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ICCO *Ad Hoc* Panel on Fine or Flavour Cocoa
Bloomsbury House, 2-3 Bloomsbury Square, London WC1A 2RL
Friday, 10 September 2010

**REPORT BY THE CHAIRMAN ON THE MEETING OF THE
ICCO *AD HOC* PANEL ON FINE OR FLAVOUR COCOA
TO REVIEW ANNEX "C" OF THE INTERNATIONAL COCOA AGREEMENT, 2001**

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OPENING OF THE MEETING

1. The third meeting of the ICCO *Ad Hoc* Panel on Fine or Flavour Cocoa (the “Panel”) for the review of Annex “C” of the International Cocoa Agreement, 2001 was held in London on Friday, 10 September 2010. The meeting was opened by its Chairman, Mr. Edward S. Seguire of Mars Inc., USA.
2. The Chairman welcomed all participants to the meeting. He noted that the duties of the Panel were to review the proportions of fine or flavour cocoa exported by the countries listed in Annex “C” of the International Cocoa Agreement, 2001 and to consider the submission by Cameroon and any other country for inclusion in Annex “C”. In each case, the Panel had to consider the specific conditions in the countries concerned regarding production, exports, quality assessment, as well as traders’ and chocolate manufacturers’ confidence in the origin of the fine or flavour cocoa.

ESTABLISHMENT OF THE MEMBERSHIP OF THE PANEL

3. The Executive Director recalled Article 46 of the International Cocoa Agreement, 2001 (currently in force) which stipulates that the International Cocoa Council may, at any time during the lifetime of the Agreement, review Annex “C” related to the producing countries exporting exclusively or partially fine or flavour cocoa. Accordingly, the Executive Director had invited experts in the production and marketing of fine or flavour cocoa to participate in the Panel in order to make recommendations on Annex “C”, for consideration by the Council at its 83rd regular session in March 2011.
4. The Executive Director noted that significant efforts had been made to form a balanced Panel between experts from cocoa importing countries and experts from cocoa exporting countries. This was in accordance with Article 39 of the International Cocoa Agreement, 2010, which specifies that “the composition of the Panel of Experts should, as far as possible, ensure a balance between experts from importing countries and experts from exporting countries”. He noted that the Panel would have been fully balanced had two panel members from cocoa producing countries not cancelled their participation due to their inability to secure funding to travel to London. It was noted that Panel members were completely self-financing in relation to their participation, as there were no provisions in the current International Cocoa Agreement to provide funding in this respect.
5. The Executive Director welcomed all participants to the meeting and thanked in particular the members of the Panel for attending. The Panel consisted of 10 experts (including the Chairman) in the production and marketing of fine or flavour cocoa, three of whom had participated in the second meeting of the Panel in January 2008. In addition, at the invitation of the Executive Director (as contained in document ED(MEM)914), six experts had been nominated by Cameroon, the Dominican Republic, Ecuador, Papua New Guinea, Trinidad and Tobago and the Bolivarian Republic of Venezuela to introduce and support their case for inclusion in Annex “C”. The list of Members and Experts is provided in the attached Annex to this document.

ADOPTION OF AGENDA

6. The Executive Director presented the draft agenda as contained in document FFP/3/1. The draft agenda was adopted by the Panel.

REVIEW OF ANNEX “C” OF THE INTERNATIONAL COCOA AGREEMENT, 2001

7. The Secretariat submitted document FFP/3/2 containing information on the fine or flavour cocoa market. The purpose of this paper was to assist the Panel in the determination of the most appropriate proportions of fine or flavour cocoa exported by the countries already listed in Annex “C” as well as by Cameroon. The Panel reviewed some background information presented in the document on the production and marketing of fine or flavour cocoa as well as details of the work performed in this area by the ICCO Secretariat in recent years. The Secretariat noted that the classification of fine or flavour cocoa producing countries under Annex “C” of the successive International Cocoa Agreements had changed three times in the past. The original classification covered the International Cocoa Agreements of 1972, 1975, 1980 and 1986. The classification had then been revised leading to a new list covering the 1993 Agreement and the current 2001 Agreement up to March 2005. The second classification had been adopted by the ICCO Council at its 71st regular session in March 2005 following the meeting of the Panel in December 2004, while the third and latest classification had been adopted by the ICCO Council at its 77th regular session in May 2008 following the meeting of the Panel in January 2008. The Panel reviewed statistical information related to the price, volume, variety and quality of the various origins by the market contained in the document.

a) Presentations by countries

8. The Chairman invited the nominated experts from Cameroon, the Dominican Republic, Ecuador, Papua New Guinea, Trinidad and Tobago and the Bolivarian Republic of Venezuela to give their presentations.

Cameroon

9. Mr. Olivier Sounigo, *CIRAD*, gave a presentation on the genetics of cocoa cultivated in Cameroon and on the strategy established by the various institutions in the country’s cocoa sector to commercialize cocoa beans that would be recognized as being of the fine or flavour type. The presentation highlighted that, according to a recent molecular study, 40% of the assessed trees have at least one *Trinitario* ancestor. Physical analyses of cocoa cultivated in Cameroon showed that the theobromine/caffeine ratios of selected samples were comparable to those cultivated in the Bolivarian Republic of Venezuela, in particular. Moreover, an organoleptic assessment of cocoa samples prepared using microfermentation revealed specific flavours, in particular fruity ones. Based on these analyses, Mr. Sounigo estimated that 10% of the cocoa produced in Cameroon had potentially fine/flavour cocoa attributes. A description of the strategy to achieve this aim was then presented, involving IRAD, ONCC and SODECAO. This strategy is expected to allow the proportion of fine flavour cocoa produced in Cameroon to reach five per cent within the next five years.

Dominican Republic

10. Mr. Idelfonso Medina García, *Comision Nacional del Cacao*, gave a presentation on the cocoa sector in the Dominican Republic. The Dominican Republic requested to be recognized as a producer of fine or flavour cocoa, with 70% of its cocoa exported considered as being fine or flavour cocoa, a higher percentage than the 40% attributed in 2008. Mr. Medina García provided Panel members with information on the situation regarding post harvest treatment and recent investments undertaken in the sector (including cocoa driers, an increase in fermentation capacity by 12,000 tonnes to 32,000 tonnes and three new quality control laboratories) as well as on the premium received by the country's cocoa exporters.

Ecuador

11. Ms. Maria Isabel Jimenez Feijoo, Under-secretary at the Ecuadorian Ministry of Agriculture, gave a presentation on the cocoa sector in Ecuador. The country requested to be recognized as an exporter of fine or flavour cocoa with a higher percentage than the 75% set since the International Cocoa Agreement, 1993. Ms. Feijoo supported this request by providing Panel members with information on recent efforts made to avoid the blending of "*Arriba Nacional*" fine or flavour cocoa with the CCN51 variety and reported on the measures adopted to reposition "*Arriba Nacional*" cocoa through a comprehensive improvement of the cocoa chain and the international marketing of *Nacional* cocoa. The presentation highlighted government policy and institutional measures relating to the quality of "*Arriba Nacional*" cocoa, measures implemented to develop a national quality control and certification system for "*Arriba Nacional*" cocoa, measures to promote, enhance and provide technological support for the production of "*Arriba Nacional*" cocoa as well as ongoing research addressing technical problems affecting farming practices and cocoa quality.

Papua New Guinea

12. After a brief introduction by H.E. Mrs. Jean Kekedo CSM OBE, High Commissioner of Papua New Guinea to the Court of St. James's, Mr. Barnabas Toreu, from the Cocoa Board of Papua New Guinea, gave a presentation on the cocoa sector in Papua New Guinea. In 2008, the Panel had noted that a small share of the cocoa exported had a smoky taste and could not be considered as being fine or flavour cocoa. Hence at its 77th regular session in May 2008, the Council recognized that only 75% of cocoa exports originating from Papua New Guinea were fine or flavour cocoa. Mr. Toreu requested his country to be recognized as an exclusive exporter of fine or flavour cocoa. He supported this request with information on genetic, chemical and organoleptic parameters of the cocoa in Papua New Guinea and on ongoing efforts that were underway to ensure high quality of the cocoa exported, such as inspection of fermentation boxes and fumigators and the development of improved driers and alternative heat sources to address possible defective wood fired kiln drying.

Trinidad and Tobago

13. Mr. Kamaldeo Maharaj, from the Ministry of Food Production, Land and Marines Affairs of Trinidad and Tobago, gave a presentation on the cocoa sector in Trinidad and Tobago. He emphasized the measures that were being undertaken by the country to ensure high quality of the cocoa beans produced as well as the plan to increase production in coming years. He highlighted the results of the Zero Edition (2009) of Cocoa of Excellence awards confirming the reputation of Trinidad and Tobago as a producer of fine cocoa.

Bolivarian Republic of Venezuela

14. Ms. Tatiana Pugh from the Ministry of Agriculture of the Bolivarian Republic of Venezuela gave a presentation on the cocoa sector in the country. She requested that the Bolivarian Republic of Venezuela be recognized as an exporter of fine or flavour cocoa with a higher percentage than the 75% awarded by the Council at its 77th regular session in May 2008. Ms. Pugh informed Panel members that the Government had declared cocoa as a “maximum-priority crop”, and had developed a “Socialist Plan for Venezuelan Cocoa”. Over the past five years, significant research has been carried out on cocoa, through the so-called “Chocolate Route”. It included an analysis of the genetic origin of Venezuelan cocoa through the morphological and molecular characterization of the various national cocoa varieties. She emphasized that the Government considered cocoa to be more than just a commercial product as it provided livelihoods for many farming families and was also a key element in the drive for national food self-sufficiency. The increasing prices received by cocoa farmers over the past two years and the high price premium compared to the international market were highlighted.

b) Deliberations of and recommendations by the Panel

15. The Panel deliberated on each of the countries listed in the revised Annex “C” of the Agreement as well as on Brazil, Bolivia, Cameroon, Cuba, Honduras, Mexico, Nicaragua, Panama and Vietnam, considering in each case the specific conditions in the country regarding production, export deliveries, quality assessment and traders’ and chocolate manufacturers’ confidence in the origin of the fine or flavour cocoa.

16. The results of the deliberations for these countries are presented in **Table 1**, in alphabetical order.

17. The recommendations by the Panel of a revised list of producing countries exporting either exclusively or partially fine or flavour cocoa are presented in **Table 2**, with the recommended percentages of export of fine or flavour cocoa.

18. The Panel also listed countries which were considered as having the potential to produce and export fine or flavour cocoa in the near future. This list included Cameroon, Brazil and Nicaragua. In particular, Cameroon was encouraged to continue to build on its efforts to produce more detailed information on its activities and to demonstrate the actual exports of significant quantities of cocoa as fine/flavour for consideration at the next meeting of the Panel.

OTHER BUSINESS

19. There were no items of other business.

TABLE 1

DELIBERATIONS OF THE 2010 *AD HOC* PANEL ON THE
REVIEW OF ANNEX “C” OF THE INTERNATIONAL COCOA AGREEMENT, 2001

Countries	Council decision May 2008 (% total export)	Panel recommendation September 2010 (% of total export)	Comments and remarks
Bolivia	<i>b/</i>	100%	Only a small volume of the cocoa beans was exported from this origin (151 tonnes in 2008/09). The Panel recommended establishing the country as an exclusive exporter of fine or flavour cocoa.
Brazil	<i>b/</i>	<i>b/</i>	The Panel noted that, as yet, there were no fine or flavour cocoa exports from this origin. However, the Panel included this country in the list of countries with the potential to produce and export fine or flavour cocoa in the near future.
Cameroon	<i>b/</i>	<i>b/</i>	The Panel noted that, as yet, there was no fine or flavour cocoa exports of any significance (around 23 tonnes expected in 2010/11). However, the Panel included this country in the list of countries with the potential to produce and export fine or flavour cocoa in the near future.
Colombia	100%	95%	Only a small volume of the cocoa beans produced was exported from this origin. The Panel recommended classifying the country as a partial exporter of fine or flavour cocoa, with a share of 95%, due to recent fermentation issues as exports had increased slightly.
Costa Rica	100%	100%	The Panel recommended maintaining the country as an exclusive exporter of fine or flavour cocoa.
Cuba	<i>b/</i>	<i>b/</i>	The Panel stated that there was insufficient information available to recommend the inclusion of the country in the list of countries exporting fine or flavour cocoa.
Dominica	<i>a/</i>	100%	Only a small volume of the cocoa beans were exported from this origin (around 150 tonnes in 2008/09). The Panel recommended establishing the country as an exclusive exporter of fine or flavour cocoa as there was no indication that any cocoa exported did not have these attributes.
Dominican Republic	40%	40%	The Panel recognized that the country had sound post-harvest infrastructures thanks to significant investments made in dryers, fermentation capacity and quality control. However, the recent decline in exports of <i>Hispaniola</i> cocoa due to its lower demand from international buyers (as it fetched a significant price premium) led the Panel to recommend maintaining the country as a partial exporter of fine or flavour cocoa, with a share of 40%. It also highlighted the potential for this percentage to be revised upwards in the future.

**DELIBERATIONS OF THE 2010 AD HOC PANEL ON THE
REVIEW OF ANNEX “C” OF THE INTERNATIONAL COCOA AGREEMENT, 2001**

CONTD.

Countries	Council decision May 2008 (% total export)	Panel recommendation September 2010 (% of total export)	Comments and remarks
Ecuador	75%	75%	The Panel recommended maintaining the “ <i>status quo</i> ” of the percentage established under the 1993 Agreement. The Panel recognized the considerable efforts that had been undertaken to prohibit any blending of “ <i>Arriba Nacional</i> ” cocoa batches with the CCN-51 variety. However, the increase in the share of the CCN-51 variety in total exports of cocoa beans was emphasized, reaching over 20% in 2008 and 2009. Recognizing almost 100% of the exports of “ <i>Arriba Nacional</i> ” as being fine or flavour cocoa, the Panel recommended maintaining the level at 75%.
Grenada	100%	100%	The Panel recognized the high quality of the cocoa beans exported by Grenada.
Honduras	<i>b/</i>	<i>b/</i>	The Panel stated that there was insufficient information available to recommend the inclusion of the country in the list of countries exporting fine or flavour cocoa.
Indonesia	1%	1%	The Panel recommended maintaining the “ <i>status quo</i> ” for the country.
Jamaica	100%	100%	Although some members of the Panel reported some quality problems, the Panel recognized new initiatives that were underway to improve the quality. The Panel recommended maintaining the “ <i>status quo</i> ” for the country as a producing country exporting exclusively fine or flavour cocoa.
Madagascar	100%	100%	The Panel recognized the high quality of the cocoa beans exported by Madagascar.
Mexico	<i>b/</i>	100%	Only a small volume of the cocoa beans produced was exported. The Panel recommended including Mexico as a producing country exporting exclusively fine or flavour cocoa.
Nicaragua	<i>b/</i>	<i>b/</i>	The Panel recognized the presence of <i>Criollo</i> and <i>Trinitario</i> varieties but highlighted the need for better post-harvest practices in the country. The Panel included this country in the list of countries with the potential to produce and export fine or flavour cocoa in the near future.
Panama	<i>b/</i>	<i>b/</i>	The Panel stated that there was insufficient information available to recommend the inclusion of the country in the list of countries exporting fine or flavour cocoa.

**DELIBERATIONS OF THE 2010 AD HOC PANEL ON THE
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CONTD.

Papua New Guinea	75%	90%	The Panel noted that a small percentage of the cocoa exported had a smoky taste and, as such, this portion could not be considered as fine or flavour cocoa. However, the Panel acknowledged that the vast majority of the cocoa exported had fine or flavour attributes and therefore recommended increasing the share of cocoa exported as being of the fine or flavour type.
Peru	100%	90%	Only a small volume of the cocoa beans produced is exported. The Panel highlighted the fact that a significant share of the cocoa planted recently was of the CCN-51 variety. The Panel recommended classifying the country as a partial exporter of fine or flavour cocoa, with a share of 90%, due to recent rejections from importers in relation to fermentation issues. The Panel highlighted the substantial risk that the percentage could be further revised downwards in coming years due to recent changes in the cocoa sector of the country if preventive measures were not implemented.
Saint Lucia	100%	100%	The Panel recognized the high quality of the cocoa beans exported by Saint Lucia.
Viet Nam	b/	b/	The Panel stated that, so far, no cocoa exported from this origin could be considered as being of the fine or flavour type.
São Tome and Principe	35%	35%	The Panel recommended maintaining the country as a partial exporter of fine or flavour cocoa.
Trinidad and Tobago	100%	100%	The Panel recognized the very high quality of the cocoa beans exported by Trinidad and Tobago.
Venezuela, Bolivarian Rep. of	75%	95%	The Panel acknowledged that most of the cocoa exported was of the fine or flavour type and therefore recommended to increase the share of cocoa exported as being of the fine or flavour type. Some cocoa beans exported were reported as being only partially fermented, resulting in the inclusion at 95%.

Notes:

- a/ The *Ad Hoc* Panel noted that there was insufficient information to recommend a percentage of total export.
- b/ This country was not considered as a producing country exporting fine or flavour cocoa.

TABLE 2

ANNEX "C" OF THE INTERNATIONAL COCOA AGREEMENT, 2001

PRODUCING COUNTRIES EXPORTING
EITHER EXCLUSIVELY OR PARTIALLY FINE OR FLAVOUR COCOARECOMMENDATIONS OF THE 2010 ICCO AD HOC PANEL
ON FINE OR FLAVOUR COCOA*(Share of total exports of the country)*

Countries	Council decision May 2008	Panel recommendation September 2010
Bolivia	b/	100%
Colombia	100%	95%
Costa Rica	100%	100%
Dominica	a/	100%
Dominican Republic	40%	40%
Ecuador	75%	75%
Grenada	100%	100%
Indonesia	1%	1%
Jamaica	100%	100%
Madagascar	100%	100%
Mexico	b/	100%
Papua New Guinea	75%	90%
Peru	100%	90%
Saint Lucia	100%	100%
São Tome and Principe	35%	35%
Trinidad and Tobago	100%	100%
Venezuela, Bolivarian Rep. of	75%	95%

Note:

a/ The 2008 *Ad Hoc* Panel noted that there was insufficient information to recommend a percentage of total exports.

b/ Country not included in previous list.

ANNEX

LIST OF PARTICIPANTS

A. MEMBERS OF THE AD HOC PANEL

Chairman			
1.	Mr. Edward S. Seguine	-	Mars Inc. - United States
Members			
2.	Mr. Freddy Amores	-	INIAP - Ecuador
3.	Mr. Willem Bolk	-	Daarnhouwer & Co BV - The Netherlands
4.	Mrs. Irene Kaestli	-	Barry Callebaut - Switzerland
5.	Dr. Smilja Lambert	-	Mars Inc. - Australia
6.	Dr. Keita Morinaga	-	Morinaga & Co., Ltd. - Japan
7.	Mr. Mark Resink	-	Nestlé SA - Switzerland
8.	Mr. Heiner Sperling	-	Schluter & Maack - Germany
9.	Dr. Darin Sukha	-	Cocoa Research Unit (CRU) - Trinidad and Tobago
10.	Mr. Stephen Yaw Opoku	-	Cocoa Research Institute - Ghana

B. EXPERTS FROM INTERESTED COUNTRIES

1.	Ms. Maria Isabel Jimenez Feijoo		Ministry of Agriculture of Ecuador
2.	Mr. Kamaldeo Maharaj	-	Ministry of Food Production, Land and Marines Affairs of Trinidad and Tobago
3.	Mr. Idelfonso Medina García	-	<i>Comision Nacional del Cacao</i> , Dominican Republic
4.	Ms. Tatiana Pugh	-	Ministry of Agriculture of the Bolivarian Republic of Venezuela
5.	Mr. Olivier Sounigo	-	CIRAD, France/Cameroon
6.	Mr. Barnabas Toreu	-	Cocoa Board of Papua New Guinea

C. OBSERVERS

Brazil

1.	Dr. Jay Wallace da Silva e Mota		Comissão Executiva do Plano da Lavoura Cacaueira (CEPLAC)
2.	Mr. Ricardo R. Tafani	-	Ministry of Agriculture, Livestock and Supply

Cameroon

3.	Mr. Michael Ndoping		ONCC
4.	Mr. Pierre Marie Etoa Abena	-	ONCC
5.	Mr. Anselme Kameni	-	IRAD

Côte d'Ivoire

6. Mrs. Nathalie Kouassi-Zessia Assé Permanent Representation of Côte d'Ivoire to International Commodity Organizations, London

Dominican Republic

7. H. E. Mr. Anibal De Castro Embassy of the Dominican Republic, London
8. Dr. José Antonio Martínez Rojas Comisión Nacional del Cacao
9. Mr. Gabriel Roig Alfaro Comisión Nacional del Cacao
10. Mr. José A. Vasquez Almonte Comisión Nacional del Cacao

Ecuador

11. H.E. Mrs. Ana Alban Mora Embassy of Ecuador, London
12. Mrs. Mireya Munoz Ministry of Foreign Affairs (Ministerio de Relaciones Exteriores, Comercio e Integración)
13. Dr. Deborah Salgado Campaña Ministry of Foreign Affairs (Ministerio de Relaciones Exteriores, Comercio e Integración)
14. Mr. Juan Diego Stacey Chiriboga Embassy of Ecuador, London
15. Mrs. Lourdes Delgado Ministry of Foreign Affairs (Ministerio de Relaciones Exteriores, Comercio e Integración)

Germany

16. Mr. Ruediger Ohst Federal Ministry of Consumer Protection, Food and Agriculture
17. Dr. Torben Erbrath Association of the German Confectionery Industry (BSDI)
18. Mr. Philipp Hoffmann Albrecht & Dill Trading GmbH

Japan

19. Mr. Kotaro Fujii Morinaga & Co. Ltd, Europe Office, The Netherlands

Nigeria

20. Ms. Kehimde Ajao Federal Ministry of Agriculture and Rural Development

Papua New Guinea

21. H.E Mrs. Jean Kekedo CSM OBE High Commissioner of Papua New Guinea, London
22. Mr. Jeffrie Marfu Cocoa Quality Control, Cocoa and Coconut Institute
23. Ms. Jane Ravusiro Cocoa Quality Control, Cocoa and Coconut Institute

Spain

24. Mr. Rafael Jaen Embassy of Spain, London

Trinidad and Tobago

25. Ms. Roanna Gopaul High Commission for the Republic of
Trinidad and Tobago in London

United Kingdom

26. Mr. Tony Lass MBE The Cocoa Research Association Ltd
27. Mr. Philip Sigley The Federation of Cocoa Commerce Ltd

United States

28. Ms. Pamela Thornton Armajaro Asset Management

Venezuela, Bolivarian Rep. of

29. Mr. Roberto Bayley Embassy of the Bolivarian republic of Venezuela,
London

D. ICCO SECRETARIAT

- | | | | |
|----|-----------------------|---|---|
| 1. | Dr. Jan Vingerhoets | - | Executive Director |
| 2. | Dr. Jean-Marc Anga | - | Director of the Economics and Statistics Division |
| 3. | Mr. Yanusa Abubakar | - | Project Manager |
| 4. | Mr. Alan Banbury | - | Conference Officer |
| 5 | Mr. Moisés Gomez | - | Project Officer |
| 6 | Mrs. Elizabeth Gyamfi | - | Associate Statistician |
| 7 | Mr. Shastri Persad | - | Conference Assistant |
| 8 | Mr. Laurent Pipitone | - | Senior Statistician |