 in London were the approval of the administrative budget for the 2008/2009 cocoa year and of the Organization’s work programme for 2007/2008. The Council also adopted an ambitious new work programme for the 2008/2009 cocoa year.

Dr. Victor Iyama (Nigeria) was unanimously elected as the new Chairman of the Council for the 2008/2009 cocoa year, while Mr. Manuel Altimira Alegre (Spain) was unanimously elected as the new Chairman of the Executive Committee for the 2008/2009 cocoa year.

Ms. Irina Medvedeva (Russian Federation), the outgoing Chairperson of the Council, was presented with the golden cocoa pod by the Executive Director at a reception for all delegates and staff members, generously hosted by the Ambassador of the Russian Federation, H.E. Mr. Yury Fedotov, at the Russian Embassy in London.

The Council noted the appointment of Dr. José Antonio Martinez (Dominican Republic) by Members of the Consultative Board on the World Cocoa Economy to
serve as Chairman of the Consultative Board for the coming two years and expressed its sincere gratitude to Mr. Tony Lass MBE (United Kingdom), for his excellent chairmanship of the Consultative Board during the past four cocoa years.

Meetings of the Executive Committee

The Executive Committee which deals mainly with financial and operational matters, held three meetings during the reporting period, under the chairmanship of Dr. Victor Iyama (Nigeria).

During the year under review, the Committee dealt with crucial administrative, budgetary and personnel issues. These included the draft administrative budget for the 2008/2009 financial year and the progress reports on projects, as submitted by the Secretariat.

The Executive Committee also regularly examined reports on the payment of contributions to the administrative budget, the statement of income and expenditures and the financial situation in the current budget year.

At the 135th meeting of the Executive Committee held in January 2008, the Secretariat presented a review of the Cocoa Market Situation, covering the period from September to December 2007. The Committee welcomed Mr. Guy Sneyers, Chief of Operations of the Common Fund for Commodities (CFC) to the meeting. The Executive Director reported on the financing of projects and informed Members about the CFC's funding constraints. He appealed to Members to find centralized and decentralized sources of financing. It was recalled that the ICCO and CFC had agreed on four priority areas for financing of projects during the period 2008-2012, namely:

- Cocoa Supply Chain Management for Total Quality;
- Market Access and Market Development;
- Sustainable Cocoa Production; and
- Price Risk Management.

The Executive Committee mandated the ICCO Secretariat to identify alternative sources of funding for ICCO projects, including financing from multilateral funding agencies, the private sector, bilateral donors and co-financing from recipient countries.

Other decisions of the Committee at its 135th meeting in January 2008 included the approval of the audited administrative accounts of the Organization for the year ending 30 September 2007 and the reports by the auditors appointed by the exporting and importing Members of the Organization. The Committee re-appointed Messrs. Horwath Clark Whitehill to serve as independent auditors for the 2007/2008 cocoa year. Mr. Peter Egundebi (Nigeria) was re-appointed to serve as auditor for exporting Member countries and Mrs. Christine Rabenschlag of the Bundesrechnungshof (Federal Republic of Germany) was re-appointed to serve as auditor for importing Member countries for the 2007/2008 cocoa year.

At its 136th meeting in May 2008, the Executive Committee deliberated on administrative and budgetary matters and reviewed on-going projects and project proposals.

The Executive Director reported on the Supply Chain Management Project for Total Quality Cocoa in Africa and informed the Committee that the Bill & Melinda Gates Foundation had taken the decision to implement the proposed programme for Africa with the World Cocoa Foundation. In line with that decision, it was suggested that ICCO should explore the feasibility of developing the project directly with the countries, seeking alternative sources of funding.

In addition, the Committee reviewed the Manual on Pesticide Use in Cocoa, and agreed that the Project Proposal for the Control of Cocoa Swollen Shoot Virus Disease should be co-ordinated with the project on the Prevention and Management of Cocoa Pests and Pathogens to maximize efficiency.

The Secretariat presented an overview on the global situation related to the supply, demand and stocks of cocoa beans, with comments on prevailing market prices. The Secretariat also reported on the cocoa market situation, covering long-term trends in global
supply and demand, and annual forecasts of production and consumption.

Ms. Rosanna Milone from Eurochocolate attended the meeting to inform delegates about the forthcoming Eurochocolate Festival 2008 “Play Chocolate” which would take place in Perugia (Italy) from 18-26 October 2008.

Mr. Nicolaus Cromme from the Common Fund for Commodities gave a presentation on the availability and modalities of loan financing for projects by the Common Fund for Commodities.

At the 137th meeting of the Executive Committee in September 2008, the Secretariat presented the results of the ICCO Annual Survey on Cocoa Production and Consumption, highlighting the positive response in quarterly reporting by Member countries. The Committee also reviewed the project completion report presented by the Secretariat following the successful implementation of the Pilot Project on Price Risk Management for Cocoa Farmers in Côte d’Ivoire, and requested the Secretariat to formulate a follow-up proposal for wider implementation of the project in West Africa.

The Secretariat informed Members, Observers and other stakeholders about the recent European Union Legislation on Maximum Residue Levels (MRLs) on Pesticides (Regulation 149/2008/EEC) which had come into force on 2 September 2008 (see Chapter IV for further details).

The Committee recommended that the project proposal “Cocoa of Excellence: Promoting Diverse High Quality Cocoa Origins” should be submitted for approval to the Common Fund for Commodities (CFC). The goal of the project is to contribute towards greater diversification of cocoa markets through the identification and characterization of high quality cocoa origins. “International Cocoa Awards” would be attributed by professionals on the occasion of the 2009 Salon du Chocolat in Paris.

### Working Group for a Future International Cocoa Agreement

During the Council meetings in May 2008, the Working Group for a Future International Cocoa Agreement held its first meeting and elected Mr. Didier L. Gbogou (Côte d’Ivoire) as Chairman and Mr. Brendan Nevin (Ireland) as Vice-Chairman. The procedures and the timetable of the negotiations were agreed as follows:

1. **18 July 2008** - Deadline for submission of proposals by Members and Observers
2. **16-17 September 2008** - Two day meeting of the Working Group, London
3. **8-10 December 2008** - Three day meeting of the Working Group, London
4. **13-14 January 2009** - Two day meeting of the Working Group, London
5. **2-3 June 2009** - Two day meeting of the Working Group/Review by Council

The negotiations for a future International Cocoa Agreement would be concluded at a **United Nations’ Cocoa Conference in Geneva (UNCTAD) from 12-16 October 2009.**

At its second meeting in September 2008, the Working Group for a future International Cocoa Agreement, chaired by the Vice-Chairman, Mr. Brendan Nevin, started its discussions for a future Agreement. The general debate concentrated on objectives and definitions.

### Consultative Board on the World Cocoa Economy

In accordance with the provisions laid down in Chapter VII of the International Cocoa Agreement 2001, the Consultative Board on the World Cocoa Economy was established to encourage “the active participation..."
of the private sector in the work of the ICCO”. The mandate of the Board was to contribute to the development of a sustainable cocoa economy, identify threats to supply and demand and propose actions to facilitate the exchange of information on production, consumption and stocks and provide advice on other cocoa-related matters. The Board consists of seven members from the private sector in cocoa producing countries and seven members from cocoa consuming countries. Members can be represented by alternates and supported by advisers.

Since its establishment in March 2004 under the chairmanship of Mr. Tony Lass MBE (United Kingdom), the Board had made significant progress on the concept of sustainability in the world cocoa economy.

During 2007/2008, the Consultative Board held three meetings and focussed its work on the preparations for the second Roundtable Meeting for a Sustainable Cocoa Economy (RSCE2), a ‘Manual of Best Known Practices in Cocoa Production, Version I’ and progress in the Implementation of the Cocoa Value Chain Analysis Project. Further details are provided in Chapters IV and V.

At its 15th meeting in January 2008 held in London, the Consultative Board examined the outcome and the follow up to the first Meeting of the Round Table on a Sustainable World Cocoa Economy held in Accra in October 2007, and thanked the Governments of Ghana and of the Netherlands for the generous sponsorship they had provided. In order to maintain the excellent momentum of the first Round Table, Members proposed the establishment of a Working Group for the preparation of the next Roundtable.

At their request, the Board agreed to invite selected non-governmental organizations (NGOs) to attend Board meetings in an observer capacity.

The Board discussed the subject of measuring the percentage of other vegetable fats used in the production of chocolate. After reviewing the background of this topic and steps taken to address the issue, the Board was informed that the EU Institute for Reference Materials and Measurements had developed a reliable methodology to detect cocoa butter substitutes (CBEs) in chocolate. While the method for measuring the percentage of CBEs was reliable, assessment of their use was rather difficult. Concluding, the representative of the European Commission agreed to provide more information to the Consultative Board on this subject in future, particularly in relation to compliance and random sampling.

The Board also discussed the issue of “Optimal Export Taxes in Producing Countries”. The Secretariat defined an “optimal” tax rate as one that is able to generate tax revenues high enough to compensate for the loss faced by domestic producers, while simultaneously contributing to the country’s fiscal budget. The Secretariat warned that, as a result of interdependence in the global market, the major cocoa producing countries needed to be aware that “adding-up” could result in a decline in world market prices for cocoa, thus reducing the revenues of all cocoa exporting countries, taken together. Comparing the results of two earlier World Bank studies with the ICCO Secretariat’s estimates using an econometric model, the report showed good consistency between these figures. It reaffirmed the economic theory that the large exporting countries could maximize their income from the commodity through the application of an “optimal” export tax.

At the 16th meeting of the Board in May 2008 in Berlin, the Executive Director reported that good progress had been made in the preparations for the Second Roundtable for a Sustainable Cocoa Economy (RSCE2), scheduled to take place in Port of Spain, Trinidad and Tobago from 24-26 March 2009.

The Secretariat introduced to the Board the “Manual of Best Known Practices in Cocoa Production: Version I” which had been updated since the previous Board meeting in January 2008. (See page 18 for more information).

The Secretariat also introduced a summary of the “Manual on the Use of Pesticides in Cocoa” prepared by Dr. Roy Bateman, expert at the International Pesticide
Application Research Centre (IPARC), which had been published on the ICCO website in July 2008.

At its 17th meeting in September 2008, the Board discussed several issues including the progress report on preparations for the second Roundtable Meeting for a Sustainable Cocoa Economy (RSCE2), the ‘Manual of Best Known Practices in Cocoa Production: Version I’ and progress in the Implementation of the Cocoa Value Chain Analysis Project, details of which can be found in Chapters 4 and 5.

During this session of the Board, the Secretariat also presented the findings of its extended analysis on the impact of Value Added Tax (VAT) on the price of cocoa products. The analysis of the impact of indirect taxes and custom duties on cocoa consumption covered seven consuming countries for the 2006 calendar year. The results of the study showed that the governments in these countries collected €329 million in VAT from imports of cocoa beans and cocoa semi-finished products. The average (weighted) VAT rate was 6.7%. VAT revenues collected from domestic processing of cocoa beans were much lower, amounting to only €22.4 million with an average (weighted) VAT of 8.5%. The Secretariat further observed that imports of cocoa beans and cocoa semi-finished products to and from cocoa producing and cocoa consuming countries face an average (weighted) import tariff of 1.2% only. These results indicated that taxes and tariffs applied to cocoa beans and cocoa semi-finished products were relatively low compared to standard VAT rates and import duties on agricultural products in general.

At this meeting, the Executive Director expressed his sincere gratitude on behalf of the Board to the outgoing Chairman, Mr. Tony Lass MBE (United Kingdom), for his outstanding work during the last four years. Dr. José Antonio Martinez (Dominican Republic) was unanimously elected to serve as the new Chairman of the Board for a period of two years.

Expert Working Group on Stocks

At the 16th meeting of the Expert Working Group on Stocks in January 2008, chaired by Mr. Philip Sigley, Chief Executive of the Federation of Cocoa Commerce Ltd, the Secretariat reported on the results of the Annual Survey of Cocoa Bean Stocks in Europe, which showed an excellent response rate of 92%. The results indicated that total European port-warehouse stocks had decreased by eight per cent. The Secretariat also presented its Assessment of the Level of World Stocks of Cocoa Beans as at 30 September 2007, examining in particular the geographical distribution of stocks by location. The results indicated that world stocks of cocoa beans had declined by 211,000 tonnes compared to the previous year. The Secretariat also presented a detailed description of the methodologies used to assess the level of world stocks of cocoa beans.

According to Ms. Pamela Thornton, representative of the Cocoa Merchants’ Association of America (CMAA) and of Armajaro Asset Management, cocoa stocks in the USA had declined by 16% compared to 2005/2006. She noted that stocks were adequate, covering over half of the cocoa processed in the country in a year.

Mr. Robin Dand, representative of the London International Financial Futures and Options Exchange (LIFFE), made a presentation on the new LIFFE Guardian Commodity Management System, which had replaced the Grading and Tendering System (GATS) and safeguards the efficiency and security of LIFFE’s commodity markets. This fully automated web-based platform had introduced labels with bar codes to allow the owner of the cocoa to track his cocoa through the grading process.

Ad Hoc Panel on Fine or Flavour Cocoa

The Ad Hoc Panel on Fine or Flavour Cocoa met on 18 January 2008 in London to review Annex “C” of the International Cocoa Agreement, 2001. Annex “C” provides the list of producing countries that are recognized as exporting either exclusively or partially fine or flavour cocoa. The meeting was chaired by Mr. Edward Seguine of Guittard Chocolate Company and the Ad Hoc Panel further consisted of the most eminent specialists in the production and trade of fine or flavour cocoa in the world.
The most important recommendations made by the Panel were:

1- For the first time, the Dominican Republic was recognized as a producer of fine or flavour cocoa, with a recommended share of 40% of fine or flavour cocoa of its total exports.

2 - Following a decrease to 25% in 2005, Papua New Guinea’s share of fine or flavour cocoa in its total exports was reinstated at 75%, the same level as in 1993.

3- The share of fine or flavour cocoa in the total cocoa exports of Ecuador was maintained at 75%.

Finally, the Panel recommended the inclusion of Costa Rica and Peru under the list of exporting countries producing exclusively fine or flavour cocoa, together with Colombia, Grenada, Jamaica, Madagascar, Saint Lucia and Trinidad and Tobago.

At its 77th regular session in May 2008, the International Cocoa Council adopted the recommendations made by the Panel. Consequently, the revised Annex "C" below replaced the existing Annex "C" of the International Cocoa Agreement, 2001.

### III. The Secretariat

The Secretariat of the International Cocoa Organization assists the Council in the implementation of the objectives of the International Cocoa Agreement, 2001. As at 30 September 2008, the Secretariat consisted of 13 Professional and Higher category staff members and seven General Service category staff members (see Annex II).

During 2007 and 2008, a number of long-serving staff members received the golden cocoa pod. The first to receive these in 2007 were Mr. Victor Adjei (Senior Research Assistant) Mr. Alan Banbury (Senior Conference Assistant), and Mr. Shastri Persad (Conference Assistant). In 2008, the golden cocoa pod was presented to Dr. Jean-Marc Anga (Director of the Economics and Statistics Division), as well as to Mr. Gabby Owusu-Aninakwah (Registry Clerk), Miss Sophia Petros (Senior Administrative Assistant) and Mrs. Veena Ramgulam (Statistician).

### IV. Administrative Budget and Accounts for 2007/2008

At its 76th regular session held in September 2007, the Council approved the Administrative Budget for

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<tr>
<th>Exporting Countries of Fine or Flavour Cocoa</th>
<th>Share of Fine or Flavour Cocoa of total exports Decision March 2005</th>
<th>Share of Fine or Flavour Cocoa of total exports Decision May 2008</th>
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<tbody>
<tr>
<td>Colombia</td>
<td>100%</td>
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<tr>
<td>Costa Rica</td>
<td>n.a.</td>
<td>100%</td>
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<tr>
<td>Dominica</td>
<td>n.a.</td>
<td>n.a.</td>
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<tr>
<td>Dominican Republic</td>
<td>Not included</td>
<td>40%</td>
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<tr>
<td>Ecuador</td>
<td>75%</td>
<td>75%</td>
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<tr>
<td>Grenada</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>Indonesia</td>
<td>1%</td>
<td>1%</td>
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<tr>
<td>Jamaica</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>Madagascar</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>Papua New Guinea</td>
<td>25%</td>
<td>75%</td>
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<td>Peru</td>
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<td>100%</td>
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<tr>
<td>Saint Lucia</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>São Tome and Príncipe</td>
<td>35%</td>
<td>35%</td>
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<tr>
<td>Trinidad and Tobago</td>
<td>100%</td>
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<tr>
<td>Venezuela</td>
<td>75% or 100%</td>
<td>75%</td>
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2007/2008. Total expenditure of £2,003,300 was projected for the period, to be financed mainly by Members’ contributions which totalled £1,827,405, representing £913 per vote.

Actual expenditure during the 2007/2008 financial year was £2,003,419 while total income amounted to £2,018,098, arising from Members’ contributions, bank interest, sales of ICCO publications and a transfer of £14,795 from the Revenue Reserve Fund.

Net assets as at 30 September 2008 had increased to £2,409,834 (2007: £2,400,720), made up of £1,510,688 in the Special Reserve Fund and of £899,146 in the Revenue Reserve Fund. The audited Balance Sheet and the Income and Expenditure Account are presented in Annex III.

V. ICCO Publications

Documents

Meeting documents and Memoranda issued by the Executive Director in English, French, Russian and Spanish are drafted in-house and forwarded to the representatives of ICCO Member countries, Observer countries, and Observer organizations. A number of documents are also published on the ICCO website (www.icco.org).

Publications and Studies

The Organization collects, processes and publishes statistics on all matters related to cocoa. Indeed, the ICCO Quarterly Bulletin of Cocoa Statistics is considered to be the most authoritative source of cocoa statistics in the world. One of the main sources of information for the Bulletin is the data provided by the ICCO Member countries. The Bulletin provides statistical information on trade in cocoa beans, cocoa products and chocolate, by country and by region. Details of destination of exports and origin of imports for leading cocoa exporting and consuming countries are also provided, along with historical statistics on cocoa trade and consumption by country and by region.

The Economics and Statistics Division publishes the Monthly Review of the Cocoa Market Situation which reports on cocoa price movements on international markets. To facilitate access by Members, the Review is published monthly on the ICCO website (www.ICCO.org). Members discuss the current cocoa market situation on a regular basis at ICCO meetings, using the monthly reviews as a basis for discussion. In addition, the reviews are dispatched by e-mail to all registered contacts on the mailing list of the Secretariat.

VI. Website

The ICCO website continues to attract a wide range of users, as reflected in the daily requests through the FAQs for information on the Organization, its work, and the cocoa and chocolate industry. Data produced by the Statistics and Market Review Section on the daily prices of cocoa beans and monthly averages of the daily prices attract a considerable number of hits on the website.

*(During 2008, ICCO recorded an average of more than 490,000 web visits per month (2007:115,000)).

Recent upgrades to the ICCO website include a content partnership with SHOW, a knowledge sharing network. Under http://www.icco.org/statistics/map.aspx this Website displays a powerful communication tool: an interactive map of all cocoa producing and consuming countries which illustrates total world cocoa production in tonnes. Another mouse click on any of the cocoa producing countries will display the amount of tonnes they produce every year. Its use is rather innovative as every cocoa producing country is rendered by an indicator, rather than by its geography, to enhance the value and importance of these data.

In addition, important cocoa events organized by Members and Observers are now published on http://www.icco.org/about/events.aspx?cat=Other
### VII. Major Events in the 2007/2008 Cocoa Year

<table>
<thead>
<tr>
<th>Month</th>
<th>Event Description</th>
<th>Location</th>
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<tbody>
<tr>
<td>October</td>
<td>Visit by the Executive Director to His Majesty Otumfuo Osei Tutu II, Asantehene</td>
<td>Accra</td>
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<tr>
<td>October</td>
<td>Round Table on Sustainable World cocoa Economy</td>
<td>Accra</td>
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<tr>
<td>October</td>
<td>Eurochocolate Festival</td>
<td>Perugia</td>
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<tr>
<td>January</td>
<td>Consultative Board on the World Cocoa Economy (15th meeting)</td>
<td>London</td>
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<tr>
<td>January</td>
<td>Meetings of International Cocoa Council (31st Special Session)</td>
<td>London</td>
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<tr>
<td>January</td>
<td>Expert Working Group on Stocks (16th meeting)</td>
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<tr>
<td>January</td>
<td>Meeting of the ad hoc Panel on Fine or Flavour cocoa</td>
<td>London</td>
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<tr>
<td>March</td>
<td>15th meeting between the CFC and the international Commodity bodies</td>
<td>Madrid</td>
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<tr>
<td>April</td>
<td>International Cocoa Initiative Conference on Child Labour in Agriculture</td>
<td>London</td>
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<tr>
<td>April</td>
<td>CAOBISCO Cocoa Committee meeting</td>
<td>Brussels</td>
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<tr>
<td>May</td>
<td>World Cocoa Foundation partnership meeting</td>
<td>Guayaquil</td>
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<tr>
<td>May</td>
<td>Federation of Cocoa Commerce Ltd, Annual General Meeting</td>
<td>London</td>
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<tr>
<td>May</td>
<td>16th meeting of the Consultative Board on the World Cocoa Economy</td>
<td>Berlin</td>
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<tr>
<td>May</td>
<td>Meeting of the International Cocoa council (77th Regular Session)</td>
<td>Berlin</td>
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<tr>
<td>May</td>
<td>136th meeting of the Executive Committee, Working Group for a future International Cocoa Agreement (first meeting)</td>
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<tr>
<td>May</td>
<td>CAOBISCO Conference: “Chocolate, Biscuit and Confectionary Products in a 21st century balanced diet”</td>
<td>Brussels</td>
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<tr>
<td>June</td>
<td>Seminar on Certification: A tool for Development in the Rural Environment</td>
<td>Abidjan</td>
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<tr>
<td>September</td>
<td>17th meeting of the Consultative Board on the World Cocoa Economy</td>
<td>London</td>
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<tr>
<td>September</td>
<td>78th regular session of the International Cocoa Council, 137th meeting of the Executive committee, Working Group for a future International Cocoa Agreement (second meeting)</td>
<td>London</td>
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</table>

The list of institutions with which the ICCO has dealings in its role within the international cocoa sector is provided in **Annex IV.**
3. The World Cocoa Market

I. Production

World production of cocoa beans reached almost 3.7 million tonnes in 2007/2008, an increase of around nine per cent compared with the previous crop year. The season had indeed experienced relatively conducive weather conditions in most parts of the cocoa producing areas. Although West African cocoa producing countries suffered from dryer than usual weather conditions in January 2008, the rainfall level across the region during the growing period was adequate for crop development. In Asia and in South America, the La Niña weather conditions, which had developed in the tropical Pacific Ocean in the summer of 2007, caused a shift in normal weather patterns. This had various impacts on cocoa production in the countries of the two regions. Indonesia suffered from heavy rains during most of the season while erratic weather occurred in the cocoa producing areas of the Americas, with Mexico and Ecuador suffering from flooding at the end of 2007 and in February 2008 respectively.

Production surged in Africa by 13% to over 2.6 million tonnes and in the Americas by 11% to 455,000 tonnes. Conversely, cocoa output in the Asia and Oceania region dropped by almost eight per cent to 585,000 tonnes. In terms of its share of total world production, Africa remained by far the largest cocoa producing region, accounting for 72% of world cocoa output in 2007/08, while the shares of Asia and Oceania, and of the Americas, were 16% and 12% respectively.

The main crop harvested in the first half of the season in the two major cocoa producing countries, Côte d’Ivoire and Ghana, benefited from a combination of favourable weather conditions and from the positive influence of higher international prices of cocoa beans on prices earned by producers, with a consequent improvement in husbandry levels. However, the strong rise in the price of fertilizers in the course of the season led to a reduction in the application of chemicals by farmers, thereby lowering output to below potential.

In Indonesia, the third major cocoa producing country, cocoa production declined as the country suffered from the spread of the devastating Vascular-Streak Dieback (VSD) disease in Sulawesi. The combination of a large number of mature cocoa trees and excessive rainfall due to the La Niña related weather conditions had provided favourable ground for the disease to develop.

II. Consumption

World cocoa consumption, as measured by grindings, increased by 2.1% in 2007/08, to over 3.7 million tonnes. This growth rate was significantly below the average annual increase for the previous ten years. The deterioration in global economic growth and the increase in the price of cocoa beans during the season had a negative impact on consumer demand for chocolate products and hence on demand for cocoa beans.

Grindings increased or were stable in all regions, increasing by almost five per cent in Asia and Oceania to 763,000 tonnes and by nearly two per cent in Europe and in Africa, to 1.555 million tonnes and to 553,000 tonnes respectively. Grindings in the Americas are estimated to have remained at about the same level as in the previous season, at 853,000 tonnes. Processors located in Germany, Spain and China contributed to most of the increase during the season.

The Netherlands and the United States remained the major cocoa processing countries, each representing a share of over ten per cent of world grindings. While processing activity in the United States has experienced a slowdown in the past two years, it has continued to rise in Germany and in Côte d’Ivoire, the third and fourth major cocoa processing countries.

III. Stocks

The cocoa market experienced a second consecutive season with a production deficit in 2007/08, amounting...
World Cocoa Bean Production, Grindings and Surplus/Deficits

ICCO daily price of cocoa beans and stocks-to-grindings ratio
to 77,000 tonnes. Total world stocks of cocoa beans at the end of the year had decreased to 1.5 million tonnes, which was equivalent to 40% of the estimated annual grindings in 2007/08.

IV. Prices
Average international cocoa prices, as measured by the ICCO daily price, surged by 36% in 2007/08 compared with the previous cocoa year, to US$2,516 per tonne. The production deficit experienced for the second consecutive season was one of the main factors leading to this development in the market. However, developments in the macroeconomic environment also had a considerable impact on the cocoa market, as was the case for most commodity markets. Indeed, prices followed the same trend across many commodities. This phenomenon suggests that there were some common causes in price movements, such as the turbulence in world financial markets, the deterioration of global economic growth and fluctuations of the US$ dollar against other major currencies.

The evolution of international cocoa prices during the 2007/08 season was characterized by four major movements:

From October 2007 to mid-March 2008, prices rose at a strong pace, from £1,006 on the London futures market (LIFFE.Euronext) at the beginning of the season to £1,484 per tonne (up by 48%) in the middle of March, and from US$2,003 to US$2,919 per tonne (up by 46%) on the New York futures market (ICE Futures US). This upward movement was a continuation of the trend initiated in October 2006.

As with most other commodities, cocoa futures markets witnessed a strong correction in the third week of March 2008, with prices in London and New York falling by 15% and 20% respectively in four trading sessions. This represented one of the largest losses ever seen in the cocoa markets. The growing concern over the American economy and the financial situation of some large investment banks may have been at the origin of the sharp decline in prices.

Cocoa prices bounced back in the beginning of April and reached new record levels in the first trading session of July, with prices in London surging to their highest level for 22 years, at £1,703 and reaching their

| Prices for cocoa beans ; record levels and growth rates |
|---------------------------------|----------------|----------------|----------------|----------------|
| **Cocoa bean prices** | **Unit** | **High (1 July 2008)** | **Date previous high** | **% increase (past year)** | **% increase (past two years)** |
| ICCO daily prices | SDRs/tonne (nominal terms) | 2,015 | Jan 1986 | + 43% | + 71% |
| ICCO daily prices | US$/tonne (nominal terms) | 3,296 | Feb 1980 | + 54% | + 89% |
| ICCO daily prices | Euro/tonne (nominal terms) | 2,089 | Feb 2003 | + 33% | + 53% |
| London futures c/ | £/tonne (nominal terms) | 1,703 | Feb 1986 | + 55% | + 75% |
| New York futures c/ | US$/tonne (nominal terms) | 3,245 | Feb 1980 | + 57% | + 92% |
| ICCO daily prices | SDRs/tonne (real 2000 terms) d/ | 1,662 | Oct 2002 | + 38% | + 62% |
| ICCO daily prices | US$/tonne (real 2000 terms ) d/ | 2,614 | Feb 1988 | + 48% | + 77% |

Notes:

a/ Increase compared to a year earlier
b/ Increase compared to two years earlier
c/ Average of the quotations of the nearest three active futures trading months
d/ Prices expressed in constant terms (base year: 2000) using the relevant index of consumer price inflation
highest level for 28 years in New York, at US$3,245, as shown in Table 1. Similarly, in nominal terms, the ICCO daily price reached a 28-year high in US$ terms and a 22-year high in SDRs terms. The stronger increase in US$ terms was due to the weakness of the US dollar against other major currencies in recent times.

Table 1: Prices for cocoa beans; record levels and growth rates

A new strong price correction started in July 2008 which brought cocoa futures prices down to £1,495 in London (a decline of 12%), and to US$2,551 in New York (a decline of 21%) at the end of the 2007/08 season, compared to the peak reached in July.

Downward pressure initially originated from the lack of purchasing interest from the processing and manufacturing sector, as a result of the relatively high price of cocoa and from news related to a slowdown in global demand for cocoa beans. The downward trend, which started at the beginning of July, was reinforced by a strengthening US dollar against other major currencies from the end of the month until the end of the season.

In the first half of September, the intensification of the global financial crisis accelerated the declining movement of cocoa futures. Indeed, the turmoil in the American financial market during the first two weeks of the month and its subsequent impact on European markets, prompted non-commercial market participants to reduce their risk exposure in all assets, including cocoa.

It should be noted that the four major movements which characterized the evolution of international cocoa prices during the 2007/08 season, as previously described, were also experienced by most other commodities. This phenomenon is depicted by Figure 1 which shows the movement of the Dow Jones commodity-AIG index and cocoa futures prices in US$ terms.

However, in general, the cocoa market showed stronger growth than other commodities in periods of upward movement (see Figure 1: movements 1 and 3) and was more resilient in periods of downward movement (see Figure 1: movement 4), except in March 2008 (movement 2). Indeed cocoa prices increased by 29% during the season while the index shrank by six per cent. The relative strength of cocoa compared to other commodities suggested a more supportive outlook in cocoa than in other commodities.
4. Meeting the Challenges Facing the World Cocoa Economy

The World Cocoa Economy faces two major challenges. The first challenge is to meet the demand requirements of consumers. The important recent developments in this respect are the shift of demand towards high quality dark chocolate and the increasing trend towards demand for cocoa that meets economic, social and environmental standards. For that purpose, cocoa must be traceable to its origin. This implies that consumers increasingly require sustainable cocoa or cocoa of “Total Quality”, which meets high physical quality standards.

The second major challenge facing the world cocoa economy is to solve the poverty problem of smallholder cocoa farmers. Many smallholder farmers live in poverty for several reasons. However, a major common factor is the prevailing low yields on their cocoa farms. This has to change, and it has to change urgently.

Both challenges briefly indicated above can be addressed through action towards sustainability. For that reason, sustainability has increasingly become the practical organizing principle of the work of the ICCO. Three areas of work on sustainability in 2007/2008 were the Roundtable on a Sustainable World Cocoa Economy; a manual on safe pesticide use in cocoa; and on “Best Known” Practices in Cocoa Production.

I. Round Table on a Sustainable World Cocoa Economy (RSCE)

The first meeting of the Round Table on a Sustainable World Cocoa Economy was held at the International Conference Centre in Accra, Ghana from 3-6 October 2007. The meeting was organized by ICCO with sponsorship generously provided by the Ghana Cocoa Board and the Dutch Ministry of Agriculture, Nature and Food Quality. More than 200 participants from 25 countries across five continents attended the meeting, which brought together stakeholders from the private and public sectors, producer associations, cooperatives, donors and research institutes, consumer representatives and rural smallholders on one platform.

RSCE Plenary Sessions and Working Groups

The Roundtable was conducted in a series of plenary and focus group meetings. All participants had the opportunity to present their views through a series of Focus Group meetings to work out the new future agenda for a Sustainable Cocoa Economy.

The first plenary session of the Accra Roundtable was opened by the Hon. Ernest A. DEBRAH, (M.P.), Minister for Food and Agriculture of the Republic of Ghana, who spoke on the subject of “The Importance of Sustainability”. This was followed by presentations entitled “Sustainability Initiatives in other Tropical Commodities” given by Dr. Jean-Marc Anga, Director of the Economics and Statistics Division of ICCO and on “Sustainable Cocoa: Global Research and Development Efforts – Achievements” given by Dr. Martin Gilmour, Senior Cocoa Research Manager of Mars UK.

During the second plenary session, the speakers Mr. Hope Sona Ebai, Secretary General of the Cocoa Producers’ Alliance (CPA), Mr. Ron Oswald, General Secretary of the International Union of Food, Agricultural, Hotel Restaurant, Catering, Tobacco and Allied Workers’ Association (IUF) and Drs. Anouk Van Heeren from Crem BV, presented their views on the prospects for a sustainable cocoa economy.

At the third plenary session, Mr. Tony Lass MBE, Chairman of the Consultative Board on the World Cocoa Economy, introduced the document “Sustainable Cocoa Economy: A Comprehensive and Participatory Approach” which summarized the deliberations of the Consultative Board over the previous two years. It proposed a model for sustainability based on the concept of the three pillars of economic, social, and environment dimensions and suggested the next steps for achieving sustainability in the world cocoa
On Day 2, the three focus groups met simultaneously.
- Focus Group 1 deliberated on "Improving the Sustainability of Cocoa Growing – Actions by Cocoa Farmers”.
- Focus Group 2 discussed the topic "Improving the Sustainability of the Cocoa Economy – Actions by Governments”.
- Focus Group 3 addressed the issue "Improving the Sustainability of Cocoa Growing, Commercialization and Processing – Actions by Private Sector Bodies in the processing, manufacturing and commercialization stages in the Cocoa Value Chain”.

Each Focus Group meeting explored possible ways to improve sustainability of the cocoa economy in their sectors.

In the following plenary session, the moderators of the focus groups presented the priority actions identified by their respective groups. All priority areas were summarized in a final document which was adopted on the third day at the closing plenary session.

The constructive dialogue between all the different cocoa stakeholders resulted in the adoption of a consensus document known as the “ACCRA AGENDA”, which listed the following priority areas for action, under the headings of Institutional Framework; Sustainable Production; Sustainable Commercialization; Sustainable Processing and Manufacturing; Sustainable Consumption; and International Dimension.

The Accra Roundtable also agreed on the next steps towards achieving sustainability. Participants at the Round Table expressed the need to continue discussions in an open and participatory approach. While encouraging progress had been made during the first Roundtable, much remained to be done before the world cocoa economy could be considered as sustainable. Stakeholders stressed the importance of maintaining an “independent process” for the Roundtable. It was agreed to hold a second Round Table meeting in another cocoa producing country.

At its 31st special session in January 2008, following a report given by the Executive Director on the Roundtable meeting in Accra, the International Cocoa Council agreed to the establishment of an independent Working Group on Sustainable Cocoa, facilitated and hosted by the ICCO Secretariat.

The Working Group comprised representatives from the governments of cocoa producing and cocoa consuming countries, selected NGOs, trade and industry associations, the ICCO Spokesmen for producers and consumers and the Chairman of the Consultative Board on the World Cocoa Economy. The Executive Director attended the meetings of the Working Group in an observer capacity.

The first meeting of the Working Group for the Roundtable on a Sustainable Cocoa Economy (RSCE) was held in March 2008 in London. At this meeting, Mr. Tony Lass MBE (United Kingdom), and Mme. Acquah Amouan (Côte d’Ivoire) were appointed to serve as Co-Chairs, representing consuming and producing Member countries respectively.

Members of the Working Group agreed that the official title for the initiative would henceforth be known as the “Roundtable for a Sustainable Cocoa Economy (RSCE)”.

They further decided that the overarching objective would be to continue the dialogue achieved by the first Roundtable in Accra of October 2007 among the stakeholders involved in the world cocoa economy: producer alliances, companies, NGOs, scientists, unions and governments etc. and to consider the ways and means to enhance sustainability in the cocoa sector worldwide, building upon the “Accra Agenda”.

The Working Group also identified the most important objectives for the second RSCE2 as follows:

- Identify the principles underlying the Accra Agenda;
- Be a platform for consultation and dialogue of initiatives promoting sustainability in cocoa;
- Encourage the (further) development of standards for sustainable cocoa;
• Identify the ways and means of delivering traceability and monitoring of the cocoa chain;
• Develop standards for best supply chain practice, taking account of the special needs of smallholders;
• Consider the role of certification for cocoa and the similarities/differences of existing and newly developed mechanisms of certification;
• Exchange views on existing programmes towards the implementation of core labour standards.

At the second meeting of the Working Group, held in Berlin in May 2008, the Co-Chairs announced that, thanks to the financial support kindly pledged to the RSCE2 by the Governments of the Federal Republic of Germany, the Netherlands and Switzerland, the RSCE2 would be held at the Hyatt Regency Hotel in Port of Spain, Trinidad and Tobago from 24-26 March 2009. Members also expressed their deep appreciation to the Government of Trinidad and Tobago for hosting the event.

With the financial support provided by the sponsors, a coordination office for the RSCE2 was set up at the headquarters of the ICCO in London. A dedicated website, www.roundtablecocoa.org, prepared by the ICCO Secretariat, was launched in June 2008 to enable interactive discussions among stakeholders, to generate interest and to disseminate information on further development of the Roundtable initiative.

II. Pesticides and Pesticide Residues

In January 2008, the European Council published new European Union Legislation on Maximum Residue Levels (MRLs) on Pesticides (Regulation 149/2008/EEC) which became effective from 2 September 2008. The new Regulation harmonizes earlier Regulations and the different levels of MRLs that applied in individual Member States of the European Union (EU). The Regulation sets maximum levels on the amount of pesticides permitted on imported foods including cocoa beans and, consequently, all cocoa beans imported into the EU with effect from 2 September 2008 must conform to the EU Regulation. The Regulation defines MRLs as the “maximum concentration of pesticide residue (expressed as milligrammes of residue per kilogramme of food/animal feeding stuff) likely to occur in or on food and feeding stuffs after the use of pesticides according to Good Agricultural Practice (GAP)”. For active substances for which no MRL was included in the Regulation, a default MRL of 0.01mg/kg would apply.

In June 2008, the Executive Director wrote to all ICCO Member producing countries to advise them to take all necessary steps to ensure that consignments of cocoa beans being imported into the European Union with effect from 2 September 2008 should conform to the provisions of the new Regulation. At the request of the Executive Committee and with industry sponsorship, the ICCO Secretariat produced a Manual on Safe Pesticide Use in Cocoa to assist Members in complying with the new Regulation. The Manual was sent to all cocoa producing countries and published on the ICCO website (www.ICCO.org). Members were advised to consult the Manual and to disseminate its contents to the widest possible group of stakeholders and interested parties to ensure maximum adherence to the provisions of the EU Regulation.

The Manual reviews the most common pests and diseases faced by cocoa, their geographic distribution in the world and the frequency of pesticide use to control them. The Manual also examines the main issues associated with chemical control, such as safety aspects, including real and potential risks to growers and consumers; cost-effectiveness, perhaps of greatest interest to many farmers; technical problems with pesticide applications, including development of resistance and resurgence; and other sustainability concerns, including the general impact on the environment. The Manual explains the concepts of Integrated Crop Management and Maximum Residue Limits (MRLs), the hazards involved in the unsafe use of pesticides and the biodegradation of pesticides. Good Agricultural Practices (GAPs) are reviewed, including the choice of sprayer, pesticide selection,
personal protective equipment (PPE), maintenance of equipment, how to spray cocoa, and containers and hygiene, etc. Finally, in the Appendix, the Manual provides a list of pesticides approved for use as well as those not approved for use on cocoa.

Prior to the entry into force of the new Regulation, the ICCO Secretariat had consulted with relevant authorities and experts in the European Union to ascertain the modalities of implementation/enforcement of the Regulation. It was established that individual Member States of the EU were responsible for the enforcement of the Regulation. It also emerged that the residues of certain pesticides might persist even after their use had been reduced or even stopped. Consequently, the Executive Director issued an ED(MEM) in July 2008 to all cocoa producing countries on options open to Members regarding certain difficulties that might be encountered in the implementation of the EU Regulation. The ED(MEM) indicated the ways in which the countries could write to the European Commission and to the Sanitary and Phytosanitary Standard (SPS) Committee of the World Trade Organization (WTO) to raise any concerns they might have regarding the new Regulation.

In August 2008, an update on the Manual was published on the ICCO website, highlighting the fact that the chemical compound known as pirimiphos-methyl had been banned from use on cocoa, contrary to the information contained in the earlier version of the Manual. A revised version of the Manual incorporating recent developments on this topic would be published on the ICCO website (www.icco.org) in early 2009.

III. Best Known Practices in Cocoa Production

Substantial improvements can be achieved if cocoa farmers apply best known practices in cocoa production. The first reason is that, only in this way can the highest physical quality standards be reached, given the planting material used. The second reason is that, in this way, industry requirements and food safety legislative standards can be met, thus avoiding any problems in the utilization and trade of cocoa beans. Finally, through best known practices, the standards can be reached to achieve sustainable cocoa production, in its economic, social and environmental aspects. This not only applies to cocoa production, but to all activities and practices throughout the cocoa value chain.

At the request of the Consultative Board on the World Cocoa Economy, the ICCO Secretariat introduced the first draft of a Manual containing an “Overview of Best Known Practices in Cocoa Production”. The objective of the Manual was to provide guidance to farmers on how to produce cocoa in a more sustainable manner. It was based on the Malaysian Good Agricultural Practices, the Codex Alimentarius published by the Food and Agriculture Organization (FAO), EurepGAP (certification standards and procedures for Good Agricultural Practices) and on field work experience from ICCO projects. Board members agreed that the document provided an excellent starting point to produce cocoa in a more sustainable manner which could be adapted to suit regional, national or local requirements.

Building on the first draft of the manual, the Working Group on the Roundtable for a Sustainable Cocoa Economy formed an expert group to formulate a document on Best Known Practices in the Cocoa Value Chain, to be considered at the Second Roundtable for a Sustainable Cocoa Economy (RSCE2) scheduled for 24-26 March 2009 in Trinidad and Tobago.

To that effect, the ICCO Secretariat contacted a number of experts who were asked to contribute to the formulation of a revised and more comprehensive document. The expert group consisted of Mr. Philip Sigley, Chief Executive of the Federation of Cocoa Commerce Ltd., Dr. Martin Gilmour, Senior Cocoa Research Manager of Mars UK/CAOBISCO, Mr. Peter McAllister from the International Cocoa Initiative, Ms. Isabelle Adam from the European Cocoa Association, Mr. Jack Steijn from the European Warehouse Keepers’ Federation and Mr. Richard Holland from the Worldwide
5. Cocoa Projects

Fund for Nature (WWF).

I. Projects under implementation

(i) “Total Quality” Project in Côte d’Ivoire

Implementation of trade operations in this pilot project started in the 2003/04 cocoa season. The results and experience gained in each season have since then been used to continuously improve operations. In general, the previous operations have demonstrated that the system could provide a good basis for an economically sustainable means of achieving “total quality”, resulting in an efficient and effective cocoa supply chain.

The good results achieved in previous pilot operations had increased expectations for the 2007/2008 season. At the request of the Executive Director, the Minister of Agriculture of Côte d’Ivoire had granted an exemption from certain duties for cocoa purchased under the “Total Quality” project, amounting to CFA 27.5 per kg for up to 12,000 tonnes for the 2007/08 season. A Steering Committee was set up under the chairmanship of the Bourse du Café et du Cacao (BCC), with representatives from the Ministry of Agriculture, the Autorité de Régulation du Café et du Cacao (ARCC) and the participating exporters and cooperatives as Members. The Steering Committee was tasked with overseeing the implementation and full transparency of operations and also to address issues pertaining to monitoring, logos on export bags and training.

The pilot operations of the 2007/2008 season started in December 2007 with four exporters (Armajaro, Noble/Cocaf Ivoire, Cargill West Africa and ECOM/ZAMACOM) in partnership with five chocolate manufacturers (Cadbury, Ferrero, Mars, Kraft and Nestlé) committing to buy a total of 7,900 tonnes of project cocoa through 14 participating cooperatives. The established cooperation with the Rainforest Alliance for purchases by Kraft enabled the production and delivery of Rainforest/ICCO “Total Quality” cocoa. At the end of March 2008, the preliminary figure for purchases by the cooperatives was estimated at just over 2,800 tonnes.

Although it was the highest turnover ever achieved by the project in one season, this relatively low figure was not in line with the original high expectations for the 2007/2008 campaign.

The ICCO Task Force on Quality met in April 2008 to review the performance of the project during the 2007/2008 season. Performance factors identified included the late start of project operations, the failure to provide additional training and quality control equipment to some cooperatives; the difficulties in obtaining optimal quality cocoa for the project; the unattractive arrangements for implementing the payment of the tax exemptions; and the competitive advantage of local processors in purchasing the scarce cocoa beans of good quality.

At the “Total Quality” Project Steering Committee meeting held in Abidjan in early June 2008, attended by the Executive Director, the Committee made recommendations for the preparation and implementation of activities in 2008/09 and also reviewed the checklist prepared by the Chairman of the Task Force, Dr. Tom Harrison. The participants agreed that, for the project to be successful in the coming 2008/2009 season, timely preparations were required to ensure the start of operations from October 2008.

In July 2008, the ICCO Task Force on Quality met in London to develop appropriate strategies to ensure successful implementation during the 2008/09 campaign. The Chairman requested the project partners to urgently submit information regarding the target volumes for 2008/2009; the list of participating cooperatives; the number of farmers requiring training per cooperative, and the preferred timing for the training; requirements for quality control equipment; and information on the Project Participation Incentive (PPI).

Members of the Task Force agreed on the need to
establish a long-term strategy for the continuation of the project. In this connection, the Executive Director had suggested at the meeting in Abidjan, to enhance the scope of the project. The objective of the new approach should focus on achieving the production of total quality cocoa in the mainstream of the cocoa economy and the improvement of farmers’ income. The Task Force supported the proposal of the Executive Director to develop project proposals for the different cocoa producing regions to introduce the mechanisms of production and trade of sustainable cocoa in the mainstream of the cocoa economy.

(ii) Cocoa Productivity and Quality Improvement: A Participatory Approach (Germplasm II)

The overall objective of this project is to improve the welfare of smallholder cocoa farmers through higher and more sustainable productivity levels of good quality cocoa at lower production costs. The project aims to achieve this goal through the selection, distribution and use of new cocoa varieties with improved yield capacity, resistance to pests and pathogens and good quality traits.

The project started in June 2004 after the successful completion of its predecessor project, “Cocoa Germplasm Utilization and Conservation: A Global Approach”. The five year project is now in its final year of implementation. In June 2008, the Project Executing Agency (PEA), Bioversity International, submitted a General Progress Report of the project covering the period from June to November 2007. The report indicated that, in general, the main project activities were on schedule and that efforts were now concentrated on the evaluation of ongoing field trials, and the selection of new varieties that were more productive and resistant to prevailing diseases.

A summary of the progress achieved in the project locations showed that, in Africa, farm surveys had been completed, some field observations were still ongoing and additional farm selections had been evaluated for resistance to Phytophthora pod rot. In addition, Regional Variety Trials (RVTs) had taken place, focussing on vigour and early yield.

In the Americas, more farm selections had been completed and DNA analyses were still ongoing, with planned fingerprinting on more farm accessions. Increased priority had also been given to selection of cocoa flavour quality.

In Asia and the Pacific, the selection for resistance to Cocoa Pod Borer had remained the focus of activities. The Malaysian Cocoa Board (MCB) and the Papua New Guinea Cocoa & Coconut Institute (CCI) had started detailed evaluations of pod-wall hardness. In addition, Farm Selection Observation Plots (FSOP) had continued on Vascular Streak Disease (VSD) and on Phytophthora pod rot.

A regional workshop had been organized in August 2007 by INIAP and Bioversity International in Guayaquil, Ecuador on the theme "Cocoa Variety Improvement in the Americas: Collaborative and Participatory Approach" to disseminate the results. The workshop had focused on the potential of new varieties to improve farmers’ income and quality of end-products.

(iii) Analysis of the Cocoa Value Chain in Cocoa Producing Countries

The objective of the project is to establish the inputs used and the costs incurred to produce, trade and export cocoa in different areas and under different practices in cocoa producing countries. The project aims to establish simultaneously the amount and share received by each of the categories of stakeholders in the proceeds from the export of cocoa. This information will provide a better insight into the net income derived by farmers and other stakeholders from cocoa cultivation and trade. In addition, it will enhance the knowledge of the use of resources in cocoa production, trade and exports. Study results will also allow for direct comparison of cost components and proceeds in the cocoa value chain in eight major cocoa producing countries, namely Brazil, Côte d’Ivoire, Cameroon, the Dominican Republic, Ecuador, Ghana, Nigeria, and
Papua New Guinea.
The methodology for the implementation of the study was based on a mutually consensual approach to conduct the study in the participating countries. The study was being conducted by experts from the participating countries, as the best knowledge and expertise of the cocoa sector in each country rests with the national practitioners. The role of the Secretariat included the preparation, international co-ordination and achievement of uniformity in the approach and execution of international comparison and the final write-up of the study.

The project was first approved by the CFC in December 2006 as a Fast-Track project and the Project Agreement was signed in January 2007. The Consultative Board formed an Ad hoc Advisory Committee to provide guidance to the ICCO Secretariat on the co-ordination and implementation of the study.

The methodology was tested in Ghana during the last week of October 2007. The testing was conducted by a country panel of four experts, assisted by the ICCO Senior Economist. The test involved identifying three typical cases of cocoa production according to the level of inputs used. A preliminary analysis of the test in Ghana provided a clear insight into each of the identified typical cases: the costs of establishment of the farm as well as of other investments and costs of production; the costs of commercialization of cocoa beans and the shares of the different stakeholders in the value chain. The results of the test in Ghana have been used to modify and finalize the methodology for the implementation of the study to be applied in other participating countries.

The methodology and the relevant forms were further refined and approved by the Ad hoc Advisory Committee. Subsequently, the study was conducted in Cameroon, Côte d’Ivoire and Nigeria between late March and early April 2008, with support from the ICCO Secretariat.

The data from the initial reports received by the ICCO Secretariat from the expert panels in Cameroon, Côte d’Ivoire and Nigeria had not been deemed to be satisfactory for a meaningful analysis to be conducted. Hence the Secretariat is engaged in communications with the countries on how to improve the data set and make them more relevant to the participating countries.

(iv) Host Plant Resistance for Sustainable Cocoa Pod Borer Management

This Fast Track proposal was submitted by the Malaysian Cocoa Board (MCB) to address the devastation caused by Cocoa Pod Borer (CPB) in the Asian region (Indonesia, Malaysia, the Philippines and, more recently, Papua New Guinea). The main objective of the project was to develop accelerated measures to control CPB through breeding in the most effective and sustainable manner. The specific objectives of the project are: to develop simple, reliable and quick screening protocols for the identification and selection of clones/hybrids tolerant to CPB; and to identify and select clones tolerant to Cocoa Pod Borer (CPB). The project would lead to the identification of CPB tolerance varieties to enhance sustainable cocoa cultivation by increasing productivity and income. The expected outputs of the project included screening protocols for CPB tolerance clones, clonal materials tolerant to CPB, a research publication, and an Initial Positive Rate (IPR) on screening protocols.

At its 134th meeting in September 2007, the Executive Committee reviewed and approved the submission of the proposal to the Common Fund for Commodities (CFC) for financing. Subsequently, in late January 2008, the Consultative Committee of the CFC reviewed the Fast Track proposal and recommended it for approval, subject to amendments related to the budget, the final report and the dissemination of Project results.

Subsequently, the project proposal was revised by the ICCO and the MCB to the satisfaction of the CFC. Thereafter, a Project Implementation Agreement (PIA) was signed by the CFC, ICCO and MCB in June 2008. Project implementation was expected to commence as soon as funds had been received from the Common
This Fast Track proposal entitled “Feasibility Study on Opportunities for Organic Cocoa in West African Countries” was submitted in May 2007 to the ICCO Secretariat by the Royal Tropical Institute (KIT) in Amsterdam, the Netherlands. The main objective of the project was to conduct a feasibility study to identify the best production areas, producers’ organizations and support activities for organic cocoa production in Cameroon and Togo. The project would provide a detailed analysis of the value chain of the organic cocoa niche market in these countries, as well as an assessment of the current status and opportunities for organic cocoa production and export. Finally, the study would develop an action plan to support organic cocoa exporters in selected areas, with selected producers’ groups and stakeholders.

It was recognized in the project proposal that current cocoa growing with little or no use of agrochemicals could be turned to advantage through opportunities in organic cocoa production, as most producers already produced organic cocoa by default. As a result, organic certification would add value to the untreated “organic by default” cocoa beans from West Africa. This could potentially enable smallholder farmers to improve the quality of their cocoa beans and to increase their incomes by an additional price premium of up to 35%.

At its 134th meeting in September 2007, the Executive Committee reviewed and approved the submission of the proposal to the Common Fund for Commodities (CFC) for financing. In late January 2008, the Consultative Committee of the CFC reviewed the Fast Track proposal and recommended it for approval by the Managing Director of the CFC subject to amendments. Subsequently, the project proposal was revised by the ICCO and by KIT to the satisfaction of the CFC. Thereafter, a Project Implementation Agreement (PIA) was signed by the CFC, ICCO and KIT in June 2008. Project implementation was expected to commence as soon as funds had been received from the Common Fund for Commodities.

II. Projects completed in 2007/2008

(i) Pilot Project on Price Risk Management for Cocoa Farmers in Côte d’Ivoire

The liberalization of agricultural markets in West Africa in late 1980s had exposed farmers to price fluctuations on the world cocoa market. In this new economic environment of increased price volatility, farmers became more vulnerable and found it more difficult to plan production activities and to make long-term investment decisions.

In 1998, the World Bank set up an International Task Force (ITF) on Price Risk Management to assess the feasibility of derivatives contracts as price risk management tools. After the publication of a series of discussion papers, the World Bank, through the ITF, recommended to the Common Fund for Commodities (CFC) and to designated International Commodity Bodies to develop and test measures of price risk management instruments for farmers through pilot projects. Indeed, in the absence of any price stabilization scheme, alternative instruments were required to reduce the economic vulnerability of farmers to the increased price volatility.

Following the recommendations made by the ITF, the Secretariat of the ICCO formulated a proposal for a Pilot Project on Price Risk Management for Cocoa Farmers in Cameroon, Côte d’Ivoire and Nigeria and submitted it for consideration to the CFC. After consultations between the ICCO and CFC, it was decided to implement the pilot project in Côte d’Ivoire initially, and then to disseminate the results in the other two countries by implementing new field operations. In April 2005, the Executive Board of the CFC approved the ICCO proposal for a Pilot Project on Price Risk Management for Cocoa Farmers in Côte d’Ivoire.

The major objectives of the above mentioned pilot operations were: to reduce the exposure of smallholder cocoa farmers; and to develop the capacity to enable
small cocoa producers and organizations to make more rational production and investment decisions. The practical aim of the project was to test the feasibility of the use of various price risk management instruments by cocoa farmers. The project focussed on the price risk for farmers during the period between the start of the cultivation of the cocoa and the time it was harvested and sold. The project was implemented between February 2006 and March 2008.

The project achieved remarkable results. The introduction of a market-based price insurance mechanism was of real benefit to participating cocoa farmers in Côte d’Ivoire. Indeed, it helped smallholder cocoa farmers to make more efficient production plans and long-term investment decisions, by reducing price risk. Local institutions and cocoa cooperatives received appropriate training on price risk management strategies. Hedging instruments were selected and hedging contracts were approved by all parties involved in the project. Finally, hedging strategies were implemented on the London and New York cocoa option markets.

A summary of the results of the project showed that, for the Put options strategy, the cocoa hedged on the LIFFE market has yielded a profit. With regard to POPs, the cocoa hedged on the ICE market expired at no value.

In spite of the above mentioned constraints, the results of the pilot operations in Côte d’Ivoire had shown that price risk management instruments could be effective tools to mitigate the seasonal fluctuations of the farm-gate price for cocoa.

(ii) Preventing and Managing the Global Spread of Cocoa Pests and Pathogens: Lessons from the Witches’ Broom Disease Project

The main objective of the Proposal was to hold a workshop for stakeholders in the cocoa sector, to present the results of the Witches’ Broom Disease Project, then to build a consensus on the approach and content of a global project to address the threat and impact of cocoa pests and pathogens.
Council
Chairman: Ms Irina Medvedeva (Russian Federation)
First Vice-Chairman: Mr Francis Vannerom (Belgium/Luxembourg)
Second Vice-Chairman: Mrs. Abdul Rahmin (Malaysia)
Open to all Members

Executive Committee
Chairman: Dr. Victor Iyama (Nigeria)
Vice-Chairman: Mr Isaac Osei (Ghana)
Exporting Members: Brazil, Cameroon, Côte d’Ivoire, Dominican Republic, Ecuador, Gabon, Ghana, Malaysia, Nigeria, Papua New Guinea
Importing Members: Belgium/Luxembourg, European Community, France, Germany, Italy, Netherlands, Russian Federation, Spain, Switzerland, United Kingdom

Credentials Committee
Chairman: Mr Manuel Altimira (Spain)
Exporting Members: Cameroon, Côte d’Ivoire, Ecuador, Ghana
Importing Members: Czech Republic, Ireland, Netherlands, Spain

Market Committee
Chairman: Mr Tano Kassi Kadio (Côte d’Ivoire)
Vice-Chairman: Dr Sharief Mohamed (Netherlands)
Open to all Members

Promotion Committee
Chairman: Mr Steve Wateridge (United Kingdom)
Vice-Chairman: Mr Hayford A.K. Fiamor (Ghana)
Open to all Members

Expert Working Group on Quality
Chairman: Dr Tom Harrison (Armajaro, United Kingdom)
Invited Experts, open to all Members

Consultative Board on the World Cocoa Economy
Chairman: Mr Tony Lass MBE (BCCCA, UK)
Vice-Chairman: Mr Idelfonso Medina (Rizek Cacao C. por A., Dominican Republic)
Members: Mr Kassi Henri Amouzou (FDPCC, Côte Ivoire), Dr Ismail Azhar (Malaysian Cocoa Board), Mr Antonio Feola (Associazione Industrie Dolciarie (AIDI), Italy), Dr Martin Gilmour (Mars Confectionery, Belgium), Dr Victor Iyama (Cocoa Association of Nigeria), Dr Karsten Keunecke (Bundesverband der Deutschen Süßwarenindustrie EV (BDSI), Germany), Ms Ursula Mathis-Künhe (Chocosuisse, Switzerland), Mr Isaac Osei (Ghana Cocoa Board), Mr Philip Sigley (Federation of Cocoa Commerce Ltd, UK), Ing Alejandro Taramelli (ANECACAO, Ecuador), Mr Pierre Tsimi Enouga (CICC, Cameroon), Ms. Isabelle Adam (European Cocoa Association, Belgium)
Alternate Members: Mr Edem Amegashie-Duvon (Ghana Cocoa Marketing), Ms Flavia Bernardini (CAOBISCO, Belgium), Mr Aldo Cristiano (Ferrero Trading Lux SA, Italy), Mr Dao Hamed Kader (FDPCC, Côte d’Ivoire), Dr Torben Erbrath (Bundesverband der Deutschen Süßwarenindustrie EV (BDSI), Germany), Dr Tom Harrison (Armajaro, UK), Mr Humberto Heredia (Hercoma S.A., Ecuador), Dr Lee Choon Hui (Malaysian Cocoa Board), Mr José Antonio Martinez Rojas (Comisión Nacional del Cacao, Dominican Republic), Mr Jerôme Mvondo (SODECAO, Cameroon), Dr Akinwale Ojo (Cocoa Association of Nigeria)
Open to all Members as observers

Expert Working Group on Stocks
Chairman: Mr Philip Sigley (Federation of Cocoa Commerce Ltd, United Kingdom)
Invited Experts, open to all Members
ANNEX II

Secretariat (as at 30 September 2008)

Office of the Executive Director
- Dr Jan Vingerhoets, Executive Director
- Miss Sarah Sharp, Personal Assistant to the Executive Director

Economics and Statistics Division
- Dr Jean-Marc Anga, Director of Economics and Statistics Division
- Ms Aurelia Van Dommelen, Assistant to the Head of Economics and Statistics Division

Statistics and Market Review Section
- Mr Laurent Pipitone, Senior Statistician
- Mrs Veena Ramgulam, Statistician
- Mrs Elizabeth Gyamfi, Associate Statistician

Economics and Development Section
- Mr Han Loke Fong, Senior Economist
- Dr Michele Nardella, Econometrician
- Mr Yunusa Abubakar, Project Manager
- Mr Moisés Gómez, Project Officer
- Mr Victor Adjei, Senior Research Assistant

Administration and Finance Division
- Mrs Katharina Schön, Director of Administrative & Finance Division

Personnel and Administration Section
- Miss Sophia Petros, Senior Administrative Assistant
- Mrs Olubukola Akosile, Senior Accounts Assistant
- Mr Gabby Owusu-Aninakwah, Communications Assistant

Information and Conference Section
- Mrs Constanze Andel-Rimensberger, Information Officer
- Mr Alan Banbury, Senior Conference Assistant
- Mr Shastri Persad, Conference Assistant
- Mr Lee Friend, Information Assistant
### Balance Sheet as at 30 September 2008
(Expressed in £ Sterling)

<table>
<thead>
<tr>
<th>Section</th>
<th>2006/2007</th>
<th>2007/2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance with bankers and cash in hand</td>
<td>2,513,965</td>
<td>2,418,478</td>
</tr>
<tr>
<td>Debtors</td>
<td>32,060</td>
<td>26,516</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>50,337</td>
<td>58,453</td>
</tr>
<tr>
<td><strong>Contribution to administrative budgets outstanding</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990/91 to 2001/2002 inclusive</td>
<td>210,710</td>
<td>210,710</td>
</tr>
<tr>
<td>Year ended 30 September 2003</td>
<td>29,977</td>
<td>29,977</td>
</tr>
<tr>
<td>Year ended 30 September 2008</td>
<td>15,313</td>
<td>89,355</td>
</tr>
<tr>
<td>Provision for outstanding contributions</td>
<td>(203,420)</td>
<td>(203,420)</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>2,648,942</td>
<td>2,630,069</td>
</tr>
<tr>
<td><strong>LESS: LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors and provisions for accrued expenses</td>
<td>82,491</td>
<td>37,635</td>
</tr>
<tr>
<td>Members’ contributions paid in advance</td>
<td>2,231</td>
<td>100</td>
</tr>
<tr>
<td><strong>Provision for installation and repatriation</strong></td>
<td>163,500</td>
<td>182,500</td>
</tr>
<tr>
<td></td>
<td>248,222</td>
<td>220,235</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td><strong>2,400,720</strong></td>
<td><strong>2,409,834</strong></td>
</tr>
</tbody>
</table>

Represented by:

<table>
<thead>
<tr>
<th>Section</th>
<th>2006/2007</th>
<th>2007/2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SPECIAL RESERVE FUND</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>2,560,750</td>
<td>2,560,750</td>
</tr>
<tr>
<td>Contributions outstanding</td>
<td>(40,900)</td>
<td>(31,670)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,519,850</strong></td>
<td><strong>2,529,080</strong></td>
</tr>
<tr>
<td><strong>Less: Transfer to Income and Expenditure Account</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,018,392</td>
<td>1,018,392</td>
</tr>
<tr>
<td></td>
<td>1,501,458</td>
<td>1,510,688</td>
</tr>
<tr>
<td><strong>REVENUE RESERVE FUND</strong></td>
<td><strong>899,262</strong></td>
<td><strong>899,146</strong></td>
</tr>
<tr>
<td>Balance as at 30 September 2008</td>
<td><strong>2,400,720</strong></td>
<td><strong>2,409,834</strong></td>
</tr>
</tbody>
</table>
### Income and Expenditure Accounts for the Year Ended 30 September 2008
(Expressed in £ Sterling)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contributions assessed on Members</strong></td>
<td>1,836,314</td>
<td>1,827,405</td>
</tr>
<tr>
<td><strong>Interest earned - general funds</strong></td>
<td>71,586</td>
<td>66,064</td>
</tr>
<tr>
<td><strong>Interest earned - special reserve</strong></td>
<td>76,107</td>
<td>85,178</td>
</tr>
<tr>
<td><strong>TOTAL INTEREST EARNED</strong></td>
<td>147,693</td>
<td>151,242</td>
</tr>
<tr>
<td><strong>Subscriptions to Quarterly Bulletin of Cocoa Statistics</strong></td>
<td>14,048</td>
<td>12,926</td>
</tr>
<tr>
<td><strong>Other documents sales</strong></td>
<td>-</td>
<td>1,521</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>13,118</td>
<td>3,933</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td>2,011,173</td>
<td>1,997,027</td>
</tr>
<tr>
<td><strong>Transfer from Revenue Reserve Fund</strong></td>
<td>0</td>
<td>14,795</td>
</tr>
<tr>
<td><strong>Surplus / (Deficit) on Foreign Currency Exchange</strong></td>
<td>5</td>
<td>6,276</td>
</tr>
<tr>
<td></td>
<td>2,011,178</td>
<td>2,018,098</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ADMINISTRATIVE EXPENDITURE</strong></td>
<td>1,914,599</td>
<td>2,003,419</td>
</tr>
<tr>
<td><strong>Balance carried to Revenue Reserve Fund</strong></td>
<td>96,579</td>
<td>14,679</td>
</tr>
</tbody>
</table>
ICCO, with its central role in the international cocoa industry, has dealings with a large number of organizations and companies. The following is a list of the main organizations and companies, with which ICCO has regular contacts.

GOVERNMENTAL AND INTERNATIONAL ORGANIZATIONS

- African, Caribbean and Pacific Group of States
- Bioversity International
- Cocoa Merchants’ Association of America
- Common Fund for Commodities
- Commonwealth Secretariat
- European Bank for Reconstruction and Development
- European Cocoa Association
- European Commission
- Food and Agriculture Organization of the United Nations (FAO)
- Foreign & Commonwealth Office
- International Coffee Organization
- International Confectionery Association
- International Copper Study Group
- International Federation of Agricultural Producers
- International Grains Council
- International Jute Study Group
- International Labour Organization
- International Lead and Zinc Study Group
- International Maritime Organization
- International Mobile Satellite Organization
- International Monetary Fund
- International Oil Pollution Compensation Funds
- International Plant Genetic Resources Institute
- International Rubber Study Group
- International Sugar Organization
- International Tropical Timber Organization
- North-East Atlantic Fisheries Commission
- United Nations Conference on Trade and Development
- Union Nationale Des Opérateurs Café-Cacao
- World Bank Group
- World Trade Organization

NON GOVERNMENTAL ORGANIZATIONS (NGOs)

- Business Watch Indonesia (BWI)
- Conservación & Desarrollo (Ecuador)
- Conservation Internal Ghana
- Fair Trade Ghana
- Farmers Development Union (FADU, Nigeria)
- Hands Across The Ocean Foundation (Hatof)
- Humanist Institute for Cooperation with Developing Countries (HIVOS, Netherlands)
- Oxfam Novib (Netherlands)
- Rainforest Alliance
- Sustainable Tree Crops Program (STCP)
- West Africa World Wide Fund for Nature (WWF)
COCOA ORGANIZATIONS

ANECACAO (Ecuador)
Asociación de Industriales Procesadores de Cacao (APROCAO) (Venezuela)
Association of Chocolate, Biscuit and Confectionery Industries of the EU (CAOBISCO)
Association of Russian Confectionery Industry Enterprises (ASKOND) (Russia)
Associazione Industrie Dolciarie (Italy)
Autorité de Régulation du Café et du Cacao (ARCC)
Biscuit, Cake, Chocolate and Confectionery Association (BCCCA) (UK)
Bourse du Café et du Cacao (BCC) (Côte d’Ivoire)
Bundesverband Der Deutschen Süßwarenindustrie EV (Germany)
Chocosuisse (Switzerland)
Cacao VRAE SA, Proyecto Cacao del VRAE (Peru)
Cámara Venezolana de Productores - Exportadores de Cacao y Café (CAPEC) (Venezuela)
Cocoa Association of Nigeria
Cocoa Board of Papua New Guinea
Cocoa Producers’ Alliance (CPA)
Comisión Nacional del Cacao (Dominican Republic)
Comité de Co-ordination pour les Filières Café et Cacao (CCFCC) (Côte d’Ivoire)
Conseil Interprofessionnel du Cacao Café (Cameroon)
Federation of Cocoa Commerce Ltd (UK)
Federación Nacional de Cacaoteros (FEDECACAO ) (Colombia)
Fonds de Développement et de Promotion des Activités des Producteurs de Café et de Cacao (Côte d’Ivoire)
Fonds de Garantie des Coopératives Café-Cacao (Côte d’Ivoire)
Ghana Cocoa Board
Indonesian Cocoa Association (ASKINDO)
Malaysian Cocoa Board
National Cocoa and Coffee Board of Cameroon (ONCC)
World Cocoa Foundation

RESEARCH INSTITUTIONS

CABI Bioscience (UK)
Centre de Coopération Internationale en Recherche Agronomique pour le Développement (France)
Centre National de Recherche Agronomique (Côte d’Ivoire)
Cocoa and Coconut Institute of Papua New Guinea
Cocoa Research Institute of Nigeria
Cocoa Research Institute of Ghana
Cocoa Research Unit (Trinidad)
Cocoa Research (UK) Ltd
Comissão Executiva do Plano da Lavoura Cacaueira (Brazil)
Institut de Recherche Agricole pour le Développement (Cameroon)
Instituto Nacional Autónomo de Investigación Agropecuaria (Ecuador)
Instituto Nacional de Investigaciones Agrícolas (Venezuela)
PRIVATE SECTOR

Archer Daniel Midland (ADM)
Armajaro Trading Ltd
Blommer Chocolate
Barry Callebaut Sourcing AG
Cadbury Schweppes PLC
Cargill
China Tea Co. Ltd
Chocolates El Rey, C.A.
Daarnhouwer & Co BV
Ecom Agroindustrial Corp Ltd
ED & F Man Cocoa Ltd.
Eurochocolate
Fuchs & Hoffmann GmbH
Ferrero Trading Lux SA
Genertec International Cooperation
Guittard Chocolate Company
Kraft Foods
Lindt & Sprüngli (International) AG
LMC International Ltd
London International Financial Futures and Options Exchange
Mars Inc
Mitsubishi Corporation (UK) Plc
Nestec Ltd
Noble Cocoa SA
Rausch Schokoladen GmbH
Schlüter & Maack
Shanghai Tiangong Cocoa Food Company Ltd
Sitos Group BV
Thorntons Plc
Toshoku Ltd
Touton SA
Walter Matter SA