



ANNUAL REPORT FOR 2000/01

International Cocoa Organization
22 Berners Street, London W1P 3DB

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INTRODUCTION

The International Cocoa Council's annual report for the 2000/2001 cocoa year (1 October 2000-30 September 2001) is published in accordance with Article 41 of the International Cocoa Agreement, 1993.

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

International Cocoa Council

Chairman:	H.E. Cdr. Djikalou Saint-Cyr (Côte d'Ivoire)
First Vice-Chairman:	Mr. Alhaji M. Abbas (Nigeria)
Second Vice-Chairman:	Mr. T. Johansson (Sweden)
Executive Director:	Mr. Edouard Kouamé

Members of the International Cocoa Agreement, 1993, as at 30 September 2001 (full details are given in Annex I to this report):

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

Executive Committee

Chairman:	Mr A. Frijlink (Netherlands)
Vice-Chairman:	Mr E. Barattini (European Union)

The following members served on the Executive Committee for the 2000/2001 cocoa year:

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

Credentials Committee

Chairman:	Mr. Nana Oduro Owusu (Ghana)
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The following members were re-appointed to serve on the Credentials Committee for the 2000/2001 cocoa year:

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

The following committees and working groups met during the 2000/2001 cocoa year and were open to all members.

Production Committee		Expert Working Group on Stocks	
Chairman:	Dr. R. Tafani (Brazil)	Chairman:	Mr P. Sigley (Cocoa Association of London)
Consumption Committee		Expert Working Group on Quality	
Chairman:	Mr. F. Massimo (Italy)	Chairman:	Dr. T. Harrison (President, IOCCC)

PART I – ORGANIZATION AND ADMINISTRATION

MEMBERSHIP OF THE INTERNATIONAL COCOA ORGANIZATION

During the 2000/2001 cocoa year, the International Cocoa Organization (ICCO) under the International Cocoa Agreement, 1993, had forty-two members at the end of the year. The total membership comprised nineteen cocoa-exporting and twenty-two cocoa-importing countries and the European Union. Belgium/Luxembourg participated in the International Cocoa Agreement, 1993, as joint members although they signed and ratified the Agreement as separate states. The European Union participated in the Agreement as an intergovernmental organization under the provisions of Article 4.

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

INTERNATIONAL COCOA COUNCIL

The International Cocoa Council, ICCO's highest authority, is composed of all the contracting parties to the International Cocoa Agreement. The Council held two regular and two special sessions during the 2000/2001 cocoa year.

Sixty-third regular session

The Council held its sixty-third regular session from 2-6 April 2001 during which it dealt with a number of issues. The session was opened with an address by His Majesty Otumfuo Osei Tutu II, King of the Ashantis, on the topic "Sustaining the global cocoa economy in the new millennium". The Council restored the voting rights of Ecuador and the Dominican Republic after agreeing the repayment of arrears with Ecuador and a postal vote on the Dominican Republic arrears.

The Council approved the audited administrative accounts for the year ended 30 September 2000 and the reports of the auditors appointed by member countries to audit the Organization's various accounts. The Council also appointed auditors for 2000/2001.

The Council established a Contact Group to examine possible solutions to the problem of the proposed increase in rent at 22 Berners Street and decided to call a special session in June 2001 to enable the

necessary decisions to be taken. A decision on the selection criteria for a the Executive Director was also deferred until the June 2001 meeting.

During the session, the Council received reports from the Chairmen of the Production and Consumption Committees and the Expert Working Group on Quality.

Sixty-fourth regular session

The Council held its sixty-fourth regular session from 10-12 September 2001 and considered several matters. The Council decided, in view of the rent increase at 22 Berners Street, to look for alternative locations for its headquarters.

The Council approved the administrative budget for the 2001/2002 cocoa year.

The Council decided to extend the contract of the Executive Director from 1 October 2001 to 31 January 2002, after which, from 1 February 2002, he would be succeeded by the Senior Officer, who would become Officer-in-Charge, until 30 September 2002.

Twenty-third special session

The Council held its twenty-third special session Part 1 from 4-6 June 2001 and Part 2 from 9-10 July 2001.

Following a presentation by a representative of UNICEF/Côte d'Ivoire to the Executive Committee on the topic "Child Trafficking - Child Labour in West Africa", the Council resolved: *To encourage the member Governments of ICCO concerned to investigate and eradicate any criminal child labour activity that might exist in their territory in the field of agricultural working practices, in close co-operation with UNICEF, other such organizations and the private sector; To consider in the design of relevant ICCO projects, the need to include activities in support of member countries in the eradication of unlawful practices concerning child labour; To request the Executive Director to transmit the present Resolution to member Governments, the cocoa producer associations, and the trade and industry in member and observer countries.*

The Council resolved to extend the International Cocoa Agreement, 1993, for a period of up to two

years from 1 October 2001, in accordance with the provisions of Article 61. However, as soon as the conditions for entry into force are met, in accordance with its Article 58, the International Cocoa Agreement, 2001, will enter into force, thus terminating the period of extension of the International Cocoa Agreement, 1993.

EXECUTIVE COMMITTEE

The Executive Committee is elected annually by the Council and is composed of ten exporting and ten importing members under the terms of the 1993 Agreement. The Committee is responsible to and works under the general direction of the Council. During the 2000/2001 cocoa year, the Executive Committee held the following meetings.

Hundredth and eighth meeting	4-6 December 2000
Hundred and ninth meeting	2-6 April 2001
Hundred and tenth meeting	4-6 June 2001
Hundred and eleventh meeting	10-12 September 2001

The Committee examined the world cocoa market situation, progress reports on projects, new project proposals and the finances and administration of the Organization. In addition, several matters were considered and recommendations were made to the Council accordingly.

The Committee also received the following presentations:

Ms. Nawal Kamel, Chairperson of the World Bank Task Force on *Price Risk Management*.

Mr Robin Dand, Senior Analyst of LIFFE on *The functioning of LIFFE and its impact on the formation of cocoa prices on world markets*.

A representative of UNICEF/Côte d'Ivoire on the topic "*Child Trafficking - Child Labour in West Africa*"

Mrs Henriette Lagou, Minister for the Family, Women and Children of Côte d'Ivoire on the *measures being implemented by her Government to eradicate the practice of child trafficking*.

PRODUCTION COMMITTEE

The Production Committee met as follows during the 2000/2001 cocoa year:

Twenty-fifth meeting	4-6 December 2000
Twenty-sixth meeting	2-6 April 2001

The Committee considered reports on production-management programmes in exporting member

countries and the assessment of the movements of global supply and demand of cocoa.

CONSUMPTION COMMITTEE

The Consumption Committee met as follows during the 2000/2001 cocoa year:

Twenty-fifth meeting	4-6 December 2000
Twenty-sixth meeting	2-6 April 2001

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

EXPERT WORKING GROUP ON STOCKS

The Expert Working Group on Stocks held its ninth meeting on 4-6 December 2000. The Group thanked Mr J. Robert Fish of PCR Ltd for his work as Chairman since the Group's inception in 1989 and elected Mr Philip Sigley of the Cocoa Association of London (CAL) as the new Chairman.

The Group considered an assessment of world stocks of cocoa beans as at 30 September 2000 and the reconciliation of historical data in selected major cocoa-exporting and cocoa-importing countries. A progress report was received on the survey of cocoa stocks held in Western European warehouses. Also, a presentation was made by Mr R. Dand of LIFFE on '*Liffe and cocoa stocks*'.

EXPERT WORKING GROUP ON QUALITY

The Expert Working Group on Quality held its twelfth meeting on 2-6 April 2001

The Group considered the issue of ochratoxins in food products, including cocoa. A presentation was given by Mr Morten Scholer of the International Trade Centre (ITC) on the ITC's new publication on the cocoa trade. The Group also discussed the implementation of the international standards for jute sacks, a pilot project to improve the quality of exported cocoa beans and working practices in cocoa production.

GLOBAL COORDINATION GROUP ON SUSTAINABLE COCOA ECONOMY

The Global Coordination Group on Sustainable Cocoa economy held two meetings, the first on 4-6 December 2000 and the second on 7 June 2001.

The Group discussed a Global Cocoa Program, producing country perspectives on sustainability, and the constitution and functioning of the Group.

Mr Hope Sona Ebai of the Cocoa Producers' Alliance (COPAL) provided a report entitled *'Re-organization of the private sector - a priority for producing countries towards a sustainable cocoa economy.'*

UNITED NATIONS COCOA CONFERENCE

UNCTAD held two Cocoa Conferences at the *Palais des Nations* in Geneva, one in November 2000 and the other in February 2001, to negotiate a new International Cocoa Agreement. The International Cocoa Agreement 2001 was completed at the February 2001 conference.

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

During the 2000/2001 cocoa year, ICCO continued to collaborate with the Common Fund for Commodities, research institutes and the trade for project preparation, financing and implementation. An overview of all projects at the end of the 2000/2001 cocoa year is given below:

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

The aim of the project is the development and transfer of technologies for the commercial processing of cocoa by-products and wastes (cocoa pod husk, cocoa sweatings and substandard beans) with a view to expanding the income generating capacity of the cocoa industry in cocoa producing countries. The operational work on the project by Cocoa Research Institute Ghana, the Project Executing Agency had been completed by August 2001. In May 2001, ICCO received the report of a team of consultants commissioned to perform the economic feasibility studies on commercial production and marketing of products investigated by the project. The report covered economic and financial analyses relating to the production of animal feed, potash, soft soap using potash, alcohol, pectin, jam, marmalade, cocoa butter soap and body pomade,

as well as a socio-economic analysis of the implementation of the findings in the rural cocoa-producing areas of Ghana. ICCO is evaluating the report before it is finalized.

Conservation and utilization of cocoa germplasm

The aim of the project is the development and distribution of improved pest and disease resistant varieties of cocoa planting materials, by making optimal use of cocoa germplasm, which produces good quality cocoa and achieves higher and sustainable production levels. Regular six-monthly general progress report submitted to ICCO by the International Plant Genetic Research Institute (IPGRI), the Project Executing Agency, indicated that most of the activities planned had been carried out successfully by the participating research institutes. In February and March 2001, the Mid Term Evaluation of the project was carried out by CFC in collaboration with ICCO and IPGRI. The Mid Term Evaluation report concluded that the first two and a half years of the project had confirmed the establishment of an important collaborative effort towards increased evaluation, utilization and distribution of cocoa genetic resources. Most of the activities as well as the utilization of resources were on schedule, though some delay in implementation had also been observed owing to natural disasters (flooding, drought) in some project sites. Studies had been initiated to overcome some of the technical problems encountered.

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

The project aims at developing and releasing new cocoa plant varieties which are more uniform, more productive and more tolerant to disease, particularly to witches' broom. This disease causes great damage to cocoa production and currently represents a serious threat to the cocoa industry in South America and in the Caribbean. The Project Executing Agency is the Comissão Executiva do Plano da Lavoura Cacaueira (CEPLAC), Brazil. The progress report for the period covering April to September 2001 indicated that overall, good progress had been made in project implementation in the areas of identification and addition of markers, inoculation of parents, selection of resistant clones and development of software application to assist in the analysis of certain types of molecular data. The report had indicated that cocoa growers were directly experiencing practical benefits. Also the accelerated release of genetically improved planting materials for farm use was contributing to

the reduction of the devastating effect of witches' broom on the socio-economic situation of millions of people directly or indirectly depended on income from cocoa growing.

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

The objective of the project is to develop the capacity for all involved in cocoa production and trade to differentiate adequately between fine and bulk cocoa, thus improving the market of fine or flavour cocoa. The project was launched in January 2001 with a workshop held in Trinidad and Tobago, where participants discussed, harmonized and agreed on genotypes from which samples would be taken for analysis, as well as on practical common approaches and work procedures among the institutions involved. The first six-monthly progress report of the project had been submitted in August 2001 to ICCO by INIAP, the Project Executing Agency. The report indicated that the project was progressing satisfactorily. However, a negative development in the project was the collapse in July 2001 of the FILANBANCO Bank, where funds for the project in Ecuador had been deposited. US \$32,800 of project funds were in the bank account at the time of the collapse. Efforts were being made to recover the missing funds.

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

The project aims to improve the function of cocoa markets as well as to improve the quality of exported cocoa, to facilitate financing of the cocoa trade, provide market information and to address trade and price risks. The Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), Germany, is the Project Executing Agency and the project is being carried out in Cameroon, Cote d'Ivoire and Nigeria. Project activities in the three countries began during the first half of 2000 with the establishment of coordination units and recruitment of key local experts for the various components of the project. Project activities in 2000/2001 cocoa year covering all the project components in the participating countries are as indicated below.

In Nigeria, an IT consultant was recruited in the beginning of October 2000. The credit support expert and the insurance expert started work in mid November 2000. During October 2000 and September 2001, the warehouse expert focused on arrangements for implementation of pilot operations. His activities resulted in the establishment of pilot operation monitoring committees and, in cooperation with other

experts and operators in the project, he effected revisions in the draft tri-partite agreements. He prepared general rules and guidelines for production of high quality cocoa from farm gate to port of shipment. The warehouse expert completed a draft on best warehousing practices and intensified contacts with overseas buyers to accept Nigerian warehouse warrants.

The Ministry of Commerce, Abuja, decided in September 2001 to locate the central unit for the development of cocoa marketing information systems within the ministry. The staffing of the unit was under preparation. The quality expert developed rules and guidelines for production of high quality cocoa from farm gate to port of shipment and he ensured the agreement of two exporters to pay premiums prices for good quality cocoa during the operations. The credit support officer had carried out credit analysis and evaluation of the exporters for recommendations to the banks for pre-export financing. The insurance expert had worked to ensure that the participants in the pilot scheme had adequate insurance protection in place. The legal expert had prepared guidelines and rules for pilot scheme operations for all operators. To officially mark the start of the pilot scheme, a workshop/seminar was organized from 20-22 June 2001.

In Cameroon, the credit support expert became operational in November 2000. The insurance expert started work at the beginning of December 2000 and at the same time, one agronomist became operational. The Market information expert started his activities at the beginning of March 2001. In August and October 2001, two more agronomists for SOWEFCU and SOCACEN cooperatives were recruited. An associate expert in legal matters became operational at the beginning of October 2001 and a new cooperative (SOCCANYS) was created in the centre-south of Cameroon. Workshops on collateral management were held for the participating banks from 3-6 July 2001 and again on 8 August 2001. Further training on warehousing and quality certification for the collateral managers, the cooperatives and the exporters was held between 12 and 13 July 2001.

The market information expert started his activities from the beginning of March 2001 and had filed his first report in April with a review of the systems of market information in the cocoa sector in Cameroon. During April to September 2001, the quality expert produced a quality assurance manual for farmers' organization. Together with the credit support expert and the cooperative experts, the quality expert organized training sessions for all the operators. With other project experts, the credit support expert held

training sessions with the cooperatives between 19-22 June 2001. A separate training session on financial risk management was held for the banks between 3-6 July 2001. He also completed a comparative balance sheet for client risk assessment for the banks.

In Cote d'Ivoire, an IT consultant was recruited in August 2001 for a three month period to establish a computerized database containing information on all types of operators and structures in the cocoa sector. In March 2001, two agronomists were recruited and in August 2001, another agronomist was recruited to strengthen the team implementing the project activities. Developing the pilot programme of structural financing, the agronomists in liaison with cooperatives had chosen three warehouses in Soubre (SOCAIS), Daloa (SOCOPHAS) and Abengourou (SOCAE). These warehouses were made ready for pilot operations. Negotiations were held with the aim to conclude inspection and collateral management contracts with "CORNELDER" and "ACE". After construction of a warehouse in Oumé was completed in February 2001, assistance was given to four other cooperatives to find sites for warehouses and/or conditioning plants.

In July 2001, a local credit support finance expert was recruited and the national coordination unit held two meetings with cooperatives aimed at preparation of a practical start of a pilot programme of collateralized trade financing. In August 2001, a formal agreement (a convention on partnership) was signed with ARCC to host the information unit and to participate actively in the execution of this component. During the period, the quality expert finalized three training modules on the preparation of high quality cocoa in cooperation with the warehouse expert from CORNELDER. By September 2001, the quality expert had prepared a manual on cocoa bean production.

Pilot project on price risk management for cocoa farmers

The overall objective of the project is to reduce the exposure of smallholder cocoa farmers to fluctuations in world market prices, thus securing better incomes from cocoa growing. The practical aim of the project is to test the feasibility of the use of various price risk-management instruments by cocoa farmers, without subsidizing the use of such instruments. The project has three components. The first component consists of the selection and testing of suitable price risk instruments and the design of a system of contract compliance by local operators. The second component comprises the running of a pilot scheme for at least two years, refining the chosen risk-management instruments during the process. A major

activity under this component will be the education of farmers and the training of staff from local banks and cooperatives. The substantive work of the third component of the project consists of the widest possible dissemination of project results.

In July 2001, the Managing Director of the Common Fund for Commodities advertized a call for bids from consultants for studies to analyse the potential for the introduction of price risk management for coffee, cocoa and cotton farmers and for their cooperatives. The three products were combined as, in the meantime, the Common Fund had approved projects in this area for all three products. In late 2001, the contracts for the respective consultants for each of the projects were signed. The study was expected to be completed not later than April 2002.

Project to improve the quality of exported cocoa beans

The objective of the project is to assure the growth and sustainability of cocoa consumption by ensuring the supply of good quality beans to the industry, whilst paying a premium to the farmer for the extra effort to be made. Following a meeting of the Task Force for the project, and a visit of two industry representatives to Cote d'Ivoire in the summer of 2001, a new draft plan for the project was developed. The study on farming practices to identify and better understand the motivations and constraints which farmers face in producing cocoa of liquor quality started on October 2001. The report of the study would be reviewed by a meeting of the Task Force scheduled for later in the year.

Feasibility study on the generic promotion of cocoa consumption in the Russian Federation

The general objective of the project is to provide a basis for determining the feasibility, the strategy and the instruments for undertaking a generic promotion campaign in the Russian Federation. Cocoa and chocolate consumption in Russia is currently low in terms of consumption per capita. It is important to note that the promotion of cocoa consumption will be of a generic nature and will be implemented in full cooperation with the chocolate and cocoa industry of the Russian Federation. In September 2001, an economist of the ICCO secretariat carried out the preliminary work in the framework of the feasibility study in Moscow. He and an expert from the Scientific Research Institute of the confectionery industry of Russia met with consultant companies which had shown interest in participating in the

project activities in order to assess their potential and to provide more precise details on the feasibility study and the project. ICCO had received detailed proposals and plans of operation for the feasibility study by all the pre-selected consultant companies. These work plans were assessed both by ICCO and by Russian specialists of the Research Institute and the Association of Enterprises of the Confectionery Industries of the Russian Federation (ASCOND) and were then forwarded to the International Trade Centre (ITC) in Geneva, the project executing agency, for their consideration.

Global Coordination Group on Sustainable Cocoa Economy

The Global Coordination Group on Sustainable Cocoa Economy was established in the spirit of the “Declaration of Intent on an International Research Initiative on Cocoa Sustainability” signed by a broad range of stakeholders on 1 March 1999 in Paris. The objective of the Group is to develop a coordination mechanism that would contribute to a more sustainable cocoa sector. The Global Group is to work in public and private partnership, in both the North and South, for the creation of cocoa-based farming systems that are profitable and environmentally friendly in the long term, in order to offer stable development prospects and contribute to poverty alleviation in cocoa producing countries. The Group would primarily stimulate international collaboration in research areas of common interest. ICCO is the secretariat of the Group and membership is drawn from across the stakeholders in cocoa sector.

The first meeting of the Interim Global Coordination Group on Sustainable Cocoa Economy was held on 4 December 2000 in London. The meeting considered the report on the meeting of a group on sustainable cocoa economy held in Kota Kinabalu in October 1999 and discussed modalities for the establishment of the Group. The second meeting of the Group was held on 7 June 2001 in London. The meeting reviewed the inventory of existing projects and other research activities on sustainable cocoa economy and proposed a 20-membership structure. The third meeting of the Group was held on 27 September 2001 in Brazil. At the meeting, a list of nine topics in line with the perceived needs of the cocoa sector was developed. Working groups were set up to further investigate each of them. The idea was that these topics, when fully investigated and translated into projects, could add to ongoing projects and help to address the identified constraints and achieve a sustainable cocoa economy. The reports of the nine

working groups would be presented to the Global Group at its next meeting scheduled for 21 March 2002 in London.

ADMINISTRATIVE BUDGET AND ACCOUNTS FOR 2000/2001

At its sixty-second regular session, held in September 2000, the Council approved an administrative budget for 2000/2001. The budget provided for a projected total expenditure of £1,773,180, to be financed by members’ contributions of £1,426,640 (representing a contribution per vote of £713.32), transfer from capitalized interest on the Special Reserve Fund (£113,733), interest on the Special Reserve Fund for the year (£158,200) and other income amounting to £74,607.

The total expenditure out-turn for the 2000/2001 cocoa year was £1,696,737. Members’ contributions amounted to £1,380,693 whilst other income was £321,290. Taking into account a transfer of £113,733 from capitalized interest on the Special Reserve Fund, income exceeded expenditure by £5,246. The audited balance sheet as at 30 September 2001 and the audited income and expenditure account for the year ended 30 September 2001 are shown in Annex II of this report.

PERSONNEL

At the end of 2000/2001, the staff establishment stood at nine posts in the Professional and Higher categories and eleven in the General Services category, making a total of 20. Annex III of this report lists all the staff members as at 30 September 2001.

STATISTICAL INFORMATION AND ECONOMIC STUDIES

During the 2000/2001 cocoa year, the ICCO secretariat prepared and distributed statistical information on cocoa in accordance with the provisions of the 1993 Agreement and decisions taken by the International Cocoa Council.

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

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

PART II – REVIEW OF THE WORLD COCOA SITUATION

MARKET DEVELOPMENTS IN 2000/01

The world cocoa market witnessed a remarkable recovery during the 2000/01 cocoa year but remained volatile, changing direction several times. Changing assessments of the supply/demand balance for the current and next cocoa year exerted a major influence on the overall trend in cocoa prices throughout the year, reinforced by short-term factors including potential disruptions to the flow of cocoa, availability of nearby cocoa for delivery on the terminal markets and activity by investment funds. **Chart II** shows graphically the evolution of the ICCO daily price, which is the average of the quotations of the nearest three active futures trading months on the London International Financial Futures and Options Exchange and on the New York Coffee, Sugar and Cocoa Exchange and is expressed in SDR's per tonne.

Chart II illustrates that cocoa bean prices were depressed in the first three months of the 2000/01 cocoa year, fluctuating around historically low levels, despite prospects for a substantial production deficit in relation to demand for the 2000/01 cocoa year. Adverse growing conditions and spread of disease in the world's major cocoa-producing areas pointed to a sharp decline in crops in Africa and Asia while cocoa consumption in the traditional markets of Europe and North America was expected to show a modest increase, responding positively to low cocoa prices and to continuing strong economic growth in these countries. Indications of rising demand, especially for cocoa powder in new markets in Asia, Latin America and Eastern Europe, also suggested further growth in cocoa consumption in these markets. These developments in the underlying supply and demand situation, however, failed to trigger a reversal in price trends in the first quarter of the 2000/01 cocoa year.

Uncertainty and nervousness amongst market operators regarding political and trade-related developments in Côte d'Ivoire, the world's leading cocoa producer, only provided limited short-term support to prices at the beginning of the cocoa season. Prices continued to drift downwards despite a tense political situation in Côte d'Ivoire which occurred both before and, in particular, immediately after the presidential elections held in the country on 22 October 2000. Market operators, whilst closely monitoring developments in Côte d'Ivoire, apparently took the view that the disturbances would not have a significant impact on new main crop arrivals to the

ports and cocoa shipments from the country. Furthermore, anticipated delays in cocoa shipments from Côte d'Ivoire were not considered to be a major problem for the cocoa-processing and chocolate-manufacturing industries, as cocoa stocks in Europe and North America were at a sufficiently high level to accommodate potential short-term delays. The monthly average of the ICCO daily price fell from SDR 683 per tonne in October 2000 to SDR 624 per tonne in November, easing further to just under SDR 621 per tonne in December, the lowest monthly average since July 1972 when prices averaged SDR 594 per tonne.

An important institutional development during the year was the replacement of the traditional open outcry trading in cocoa on the London International Financial Futures and Options Exchange (LIFFE) by screen-based electronic trading on 27 November 2000. The new system, called LIFFE CONNECT, was similar to that already used for trading in financial derivatives.

Cocoa-bean prices staged a dramatic rally at the beginning of the New Year which continued throughout January and February, breaking out of the narrow trading range in which they had been confined for most of December 2000. By the third week in February, prices had increased by 57 per cent on the London market from their lowest point in December 2000, while the New York market recorded gains of 60 per cent over the same period.

The rapid increase in prices was initially triggered by deteriorating prospects for cocoa supplies and subsequently reinforced by technical factors. At the beginning of 2001, port arrivals in Côte d'Ivoire and purchases in Ghana were lagging significantly behind the volumes in the previous year, confirming substantially lower crops in West Africa in the current season. Reports of the continuing spread of the cocoa pod borer pest in Indonesia, combined with threats of further losses in yields caused by heavy storms in mid-February in Sulawesi, the main cocoa-growing region in the country, had also restricted the scope for an increase in output from Indonesia. Stagnant or limited growth in production was expected in other leading cocoa-producing countries and, consequently, the market reduced its expectation of world cocoa production in the 2000/01 cocoa year. As world grindings continued to increase, it became increasingly apparent that demand could exceed supply by as much as 200 000 tonnes in the 2000/01

cocoa year, resulting in a substantial decline in global stocks of cocoa beans.

The scale and speed of the price rally took many market operators, including investment funds, particularly in the New York market, by surprise. In an effort to limit their losses, these Investment funds that had earlier been selling short, started buying futures contracts and thus driving prices even higher in the ensuing speculative short-covering rally. Prices were supported also by the tightness of short-term cocoa supplies on the world markets at the beginning of the new year. This was clearly reflected in an inverted market structure, with nearby positions trading at a premium (backwardation) from the end of December 2000 through to mid February 2001, compared with the more usual situation of discounts. Consequently, the monthly average of the ICCO daily price rallied dramatically from the 28-year low of SDR 621 per tonne recorded in December 2000, to SDR 743 in January 2001 and SDR 895 in February.

A period of technical correction in March, largely initiated by fund long-liquidation and speculative sales, resulted in prices drifting downwards. However, the market soon reversed direction during the remainder of that month, recovering much of its earlier losses in a very short period amid tight nearby physical supplies and concerns regarding the availability of cocoa in the short and medium term. Nevertheless, average prices eased to SDR 878 per tonne in March.

At the beginning of April 2001, the market once again changed direction and prices drifted downwards on news of favourable weather conditions for crop developments in West Africa as well as reports of a slowdown in consumption growth. Consequently, the monthly average of the ICCO daily price declined to SDR 853 per tonne.

Concerns over nearby deliveries led to a recovery in prices during the first half of May 2001. Once again, short-term supply shortages on the futures market were reflected by the backwardation structure in the market with the near July quotation trading with a premium of £40 over the September contract on the London market in mid-May. Thereafter, market attention shifted away from the current mid-crop to the outlook for the coming 2001/02 cocoa season. Reports coming from West Africa indicated that the setting and development of the 2001/02 main crop was progressing well, benefiting from favourable weather conditions in the region. In the absence of

evidence of a significant pickup in demand, prices drifted downwards in June. However, cocoa futures prices firmed in a technical rally in a relatively thin market in the last few days of June, recovering from the period-low reached in the previous week. Reflecting these developments, the monthly average of the ICCO daily price recovered slightly to SDR 855 per tonne in May before falling to SDR 778 in June 2001.

On 1 June 2001, LIFFE introduced changes to the grading rules in the futures contract traded on the London terminal market. These amendments were more flexible regarding grading of new cocoa and allowed for re-grading of previously rejected cocoa. As a result more cocoa became tenderable against the July contract, easing the relative shortage of nearby cocoa and prompting speculative selling. This brought to an end the unusual backwardation structure of the market which emerged in May and the price-structure returned to the more normal contango situation with the nearby contract trading at a discount over future positions.

The technical rally in prices seen in the last few days of June 2001 proved to be short-lived and cocoa prices eased further during most of July. The market changed direction and moved upwards from the final trading days of July until the middle of August, supported by speculative short-covering, as market operators somewhat reduced their crop forecasts for the coming season. The accepted perception remained that the 2001/02 crop would be higher than the crop in the current year, but earlier optimistic forecasts of substantial increases in world production were revised downwards in anticipation of a poor tail to the main crop in Côte d'Ivoire.

Thereafter, prices started to drift downwards in the second half of August, thus losing much of the gains in the first part of the month. The weakness persisted during the early part of the next month. This was a quiet period in the market; cocoa-processors and chocolate manufacturers were said to be mainly absent from the market while origins were believed to have been active sellers. A pronounced recovery in prices was seen in the last week of September as deteriorating crop prospects indicated the possibility of a significant shortfall in global production in relation to grindings for the 2001/02 cocoa season. As a result, the monthly average of the ICCO daily price declined to SDR 773 per tonne in July, recovered slightly to SDR 811 per tonne in August before falling to SDR 793 in September 2001.

Two important developments occurred during the last three months of the 2000/01 cocoa year. Firstly, cocoa market operators continued to closely monitor developments in Côte d'Ivoire where the Government had been trying to create a new cocoa marketing system intended to enable forward sales of the 2001/02 main crop to start. After prolonged discussions and consultations, a new producer-led cocoa marketing body, the Coffee and Cocoa Bourse (BCC), was created at the end of July. Farmers have two thirds of the seats on the BCC's board with the rest allocated to exporters. A minimum farmgate price of 325 CFA francs/kg was set for the 2001/02 season at the beginning of October 2001 which would be reviewed every three months. However, a new marketing system based on forward sales of the crop was not established for the new season and was not expected to be implemented until the 2002/03 cocoa season. Secondly, following the destruction of its premises, resulting from the terrorist attack on the World Trade Centre in New York on 11 September 2001, the Coffee, Sugar and Cocoa Exchange remained closed for 4 market days, reopening with reduced trading hours on 17 September 2001 at alternative premises.

The average ICCO daily price for the 2000/01 cocoa year was SDR 775 per tonne, representing an increase of 13 per cent from the average of SDR 685 recorded in the previous cocoa year. The highest daily price for the 2000/01 cocoa year, SDR 952 per tonne was recorded in the second half of February 2001, and the lowest price of SDR 604 per tonne in the second week of December 2000.

PRODUCTION

World production of cocoa beans in 2000/01 was estimated at 2 825 000 tonnes, representing a reduction of 248 000 tonnes (8.0 per cent) from the record level of 3 073 000 tonnes achieved in the 1999/2000 season (**Table 1**). The overall decline in world production of cocoa beans reflected reductions of 246 000 tonnes in **Africa** and 42 000 tonnes in **Asia and Oceania**. These reductions were partially offset by an increase of 40 000 tonnes in the **Americas**.

At the country level, in **Côte d'Ivoire**, the leading world cocoa producer, the crop outturn amounted to 1 175 000 tonnes, representing a reduction of 234 000 tonnes (16.6 per cent) over the previous season. In **Ghana**, production in 2000/01 amounted to 395 000 tonnes, showing reduction of 42 000 tonnes (9.6 per

cent) from the previous year's level. Production in **Indonesia** fell by 25 000 to 385 000, representing a reduction of 6.1 per cent from the previous cocoa year. Production in **Malaysia** fell by 10 000 tonnes in 2000/01 to 35 000 tonnes, representing a decrease of 22.2 per cent from its level in the previous cocoa year. In contrast, increases in production were recorded in **Nigeria** to 180 000 tonnes (up 15 000 tonnes or 9.1 per cent) and in **Brazil** to 163 000 tonnes (up 39 000 tonnes or 31.5 per cent) from their previous season's levels respectively.

The relative importance of the main cocoa-producing areas, measured in terms of their shares of total world production, is shown in brackets in **Table 1**. Compared with the previous cocoa year, the share of the **African** countries, the major world cocoa-producing region, fell by 2.5 percentage points in 2000/01 to 67.8 per cent and by 0.1 percentage point in **Asia and Oceania** to 16.9 per cent while the share of the **Americas** increased by 2.6 percentage points to 15.3 per cent. Overall, the share of ICCO Member countries in the total world production of cocoa beans for the 1993/94 - 2000/01 period under the 1993 International Cocoa Agreement amounted to 82.9 per cent compared to an average of 77.4 per cent for the 1986/87 - 1992/93 period under the previous International Cocoa Agreement, 1986 (**Table 4**).

PROCESSING

World grindings of cocoa beans in 2000/01 are estimated at 3 044 000 tonnes, representing an increase of 3.5 per cent (102 000 tonnes) from the level in the previous cocoa year. The consuming countries continued to maintain their dominance of grindings of cocoa beans during the year. The share of cocoa-producing countries in world grindings increased slightly by 0.3 percentage points from the previous year's level to 32.4 per cent in 2000/01 (**Table 2**).

Among the main cocoa-importing countries, the largest volume increase in grindings in 2000/01 as compared to 1999/2000 occurred in the **Netherlands** (up 16 000 to 452 000 tonnes), **Germany** (up 12 000 to 227 000 tonnes), the **Russian Federation** (up 12 000 to 72 000 tonnes) and the Czech Republic (up 11 000 to 21 000 tonnes). Grindings in Turkey increased by 10 000 tonnes to 35 000 tonnes in 2000/01 compared to the previous cocoa year. Relatively smaller increases were recorded in **Belgium/Luxembourg** (up 6 000 to 53 000 tonnes) and in **Italy** (up 5 000 to 69 000 tonnes). In contrast, lower grindings were reported in the **United**

Kingdom (down 8 000 to 160 000 tonnes), in **Spain** (down 9 000 to 49 000 tonnes) and in **Singapore** (down 6 000 to 50 000 tonnes).

Among the major cocoa-producing countries, **Côte d'Ivoire** recorded a substantial increase in grindings (up 50 000 to 285 000 tonnes) while a relatively small increase was recorded in **Malaysia** (up 10 000 to 125 000 tonnes). In contrast, reductions in grindings were recorded in **Ecuador** (down 11 000 to 32 000 tonnes) and in **Brazil** (down 7 000 to 195 000 tonnes).

The regional distribution of cocoa-bean grindings, measured as the percentage share of total world grindings, is shown in brackets in **Table 2**. **Europe**, the largest grinding region, saw its share in world grindings in 2000/01 remain unchanged at 45.4 per cent compared to the previous cocoa year. The share of **Africa** increased in 2000/01 by 1.3 percentage points from the previous year's level to 13.8 per cent, while the shares of the **Americas** and of **Asia and Oceania** fell by 1.2 and 0.1 percentage points to 27.4 per cent and 13.4 per cent respectively. In the aggregate, the share of ICCO Member countries in world grindings averaged 71.1 per cent for the 1993/94 – 2000/01 period under the International Cocoa Agreement, 1993, compared to an average of 72.1 per cent for the 1986/87 - 1992/93 period under the previous International Cocoa Agreement, 1986 (**Table 4**).

STOCKS

On the basis of the production and grindings estimates described above, the 2000/01 cocoa year should have yielded a production deficit of 247 000 tonnes. The total stocks of cocoa beans at the end of the 2000/01 cocoa year should, therefore, have amounted to 1 164 000 tonnes, which is equivalent to 38.2 per cent or about four and a half months of estimated annual world grindings in 2000/01. Overall, the statistical situation showed production deficits in five of the past seven crop years which had substantially reduced the world stocks of cocoa beans from 1.53 million tonnes at the start of the 1993/94 season to around 1.16 million tonnes at the end of the 2000/01 cocoa year. The stocks-to-grindings ratio, an approximate measure of supply tightness, was correspondingly estimated to have fallen from 63.2 per cent to 38.2 per cent over the same period.

CHART I

World cocoa-bean production, grindings, stocks and prices, 1960/61 to 2000/2001

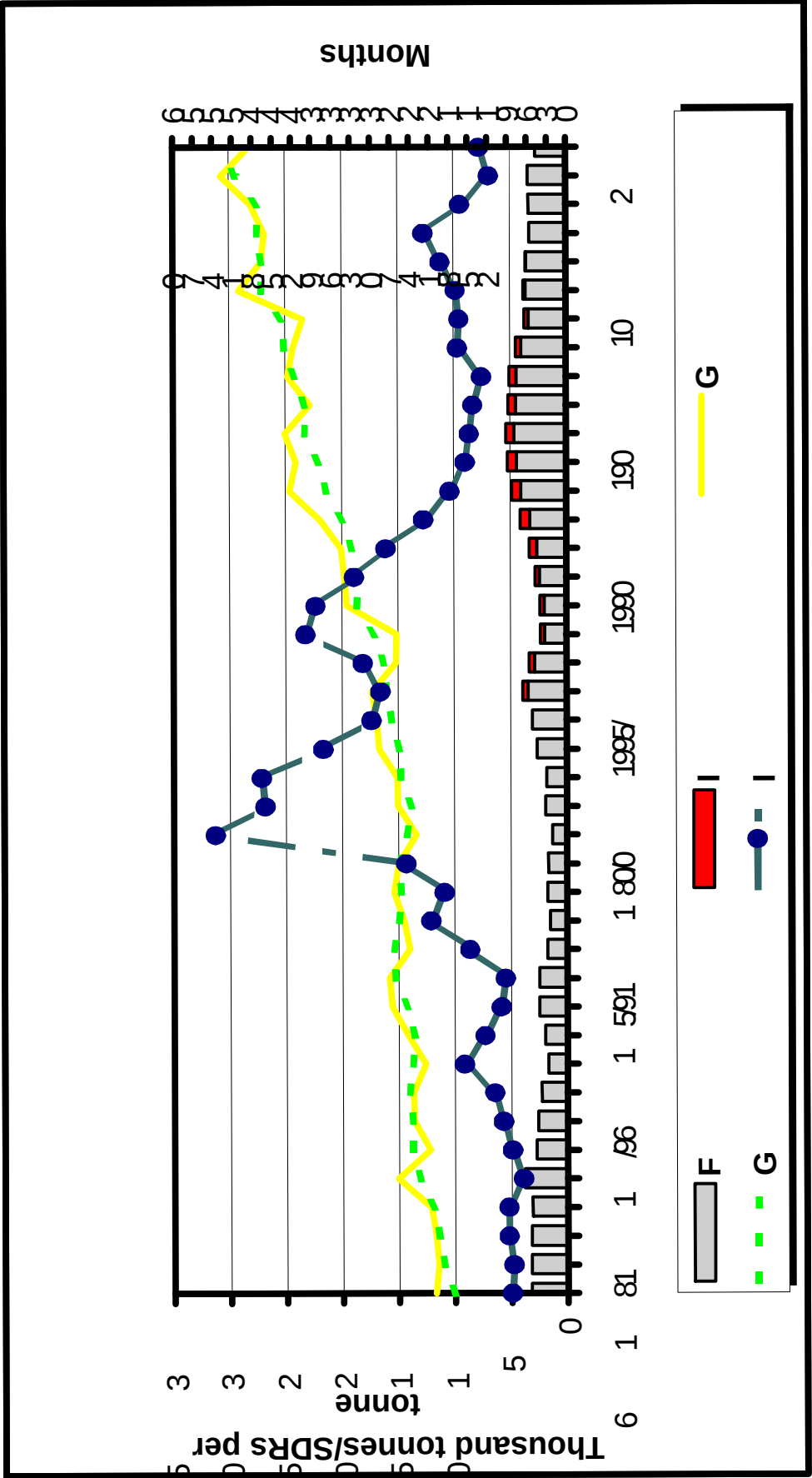


CHART II

ICCO daily prices of cocoa beans: 2000/01

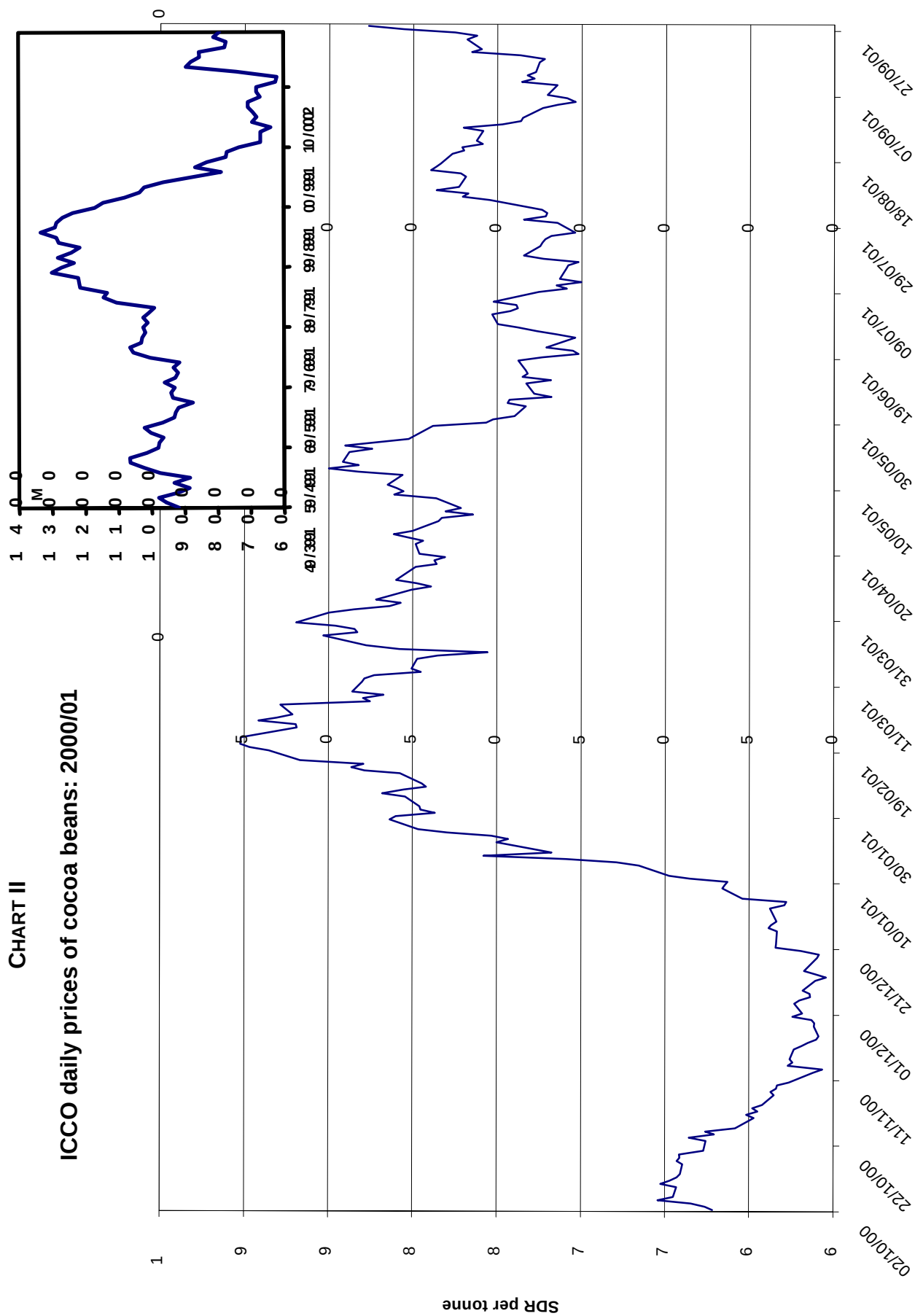


TABLE 1
WORLD PRODUCTION OF COCOA BEANS, 1993/94 - 1997/98, 1998/99, 1999/00
AND 2000/2001

(thousand tonnes a)

Continent	Annual average	1998/99	1999/2000	2000/01
AFRICA	<u>1 663</u> (63.5%)	<u>1 919</u> (68.3%)	<u>2 161</u> (70.3%)	<u>1 915</u> (67.8%)
Cameroon	116	124	115	135
Côte d'Ivoire	1 022	1 163	1 409	1 175
Ghana	340	397	437	395
Nigeria	152	198	165	180
Others <u>b</u> /	33	37	35	30
NORTH, CENTRAL AND SOUTH AMERICA	<u>498</u> (19.0%)	<u>368</u> (13.1%)	<u>391</u> (12.7%)	<u>431</u> (15.3%)
Brazil	219	138	124	163
Colombia	46	38	37	39
Dominican Republic	59	26	37	45
Ecuador	79	75	95	89
Mexico	41	35	36	34
Peru	16	21	24	24
Venezuela	17	17	17	17
Others <u>b</u> /	21	18	20	20
ASIA AND OCEANIA	<u>459</u> (17.5%)	<u>521</u> (18.6%)	<u>521</u> (17.0%)	<u>479</u> (16.9%)
Indonesia	288	390	410	385
Malaysia	121	75	45	35
Papua New Guinea	31	36	47	39
World total	2 620 (100.0%)	2 808 (100.0%)	3 073 (100.0%)	2 825 (100.0%)

Notes: a/ Rounded to the nearest thousand tonnes.

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

Sources: ICCO *Quarterly Bulletin of Cocoa Statistics*, Vol. XXVIII, No. 2 (Cocoa year 2001/02).

TABLE 2
WORLD GRINDINGS OF COCOA BEANS, 1993/94 - 1997/98, 1998/99, 1999/00 AND 2000/2001
(thousand tonnes a/)

Continent and countries	Annual average 1993/94 - 1997/98	1998/99	1999/2000	2000/01
EUROPE	<u>1 310</u> (49.4%)	<u>1 266</u> (46.1%)	<u>1 335</u> (45.4%)	<u>1 384</u> (45.4%)
Austria	16	20	19	22
Belgium/Luxembourg	62	50	47	53
Czech Republic	13	10	10	21
Denmark	5	11	15	8
France	105	124	142	145
Germany	259	197	215	227
Ireland	9	9	8	8
Italy	69	73	64	69
Netherlands	378	415	436	452
Poland	33	32	27	28
Spain	51	54	58	49
Switzerland	24	22	23	21
Russian Federation	69	47	60	72
Other former USSR	21	22	27	32
United Kingdom	172	167	168	160
Others <u>b/</u>	24	13	16	17
AFRICA	<u>248</u> (9.4%)	<u>351</u> (12.8%)	<u>367</u> (12.5%)	<u>419</u> (13.8%)
Cameroon	22	31	32	30
Cote d'Ivoire	141	225	235	285
Ghana	61	65	70	70
Nigeria	17	20	22	22
Others <u>b/</u>	7	10	8	12
NORTH, CENTRAL AND SOUTH AMERICA	<u>747</u> (28.2%)	<u>769</u> (28.0%)	<u>843</u> (28.6%)	<u>833</u> (27.4%)
Brazil	199	192	202	195
Canada	39	42	56	58
Colombia	44	38	37	40
Ecuador	36	26	43	32
Mexico	32	32	32	32
Peru	15	13	13	13
United States	357	406	439	442
Others <u>b/</u>	25	20	21	21
ASIA AND OCEANIA	<u>345</u> (13.0%)	<u>359</u> (13.1%)	<u>397</u> (13.5%)	<u>408</u> (13.4%)
China	32	19	29	22
Indonesia	62	75	85	83
Japan	44	47	46	49
Malaysia	98	105	115	125
Philippines	15	13	12	14
Singapore	58	53	56	50
Thailand	9	11	13	13
Turkey	15	21	25	35
Others <u>b/</u>	12	15	16	17
World total	2 650 (100.0%)	2 745 (100.0%)	2 942 (100.0%)	3 044 (100.0%)
Total producing countries	782 (29.5%)	877 (31.9%)	944 (32.1%)	987 (32.4%)

Notes: a/ Rounded to the nearest thousand tonnes.

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

Sources: **ICCO Quarterly Bulletin of Cocoa Statistics**, Vol. XXVIII, No. 2 (Cocoa year 2001/2002).

TABLE 3
AVERAGE, HIGHEST AND LOWEST VALUES OF ICCO DAILY PRICES OF COCOA BEANS,
OCTOBER 2000 - SEPTEMBER 2001

Period	DAILY PRICES		
	Average	Highest	Lowest
	SDRs per tonne		
2000			
October	682.52	704.21	647.10
November	624.24	648.07	606.55
2001			
January	742.57	863.34	628.05
February	894.58	952.41	841.83
March	878.39	930.60	805.55
April	853.22	899.95	830.84
May	855.18	899.80	802.44
June	777.54	799.80	751.95
July	772.89	803.12	750.27
August	811.03	839.54	770.72
	(US cents/lb)		
2000			
October	39.83	41.24	37.73
November	36.33	37.94	35.11
2001			
January	43.84	50.59	37.36
February	52.48	55.69	49.38
March	51.00	54.61	46.40
April	49.06	51.31	47.75
May	48.97	51.56	45.65
June	44.10	45.19	42.55
July	43.87	45.38	42.48
August	46.91	48.77	44.13

Sources: ICCO *Quarterly Bulletin of Cocoa Statistics*, Vol. XXVIII, No. 2 (Cocoa year 2001/02).

TABLE 4
SHARE OF ICCO MEMBERS IN WORLD PRODUCTION AND GRINDINGS, 1976/77 - 2000/01

	1975 Agreement		1980 Agreement		1986 Agreement		1993 Agreement	
	Average		Average		Average		Average 1993/94 -	
	thousand tonnes	Per cent	Thousand tonnes	Per cent	thousand tonnes	per cent	thousand tonnes	Per cent
Production	1 399	92.5	1 032	59.4	1 810	77.4	2 260	82.9
Grindings	1 185	82.0	1 273	74.0	1 570	72.1	1 950	71.1

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

**ANNEX I MEMBERSHIP OF THE INTERNATIONAL COCOA AGREEMENT, 1993
(AS AT 30 SEPTEMBER 2001)**

	Type of instrument	Date
Exporting members		
Benin	Ratification	13.07.98
Brazil	Ratification	10.12.96
Cameroon	Notification under Article 55	11.01.94
Côte d'Ivoire	Ratification	18.05.94
Dominican Republic	Notification under Article 55	06.02.97
Ecuador	Ratification	26.10.94
Gabon	Notification under Article 55	21.12.93
Ghana	Notification under Article 55	12.10.93
Grenada	Notification under Article 55	18.02.94
Jamaica	Ratification	28.02.94
Malaysia	Ratification	25.01.94
Nigeria	Ratification	02.12.94
Papua New Guinea	Accession	01.09.95
Peru	Accession	21.08.00
Sao Tome and Principe	Notification under Article 55	06.03.95
Sierra Leone	Notification under Article 55	07.10.93
Togo	Notification under Article 55	12.10.93
Trinidad and Tobago	Ratification	30.09.93
Venezuela	Ratification	08.05.96
Importing members		
Austria	Ratification	23.04.96
Belgium/Luxembourg	Notification under Article 55	16.02.94
Czech Republic	Approval	23.06.94
Denmark	Approval	28.09.98
Egypt	Accession	20.07.00
Finland	Acceptance	01.10.93
France	Approval	16.05.96
Germany	Ratification	28.09.98
Greece	Ratification	28.09.98
Hungary	Approval	22.02.94
Ireland	Ratification	30.09.98
Italy	Ratification	28.09.98
Japan	Acceptance	18.01.95
Netherlands	Acceptance	21.07.98
Norway	Ratification	14.10.93
Portugal	Ratification	31.08.95
Russian Federation	Acceptance	02.11.94
Slovak Republic	Approval	26.04.94
Spain	Ratification	29.09.94
Sweden	Ratification	30.09.93
Switzerland	Ratification	17.06.94
United Kingdom	Ratification	06.11.98
Intergovernmental organization (under Article 4)		
European Community	Approval	28.09.98

ANNEX II

AUDITED ACCOUNTS

ADMINISTRATIVE ACCOUNT – BALANCE SHEET AS AT 30 SEPTEMBER 2001 (expressed in £ Sterling)

1999/2000	CURRENT ASSETS		2000/2001
2,637,965	Balance with bankers and cash in hand		2,581,993
45,134	Debtors		14,607
10,270	Prepaid Expenses		1,725
	Contributions to administrative budgets outstanding (Note 7)		
240,509	1990/91 to 1999/2000 inclusive	297,159	
139,211	Year ended 30 September 2001	166,478	
			463,637
3,073,089			3,061,962
	Less: CURRENT LIABILITIES:		
29,799	Creditors and provisions for accrued expenses	18,724	
5,000	Deferred Expenditure Fund	4,332	
13,943	Members' contributions paid in advance	130,333	
			153,389
	TOTAL NET ASSETS		
3,024,347			2,908,573
	Represented by:		
	SPECIAL RESERVE FUND (Note 2)		
2,500,000	Principal	2,500,000	
84,750	Less: Contributions outstanding	82,708	
2,415,250		2,417,292	
113,733	Add: Interest on Special Reserve Fund	-	
2,528,983			2,417,292
	REVENUE RESERVE FUND (Note 3)		
115,644	Liquid funds	27,644	
379,720	Contributions in arrears	463,637	
			491,281
3,024,347			2,908,573

ADMINISTRATIVE ACCOUNT

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2001 (expressed in £ Sterling)

1999/2000			2000/2001	
		INCOME		
1,402,800		Contributions assessed on Members (Note 6)		1,414,334
	13,936	Interest earned – general funds	11,391	
	149,620	Interest earned – special reserve	133,211	
163,556				144,602
11,256		Subscriptions to Quarterly Bulletin of Cocoa Statistics		9,575
8,317		Other document sales		1,661
78,147		Other income		42,697
1,664,076		TOTAL INCOME		1,612,869
99,230		Add: Transfer from capitalized interest on Special Reserve Fund		
1,763,306				<u>113,733</u>
		Less:		1,726,602
		ADMINISTRATIVE EXPENDITURE		
1,729,225				1,730,685
34,081		Balance carried to Revenue Reserve Fund		(4,083)

ADMINISTRATIVE ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR TO 30 SEPTEMBER 2001

1. Accounting policies

Accounting Convention

These financial statements have been prepared under the Historical Cost Convention.

Fixed Assets

Expenditure on fixed assets is written off to the Income and Expenditure Account as incurred.

Deferred Expenditure

Expenditure which may be incurred and which has been included and authorized in the Annual Budget, but which has not raised any commitment before the end of the relevant financial year, is set aside under Rule 61 of the Administrative Rules of the Organization.

Recognition of Income

All assessments of contributions and adjustments thereof on members raised in the year are included in the Income and Expenditure Account.

Overdue Contributions

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

2. Special reserve fund

A Special Reserve Fund of £2.5 million was established by the Council in 1997. At present, a total of £82,708 is still to be received from members. The fund is to provide long-term security to the administrative budget. In the period to 30 September 1998, the accumulated interest on the Special Reserve Fund provided additional security to the administrative budget. The balance of the capitalized interest on the Special Reserve Fund and the interest earned on the fund in 2000/2001 has been used to finance part of the expenditure for the year.

3. Revenue Reserve Fund

The Revenue Reserve Fund has been split into two categories: liquid resources of £27,644 (2000: £115,644) and arrears of members' contributions to the administrative budgets of £463,637 (2000: £379,720).

4. Leased premises

The Organization leases premises at 22 Berners Street, London W1. The lease agreement which expired on 31 March 2001 provided an annual rent of £136,000. Negotiations for a revised rent, effective 1 April 2001, have been put to arbitration. The results of the arbitration will not be available until the end of January 2002. However, it is anticipated that there would be a substantial increase in rent. The Council has made a provision for the settlement of the increase in rent in the 2001/2002 Administrative Budget and no provision has been made in these accounts.

5. Fixed assets

There were no additions to fixed assets during the year. The total original cost of fixtures,

furniture and equipment purchased to date, less disposals as shown by the fixed assets register amounts to £341,709 (2000: £341,709). This figure takes no account of depreciation for wear and tear.

6. Contributions assessed on members for the year

Contributions assessed on Members in the year have been derived as follows:

	£	£
Assessment as per the 2000/2001 Administrative Budget		1,426,640
Less: 2000/2001 Assessment written off (Dominican Republic)		<u>(2,853)</u>
		1,423,787
Add: Assessment for 2000/2001 raised on a new member (Egypt)		<u>4,993</u>
Assessment for 2000/2001 (See Annex 'B')		1,428,780
Add Assessment raised on new members relating to prior years		
Peru (1999/2000)	707	
Egypt (1999/2000)	<u>979</u>	<u>1,686</u>
		1,430,466
Less: Assessments for prior years written off:		
Dominican Republic (1998/1999)	(9,118)	
Dominican Republic (1999/2000)	<u>(7,014)</u>	<u>(16,132)</u>
		<u>1,414,334</u>

7. Outstanding contributions to administrative budgets

Included in the amount of £463,637 is £194,863 payable after more than one year as follows:

- (i) £20,341 due from the Dominican Republic and payable over two years, £13,561 falling due after more than one year;
- (ii) £174,522 due from Ecuador and payable in thirty-three instalments over eleven years, £156,060 falling due after more than one year.

PROMOTION FUND – BALANCE SHEET AS AT 30 SEPTEMBER 2001
(expressed in £ sterling)

1999/2000 £		2000/2001 £
	ASSETS	
1,058	Balance at Bankers	1,081
	Less: LIABILITIES	
3,634	Balance due to ICCO Administrative Account	
<u> </u>		<u>3,634</u>
(2,576)	NET LIABILITIES	(2,553)
(1,174)	Balance of Funds at 1 October 2000	(2,576)
(1,402)	Surplus/(Deficit) for the year	<u>23</u>
<u> </u>		
(2,576)	Deficit at 30 September 2001	(2,553)

PROMOTION FUND
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 30 SEPTEMBER 2001
(expressed in £ sterling)

1999/2000 £		2000/2001 £
	Income	
<u>56</u>	Interest earned at Bank	<u>23</u>
	Less: Expenditure	
1,384	Consultancy fees	-
74	Administrative expenses	-
<u>1,458</u>		<u>-</u>
(1,402)	Surplus/(Deficit) for the year	<u>23</u>

PRMOTION FUND - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 SEPTEMBER 2001

Accounting convention

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

Deficit of funds

Apart from interest earned on bank deposit, no new funds were received during the year. There was no expenditure during the year.

ENVIRONMENT FUND

BALANCE SHEET AS AT 30 SEPTEMBER 2001 (expressed in US dollars)

1999/2000 US\$		2000/2001 US\$
ASSETS		
48,458	Balance with bankers Contributions	49,322
	Represented by:	
	FUND	
47,237	Balance as at 1 October 2000	48,458
<u>1,221</u>	Surplus for the year	<u>864</u>
<u>48,458</u>	Balance as at 30 September 2001	<u>49,322</u>

ENVIRONMENT FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 30 SEPTEMBER 2001 (expressed in US dollars)

1999/2000 US\$		2000/2001 US\$
INCOME		
<u>1,221</u>	Interest earnings	<u>864</u>
1,221		864
<u>-</u>	Less: EXPENDITURE	<u>-</u>
<u>1,221</u>	Surplus for the year transferred to the fund	<u>864</u>

ENVIRONMENT FUND - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 SEPTEMBER 2001

Accounting convention

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

Fund

In 1998/99, the Government of the Netherlands contributed an endowment of NLG 100,000. No other contribution has been received.

ANNEX III
LIST OF MEMBERS OF THE SECRETARIAT
(as at 30 September 2001)

OFFICE OF THE EXECUTIVE DIRECTOR

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

ECONOMICS AND STATISTICS DIVISION

Dr. J. W. A. Vingerhoets	Head of Division
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Statistics and Market Review Section

Mr. N. Mistry	Statistician
Mrs. V. Ramgulam	Statistical Assistant
Miss P. L. J. Gruel	Stenographer
Mrs. I. Giryeva	Research Assistant

Economics and Development Section

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

ADMINISTRATIVE AND FINANCIAL SERVICES DIVISION

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

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Mr. J. Fernandes	Senior Accounts Assistant
Mr. G. Owusu-Aninakwah	Registry Clerk
Mr. F.A. Hurtado	Communications/Computer Assistant

Information and Conference Services Section

-- Vacant position --	Languages/Conference Officer
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Mr. A. C. Banbury	Senior Conference Assistant/Machine Operator
Mr. S. Persad	Conference Assistant
Mrs. C.E. Knott	Stenographer

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