



**ANNUAL REPORT
FOR
2002/2003**

International Cocoa Organization
22 Berners Street, London W1P 3DB

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INTRODUCTION

The International Cocoa Council's annual report for the 2002/2003 cocoa year (1 October 2002-30 September 2003) 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: Dr.J-A.Martinez
(Dominican Republic)

First Vice-Chairman: Mr.S.Essomba Abanda
(Cameroon)

Second Vice-Chairman: Mr.H.Streichert
(Germany)

Acting Executive Director: Dr . J .Vingerhoets

Members of the International Cocoa Agreement, 1993, as at 30 September 2003 (full details are given in Annex I to this report):

Exporting members

Benin
Brazil
Cameroon
Côte d'Ivoire
Dominican Republic
Ecuador
Gabon
Ghana
Grenada
Jamaica
Malaysia
Nigeria
Papua New Guinea
Peru
Sao Tomé and Príncipe
Sierra Leone
Togo
Trinidad and Tobago
Venezuela

Importing members

Austria
Belgium/Luxembourg
Czech Republic
Denmark
Egypt
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Japan
Netherlands
Norway
Portugal
Russian Federation
Slovak Republic
Spain
Sweden
Switzerland
United Kingdom
European Commission

Executive Committee

Chairman: Mr. P.Lynch (Ireland)

Vice-Chairman: Mr. E.Barattini
(European Commission)

The following members served on the Executive Committee for the 2002/2003 cocoa year:

Exporting members

Brazil
Cameroon
Côte d'Ivoire
Ecuador
Gabon
Ghana
Jamaica
Malaysia
Nigeria
Papua New Guinea

Importing members

Belgium/Luxembourg
France
Germany
Italy
Netherlands
Russian Federation
Spain
Sweden
Switzerland
United Kingdom

Credentials Committee

Chairman: Mr.P.Etoa Abena
(Cameroon)

The following members were re-appointed to serve on the Credentials Committee for the 2002/2003 cocoa year:

Exporting members

Cameroon
Ecuador
Ghana
Jamaica

Importing members

Belgium/Luxembourg
Finland
France

The following committees and working groups met during the 2002/2003 cocoa year and were open to all members.

Expert Working Group on Stocks

Chairman: Mr P. Sigley (The Federation of
Cocoa Commerce Ltd)

PART I – ORGANIZATION AND ADMINISTRATION

MEMBERSHIP OF THE INTERNATIONAL COCOA ORGANIZATION

Under the International Cocoa Agreement, 1993, the International Cocoa Organization (ICCO), had forty-two members as at 30 September 2003. 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 had 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, the highest authority of the ICCO, is composed of all the contracting parties to the International Cocoa Agreement. The Council held two regular sessions and one special session during the 2002/2003 cocoa year.

SIXTY-SEVENTH REGULAR SESSION

The Council held its sixty-seventh regular session from 11-14 March 2003 during which it dealt with a number of issues.

The Council resolved to extend the period for signature of the International Cocoa Agreement 2001, under the provisions of Article 54 of the Agreement, from 1 January 2003 to 30 September 2010. The Government of Japan confirmed that it would not be joining the 2001 Agreement as it had decided to no longer participate in commodity agreements in general. The Indonesian Government had indicated that it was committed to joining the Agreement, but not in the near future.

The Council of the European Union had decided that it would join the International Cocoa Agreement 2001 on behalf of its member states and that the Commission would vote and pay for the aggregate votes of its Member States. The United Nations Treaty Section had refused to accept the European Union signature of the new Agreement on behalf of its Member States.

The Council agreed that the European Community should produce a declaration relating to its exclusive competence for discussion at the next Council meeting. The Council produced a statement for submission to the United Nations acknowledging the decision no. 2002/970/EC of the Council of the European Union of 18 November 2002 by which the International Cocoa Agreement 2001 was approved on behalf of the European Community and by which the President of the EU Council was authorized to designate the person empowered to sign the agreement and deposit the instrument of approval on behalf of the European Community.

The Council regretted that the security situation in Côte d'Ivoire meant that it had not been possible for the Organization to relocate there. Discussion on the relocation issue was scheduled for the June 2003 meeting.

In relation to the selection of a new Executive Director, the Council agreed that the age limit for the post should be removed and that holding a university degree, excellent knowledge of English and working knowledge of another of the working languages of the Organization be required. However, there was no agreement on the grade for the post.

The Council also approved the audited Administrative Accounts for the year ended 30 September 2002 and received a report from the ICCO Expert Working Group on Stocks.

TWENTY-SEVENTH SPECIAL SESSION

The Council held its twenty-seventh special session from 3-6 June 2003.

The Council were informed of progress in the accession to the International Cocoa Agreement 2001. The 80% threshold for producer membership had almost been reached and, with the acceptance by the United Nations of the competence of the European Commission to sign on behalf of its Member States, the threshold for consumer membership would be met.

The Council expressed its support for the efforts undertaken by the Government of Côte d'Ivoire towards the restoration of stability in that country and agreed to consider the situation relating to relocation of

the Organization at its 68th regular session in September 2003.

The Council drew up a timetable for the appointment of an Executive Director and agreed to change the title of the Officer-in-Charge to 'Acting Executive Director'. It also extended the mandate of the Acting Executive Director to 30 September 2004.

The Council received a formal statement from the producing countries regarding the European Union Directive on Cocoa Butter, due to come into force on 3 August 2003. Concern was expressed that the Directive would contribute to a large reduction in demand for cocoa of around 10% leading to a corresponding fall in the income of farmers. The Organization was requested to monitor the effects of the Directive and report back to the Council.

The Council decided to convey a request to the Common Fund for Commodities that its Executive Board should consent to the financing and start-up of the project on 'Cocoa Productivity and Quality Improvement: A participatory Approach'.

SIXTY-EIGHTH REGULAR SESSION

The Council held its sixty-eighth regular session from 9-12 September 2003.

The Council discussed the relocation of the Organization to Côte d'Ivoire and the security situation in that country. It resolved to implement the decision to relocate to Côte d'Ivoire at the special session of the Council in December 2003, provided that the present security status was maintained or improved; and to take a definitive decision on the relocation at the Council session in March 2004 at the latest, in the event of a deterioration of the security status in Côte d'Ivoire.

With regard to the surrender of the lease of the London offices, the Council agreed that the Organization should seek to attract a tenant for one floor of the offices.

The Council approved the Organization's administrative budget for the 2003/04 financial year.

The Council decided to extend the period for signatory governments of the International Cocoa Agreement 2001 to deposit their instruments of ratification, acceptance or approval, under the provisions of Article 55 of the Agreement, from 1 January 2004 to 30

September 2010.

The Council discussed the composition of the Consultative Board on the World Cocoa Economy and agreed that its first meeting should take place in March 2004, at which time the Board would be formally constituted.

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 International Cocoa Agreement, 1993. The Committee is responsible to and works under the general direction of the Council. During the 2002/2003 cocoa year, the Executive Committee held the following meetings.

Hundred and sixteenth meeting-11-14 March 2003

Hundred and seventeenth meeting- 3-6 June 2003

Hundred and eighteenth meeting-9-12 September 2003

The Committee examined the world cocoa market situation, possible measures to maintain remunerative cocoa prices, progress reports on projects, new project proposals and the finances and administration of the Organization, including the issue of relocation of the headquarters. In addition, several other matters were considered and recommendations were made to the Council accordingly.

The Committee received a presentation on the Cocoa Atlas published by the German Cocoa and Chocolate Foundation.

EXPERT WORKING GROUP ON STOCKS

The Expert Working Group on Stocks held its eleventh meeting on 12 March 2003.

A progress report was received on the survey of cocoa stocks held in Western European warehouses, the survey results gave an estimate of around 926,000 tonnes at 30 September 2002.

A report giving an assessment of world stocks of cocoa beans as at 30 September 2002 was also received. World stocks were estimated at around

1,214m tonnes at 30 September 2002, including producing country stocks.

Mr Robert Zehnder, Secretary General of the European Cocoa Association (ECA), described the ECA

approach of publishing a single, pan-European quarterly grindings statistic for Europe, which replaced incomplete data published by national associations and contributed to market transparency.

The Working Group explored some of the issues related to compiling information on cocoa product stocks. The objective of collecting information on stocks of cocoa products was to complement the annual ICCO cocoa bean survey in order to strengthen market transparency and to promote more accurate price discovery by the cocoa market. The Working Group decided that the Organization should investigate the collection of stocks information on semi-finished cocoa products, incorporating cocoa butter, cocoa paste, cocoa powder and cocoa cake, including methods and costs.

UNCTAD MEETING

A meeting was convened under the auspices of the United Nations Conference on Trade and Development (UNCTAD) pursuant to article 58, paragraph 3, of the International Cocoa Agreement, 2001 on 4 June 2003 in London. At this meeting a decision was made to put the International Cocoa Agreement, 2001, into force provisionally as of 1 October 2003.

PROGRESS REPORT ON ICCO PROJECTS

In the 2002/2003 cocoa season, collaboration between ICCO, other organizations, the private sector and the Common Fund for Commodities continued on the implementation and development of projects aimed at improving the sustainable development of the world cocoa economy. ICCO also succeeded in enhancing cooperation in projects with the private sector. During the year under review, activities concentrated on improving the structural conditions of the cocoa markets and enhancing long-term competitiveness and prospects in the cocoa economy. A brief summary status of project implementation and project development at the end of the 2002/2003 cocoa year is given below:

PILOT PLANTS FOR THE PROCESSING OF COCOA BY-PRODUCTS IN GHANA

This is a research and development project aiming at the development and transfer to interested parties the technology for the commercial processing of cocoa by-products and cocoa wastes with a view to expanding

the income-generating capacity of the cocoa industry in cocoa-producing countries. The immediate objectives of the Project are the commercial production and marketing of a range of by-products using material from the cocoa pod which is normally discarded and not utilized in the production of cocoa beans. Products investigated by the Project include animal feed and potash derived from cocoa-pod husk. Cocoa-pulp juice (sweatings) are used in the production of soft drinks, alcoholic drinks, industrial alcohol, pectin, marmalade and jams. Cocoa butter from sub-standard beans is used for the production of toilet soap and body creams. In 2002/2003, the work on the technologies for the processing of cocoa by-products and a feasibility study on the commercial viability of the project were completed. In July 2003, an international workshop was held in Ghana to discuss the results of the project and the outcome of the feasibility study. The report of the workshop has, in the meantime, been drafted, while the final technical report and the report on the feasibility study were scheduled for completion by the middle of November 2003.

COCOA GERmplasm UTILIZATION AND CONSERVATION: A GLOBAL APPROACH

This is a research and development project aimed at making optimal use of cocoa germplasm to develop and distribute improved pest and disease resistant varieties of cocoa planting materials. The project has been remarkably successful in international clone trials, internationally co-ordinated hybrid trials, germplasm enhancement, population breeding, as well as in germplasm conservation, characterization and preliminary evaluation. Other areas of successes include exchange of cocoa germplasm and verification of genetic identity, exchange of information and publications, co-ordination and technical backstopping, management, supervision and evaluation. The project also achieved increased collaboration and interactions between cocoa genebanks, intermediate quarantine and breeding programmes, and at a personal level increased collaboration between plant breeders and other researchers (pathologists, entomologists, agronomists), resulting in important transfers of technology and capacity building. The final project workshop is scheduled for 29 March - 3 April 2004 to coincide with the takeoff of the successor project to finalize project trials and carry out distribution of results.

THE USE OF MOLECULAR BIOLOGY TECHNIQUES IN A SEARCH FOR VARIETIES RESISTANT TO WITCHES' BROOM DISEASE OF COCOA

The project is intended to address specifically the witches' broom disease of cocoa using molecular biology techniques to develop more tolerant and resistant varieties to the disease that has caused serious damage to cocoa production in South America and in the Caribbean. At a technical level, good progress had been made in the areas of identification of microsatellites, DNA analysis of new clones, development of software applications and the scientific training programme. Project implementation during the 2002/2003 cocoa season was successful in all the six technical components of the project, thus creating the world's largest database on the vector responsible for Witches' Broom disease. In May 2003, a mid-term evaluation of the project was carried out by a CFC representative and an independent consultant. A preliminary report of the mid-term review stated that progress towards the completion of the proposed project objectives had been excellent.

PROJECT TO ESTABLISH THE PHYSICAL, CHEMICAL AND ORGANOLEPTIC PARAMETERS TO DIFFERENTIATE BETWEEN FINE AND BULK COCOA

The project aims to identify characteristic features of fine or flavour cocoa that differentiates it from bulk cocoa, thus improving the market proportion of fine cocoa. The project is being implemented in Ecuador, Papua New Guinea, Trinidad and Tobago and Venezuela. Progress reports of the project indicated that the project was progressing satisfactorily. Considerable achievement has been recorded in all the four participating countries in the areas of fermentation and drying trials, chemical assessment of quality parameters, cocoa liquor preparation and chemical analysis. In May 2003, a mid-term evaluation of the project was carried out by a CFC representative and an independent consultant and the preliminary report indicated that satisfactory progress had been achieved.

However, the level of progress was variable among participating countries, arising from problems with the standardization of methodologies, lack of equipment to measure selected parameters, insufficient expertise on certain technical processes, inadequate communication flows and shortages of fund, particularly in the case of Venezuela. Other activities still to be implemented include organoleptic assessment of sensory characteristics, DNA profiling and spectral image analysis. In May 2003, a Project Implementation

Agreement (PIA) between INIAP and the Plant Research Institution in the Netherlands was signed. Since then preparations for NIRS, GCMS and DNA analyses and comparative studies of flavour profiles have been initiated.

IMPROVEMENT OF COCOA MARKETING AND TRADE IN LIBERALIZING COCOA-PRODUCING COUNTRIES

This project intends to address and correct the undesirable effects of liberalization of the cocoa market and to strengthen farmers' organizations, so as to fill the vacuum left after the dismantling of the government marketing organizations. It aims to improve the functioning of cocoa markets, improve the quality of exported cocoa, facilitate financing of the trade, provide market information and address trade and price risks. The project, which was in its fourth year of implementation during the period under review, had promoted privately run warehousing systems in Cameroon, Côte d'Ivoire and Nigeria. The project had also started to institute, in the participating countries, the capacity to collect and distribute price data along the internal market chain.

To produce good quality export cocoa in the participating countries, the project had reviewed existing quality assurance and certification systems, proposed necessary changes and strengthened existing institutions involved in monitoring cocoa quality and certification. The project was assisting farmers' cooperatives to secure financing of stocks of good quality cocoa, using warehouse warrants. The project had entered its final stage and it had been decided to concentrate efforts and resources on the implementation of three key components: institutionalization, market information systems and pilot operations in structured trade financing.

COCOA PRODUCTIVITY AND QUALITY IMPROVEMENT: A PARTICIPATORY APPROACH

This is the successor project to the CFC/ICCO/IPGRI Germplasm project. The project aims at developing more efficient and sustainable cocoa cropping systems through the accelerated selection and distribution of planting material with improved yielding capacity, disease resistance and quality traits. In January 2003, the Consultative Committee of CFC had recommended the proposal for approval by the Common Fund. However, during its meeting in April 2003, the Executive Board of the Fund granted only technical approval for the project, meaning that no funding was

provided. Following this decision, the ICCO Council passed a resolution in June 2003 to convey its sincere request to the Common Fund that its Executive Board should, at its meeting of October 2003, consent to the financing and start-up of the project. The Director General of IPGRI and the co-financing institutions for the new project had also written letters to the CFC for its Executive Board to consent to the financing of the project without further delay. The first phase of the project was approved for financing by the Executive Board of the Common Fund in October 2003.

PILOT PROJECT ON PRICE RISK MANAGEMENT FOR COCOA

The overall objective of the project is to reduce the exposure of smallholder cocoa farmers to risks arising from fluctuations in world market prices, thus securing better incomes from cocoa growing. The Common Fund for Commodities had engaged consultants to analyze the potential for the introduction of price risk management systems for coffee, cocoa and cotton farmers and/or their co-operatives. The consultant for price risk management in cocoa had completed missions to Cameroon, Côte d'Ivoire and Nigeria. The report of the consultant was finalized during the period under review.

PROJECT TO IMPROVE THE QUALITY OF EXPORTED COCOA BEANS

The project intends to improve the capacity of the farmers to produce good quality beans to the industry through training and by paying them a premium for the extra effort to be made. The Task Force for the project had reviewed the report of the study on farming practices to identify and better understand the motivation and constraints farmers face in producing cocoa of liquor quality. The development and implementation of a training programme of selected co-operatives in Côte d'Ivoire in best farming practices for the production of good quality cocoa has been undertaken. The preparation of the 2003/04-work plan was completed. Under the plan, exporters will buy cocoa, which meets total quality criteria, from selected and trained co-operatives. The industry will pay a project participation incentive to the farmers and their co-operatives for this cocoa. The trade partners involved in the pilot operation are Armajaro, Ecom-Zamacom and Noble-Cocaf. Cadbury, Kraft, Masterfoods, Nestlé and Ferrero have agreed to buy up to 1,500 tons of project cocoa from the participating

co-operatives.

GENERIC PROMOTION OF COCOA AND CHOCOLATE IN THE RUSSIAN FEDERATION

The overall objective of the project is to increase cocoa and chocolate consumption in the country, currently low in terms of consumption per capita. A feasibility study to provide the basis for determining the conditions, strategy and instruments for undertaking a full-scale generic promotion for cocoa and chocolate consumption in the country had been undertaken. The report of the feasibility study had revealed that there was a sound basis for further development of the project and launching of a full-scale generic promotion campaign of cocoa and chocolate consumption in the Russian Federation. The next stage was the development and formulation of a full project proposal to be followed by the implementation of the generic promotion campaign. In late 2002 and in 2003, preparations have started for the formulation of a full project proposal, to be submitted for funding to potential financiers. In consultations between the parties concerned, the ICCO secretariat has prepared the draft of a "core" project proposal, including objectives, the strategy to be followed and possible activities to be implemented under the project. The Association of Enterprises of the Confectionery Industries of the Russian Federation (ASKOND), on their part, was in the process to form an Expert Committee from among the industry to further develop the project proposal.

GLOBAL COORDINATION GROUP ON SUSTAINABLE COCOA ECONOMY

The objective of the Group is to develop a coordination mechanism for a more sustainable world cocoa economy. ICCO is functioning as the secretariat of the Group and membership is drawn from across the stakeholders in the cocoa sector. The Group held its sixth meeting on 26 June 2003 in Montpellier. At that meeting, participants agreed to produce summary sheets of the priority areas for research and development projects in a format that could form the basis for the formulation of project proposals. The summary sheets of identified priority areas were completed and agreed upon during the period under review. A meeting was scheduled for 13 October 2003 in Ghana to present the global programme on a sustainable cocoa economy to the international community, particularly to donor institutions.

ADMINISTRATIVE BUDGET AND ACCOUNTS FOR 2002/2003

At its sixty-sixth regular session, held in September 2002, the Council approved an administrative budget for 2002/2003. Total expenditure of £1,475,445 (€2,360,710) was projected for 2002/2003. This was to be financed by members' contributions of £1,498,860 (€2,398,180), representing a contribution per vote of £749.43 (€1,199.09), interest on the Special Reserve Fund for the year of £32,000 (€51,200) and other income amounting to £37,500 (€60,000). The expected result was a surplus of £92,915 (€148,660).

Actual expenditure for the 2002/2003 cocoa year was £1,634,690 (€2,615,504). Members' contributions amounted to £1,498,860 (€2,398,176), foreign exchange rate gains amounted to £67,050, interest on Special Reserve Fund earned was £51,153 (€81,845) whilst other income amounted to £30,841 (€49,346). This resulted in income exceeding expenditure by £13,214 (€21,142). The above amounts are stated after taking into account relocation expenses of £367,208 (€587,533), which were transferred from the Special Reserve Fund.

The net assets of the Organization amounted to £2,118,513 (€3,389,621) as at 30 September 2003. These have been financed by £1,531,422 (€2,450,275) from the Special Reserve Fund and £587,091 (€939,346) from the Revenue Reserve Fund. The audited balance sheet as at 30 September 2003 and the audited income and expenditure amount for the year ended 30 September 2003 are shown in Annex II of this report.

The expenses of the Organization are incurred and recorded in £ Sterling. The € equivalent is shown above for presentation purposes at the 2002/2003 Administrative Budget rate of €1.60 to Sterling £.

The Organization has in place a Promotion Fund and an Environment Fund. During the year ended 30 September 2003, no activity was undertaken in respect of the two funds. The only contributor to the Environment Fund, the Government of the Netherlands, withdrew its contribution and therefore accounts are no longer being prepared for this Fund. The accounts of the Promotion Fund are contained in Annex II of this report.

PERSONNEL

At the end of 2002/2003, the staff establishment stood at nine posts in the Professional and Higher categories and eight in the General Services category, making a

total of 17. Annex III of this report lists all the staff members as at 30 September 2003.

STATISTICAL INFORMATION AND ECONOMIC STUDIES

During the 2002/2003 cocoa year the ICCO secretariat prepared and distributed statistical information on cocoa in accordance with the provisions of the International Cocoa Agreement, 1993 and decisions taken by the International Cocoa Council.

The daily price figures, computed in accordance with the provisions of Article 35 of the International Cocoa Agreement, 1993, 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.

ICCO PUBLICATIONS

During the 2002/2003 cocoa year the following ICCO titles were published:

Quarterly Bulletin of Cocoa Statistics Volume XXIX

World Cocoa Directory 2002-03

The UK Cocoa and Chocolate Markets

PART II – REVIEW OF THE WORLD COCOA SITUATION

MARKET DEVELOPMENTS IN 2002/03

International cocoa prices, as measured by the ICCO daily price, which is the average of the nearest three active futures trading months on the London International Financial Futures and Options Exchange (LIFFE) and on the New York Coffee, Sugar and Cocoa Exchange (CSCE), averaged SDR 1,369 per tonne in the 2002/03 cocoa year, representing an increase of 11 per cent from SDR 1,231 in the previous season. The highest monthly average of SDR 1,842 per tonne was recorded in October 2002, while its lowest average of SDR 1,045 per tonne was recorded in August 2003. Political events in Côte d'Ivoire, the biggest cocoa producer, significantly influenced price movements during the year. The aftermath of a failed uprising in Côte d'Ivoire triggered a series of price rallies during the first half of the cocoa year. Prices appeared to settle at generally lower levels during the second half, signalling the easing of tensions in the country. However, futures prices remained erratic throughout the season, changing direction on several occasions.

Cocoa prices surged at the end of September 2002 when a failed coup attempt in Côte d'Ivoire plunged the country into a political and social crisis and strengthened further as the rebellion spread to main commercial towns for the cocoa industry in the west of the country. The London market climbed to £1,621 in the middle of October, showing gains of about six per cent (£90) above the level recorded on the last day of the previous 2001/02 season. In New York, futures prices reached US\$2,367, or seven per cent (US\$165) above the corresponding level on 30 September 2002.

In the second half of October, the cocoa market reversed the upward trend and fell sharply downward, losing much of the previous gains. The Government of Côte d'Ivoire and the rebels agreed to a cease-fire and to mediation by the Economic Community of West African States (ECOWAS). Although there were occasional rallies on doubts about the stability of the peace process, market prices trended downwards. Arrival figures showed a normal development of the main crop, although traders accepted that there might be some loss in quality because the unrest had accelerated the flow of beans towards the ports. Farmers and traders were apparently keen to evacuate

harvested beans as quickly as possible. By the end of November 2002, prices in both markets had declined by

29 per cent from their respective highs in October.

At the beginning of December, prices rose in the second price rally of the season as reports began to surface about growing tension in the west of Côte d'Ivoire. A new rebel force sprang up and seized two towns in the west of the country. Fierce fighting between troops loyal to the Government of Côte d'Ivoire and the rebels sparked another bout of panic buying and speculative short-covering as exporters feared further disruptions to the harvesting and evacuation of cocoa at a crucial stage of the main crop. By the second week in December, cocoa futures had risen by 20 per cent in London and by 23 per cent in New York compared to their respective lows at the end November.

During the second half December, a sharp increase in the quantities of cocoa arriving at ports calmed fears of a shortage of cocoa for near delivery, arresting the upward momentum in prices. Reports reaching the market indicated that, contrary to earlier expectations, there would be no significant losses to the cocoa crop arising from the developments in Côte d'Ivoire. Cocoa futures moved sideways until the final week of January 2003 when prices surged upwards as fighting between new rebels and loyal troops in the west of Côte d'Ivoire intensified and moved closer to the Port of San Pedro. Demonstrations in Abidjan against a peace agreement negotiated in Linas-Marcoussis added to concerns that these incidents could disrupt and reduce the flow of cocoa to the world markets. By mid-February, prices had climbed to their second highest levels of the year at £1,494 in London and at US\$ 2,357 in New York.

Futures prices fell sharply in the second half of February, depressed by aggressive long liquidation by commodity investment funds and other speculators. Activity on the physical market was low as many players remained on the sidelines, mainly because European industry players were apparently well covered. Downward pressure also came from the perception that peace and stability were returning to Côte d'Ivoire. A lack of significant buying allowed futures prices to slide unimpeded and the intensity of selling pressure pushed terminal prices on the London

market through a psychologically significant level of £1,400 to reach £1 322 in the last week of February, while the New York market also broke through the US \$2,000 barrier down to US\$1,925.

The sharp falls in international prices were prompted by arrivals figures which indicated that cocoa was flowing normally to the ports in Côte d'Ivoire despite the political situation in the country. The rebels and the Government of Côte d'Ivoire had also agreed on a new coalition government, raising the prospect of a peaceful resolution to the political crisis. Moreover, cocoa purchases in Ghana were running above their corresponding levels in the previous season and favourable rainfall in the cocoa regions during the second half of February raised the prospect of above-average mid-crops in both Côte d'Ivoire and Ghana. Thus, prospects of good crops and some evidence of weaker demand than previously anticipated as indicated by the latest industry grindings data led analysts and traders to significantly reduce their earlier estimates of a substantial global deficit in the 2002/03 cocoa season, exerting downward pressure on cocoa prices.

From mid-February to April, market prices were relatively directionless; with no new fundamentals to influence the market, price movements were mainly determined by technical factors while market operators were closely monitoring the political situation in Côte d'Ivoire. This period was characterized by occasional price rallies and declines.

Cocoa futures declined persistently during May, falling below £1,000 in London and to less than US\$1,500 in the New York market by the end of that month on expectations of larger summer crops in the leading cocoa producing countries. Encouraged by the high producer prices in the first half of the season, cocoa farmers in most cocoa growing areas had sought to boost output through the application of fertilizers and pesticides. Harvesting of mid-crops in Côte d'Ivoire and Ghana had started early because of good weather, while port arrivals in Indonesia were also reported to be higher.

A gradual recovery in prices was seen from mid-June to the first week in July as initial forecasts of the 2003/04 West African crops were revised downwards. Some market participants expected the coming season's output to be reduced by the dry weather in early July and by the heavy pod load in 2002/03, that

might have "stressed" the trees. The market was also supported by some evidence of a recovery in consumption in Europe. Thereafter, the markets began a gradual decline, pushing terminal market prices to their lowest level for the 2002/03 season in the first week of August 2003 at £943 in London and US\$ 1,418

in New York. The decline was initiated by selling by commodity investment funds and origin selling and exacerbated by a more optimistic assessment of crops for the coming 2003/04 season.

With the mid-crop almost completed, the attention of market operators began to shift to production in the coming 2003/04 season, with focus on the size of the main crops in West Africa. Operators were once again concerned that the prolonged dry season, which occurred at the critical flowering stage in the main West African regions, could have an adverse impact on the development of the 2003/04 main crops, particularly in Côte d'Ivoire. Reports that dry weather and pests in Sulawesi, Indonesia's main cocoa growing region, had damaged the mid-crop also raised concerns about prospects of supplies from the third biggest cocoa producer. Analysts therefore lowered their expectations for the 2003/04 cocoa year from a global surplus to predictions of a production deficit of around 50,000 tonnes, prompting trade and speculative short-covering. Cocoa prices rose therefore steadily during the second half of August and by the end of that month, terminal prices in London had climbed to £1,177 per tonne and to US\$ 1,742 per tonne in New York, showing gains of over 20 per cent from their crop year lows recorded at the beginning of that month.

The first three weeks of September saw a gradual decline in prices. Initially seen as an inevitable correction to an overbought situation, prices were pressured by speculative long liquidation by commodity funds and by origin selling. However, the market reversed and began to move upwards in the final week of the year. The main stimulus behind the bullish sentiment was the perceived impact of the decision of the "New Forces" rebel ministers to suspend their participation in a power-sharing government which had been set up earlier in the year in Côte d'Ivoire. With just two weeks before the start of the 2003/04 main crop campaign, buyers feared that a deteriorating political situation could affect the flow of cocoa in rebel-held zones. Cocoa farmers were also reported to be withholding cocoa, hoping for an

increase in the minimum price to be announced by the BCC.

Reflecting developments over the 2002/03 cocoa year, the monthly average of the ICCO daily price rose from SDR 1,637 per tonne recorded in September 2002, to SDR 1,673 in October before declining to SDR 1,363 per

tonne in November. Over the next three months, prices climbed steadily to an average of SDR 1,634 in February 2003 but then trended downwards, falling to SDR 1,244 per tonne in May 2003. After easing further to SDR 1,116 per tonne in June 2003, monthly cocoa prices were relatively stable, remaining around that level for the rest of the year.

PRODUCTION

World production of cocoa beans in 2002/03 was estimated at an all time high of 3,102,000 tonnes, representing an increase of 241,000 tonnes (8%) from the level of 2,861,000 tonnes achieved in the 2001/02 season (**Table 1**). The overall increase in world production of cocoa beans reflected an increase of 207,000 tonnes in **Africa** and 45,000 tonnes in the **Americas**. These increases were partially offset by a reduction of 11,000 tonnes in **Asia and Oceania**.

At the country level, in **Côte d'Ivoire**, the leading world cocoa producer, the crop outturn amounted to 1,320,000 tonnes, representing an increase of 55,000 tonnes (4.3%) over the previous season. Production in **Ghana** rose by 156,000 to 497,000 tonnes, representing an increase of 45.7% from the previous cocoa year. Production in **Brazil** increased by 39,000 tonnes (31.5%) from the previous season to 163,000 tonnes. Comparatively smaller increases in production occurred in Malaysia, up 15,000 to 40,000 tonnes, Cameroon, up 9,000 to 140,000 and in Papua New Guinea, up 4,000 to 42,000 tonnes. In contrast, production fell by 30,000 tonnes (6.6%) from the previous year's level to 425,000 tonnes in **Indonesia** and by 20,000 (10.8%) to 165,000 tonnes in **Nigeria**.

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, increased by 1.4 percentage points in 2002/03 to 69.6% and by 0.4 percentage points in the **Americas** to 13.4% while the share of **Asia and Oceania** fell by 1.8 percentage points to 17.0%. Overall, the share of ICCO Member countries in the total world production of cocoa beans for the 1993/94 - 2002/03 period under the 1993 International Cocoa Agreement amounted to 82.4% compared to an average of 77.4% for the 1986/87 - 1992/93 period under the previous International Cocoa Agreement, 1986 (**Table 4**).

PROCESSING

World grindings of cocoa beans in 2002/03 are estimated at 2,996,000 tonnes, representing an increase of 4.1% (119 000 tonnes) over the level in the previous cocoa year. Grindings of cocoa beans continued to be undertaken predominantly in the consuming countries and the share of these countries amounted to 65.3% in 2002/03. The share of cocoa-producing countries in world grindings increased by 1.2 percentage points from the previous year's level to 34.7% in 2002/03 (**Table 2**).

Among the main cocoa-importing countries, the largest volume increase in grindings in 2002/03 as compared to 2001/02 occurred in the **Netherlands** (up 22 000 to 440 000 tonnes). Relatively smaller increases were recorded in the **United States** (up 7 000 to 410 000 tonnes), in **France** (up 6,000 to 145, 000), in **Spain** and **Singapore**, up 4,000 to 60,000 tonnes in each of the two countries, in **Japan**, (up 4,000 to 55,000 tonnes) and in Turkey (up 3,000 to 40,000 tonnes). In contrast, lower grindings were reported in **the United Kingdom** (down 5,000 to 135,000 tonnes), **Canada** (down 4,000 to 52,000 tonnes) and in **China** (down 3,000 to 9,000 tonnes).

Among the major cocoa-producing countries, substantial increases in grindings were recorded in **Brazil** (up 23,000 to 196,000 tonnes), in **Malaysia** (up 20,000 to 125,000 tonnes), in **Ghana** (up 16,000 to 85,000 tonnes) and in **Indonesia** (up 15,000 to 120,000 tonnes). Relatively smaller increases were recorded in **Ecuador** (up 5,000 to 25,000 tonnes) and in **Colombia** (up 3,000 to 41,000 tonnes). Lower grindings were recorded in **Côte d'Ivoire** (down 5,000 to 285,000 tonnes) while smaller decreases were recorded in **Cameroon** and in **Nigeria**, down 2,000 each to 30,000 tonnes and 20,000 tonnes respectively.

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 2002/03 decrease marginally by 0.7 percentage points to 43.8% compared to the previous cocoa year. The share of **Asia and Oceania** and **the Americas** increased by 0.8 and 0.2 percentage points to 15.2% and 26.5% respectively in 2002/03 compared to the previous year's level, while the share of **Africa** fell by 0.3 percentage points to 14.5%. In aggregate, the share of ICCO Member countries in world grindings averaged 70.8% for the 1993/94 – 2002/03 period under the International Cocoa Agreement, 1993, compared to an average of 72.1% for the 1986/87 - 1992/93 period under the previous International Cocoa Agreement,

1986 (Table 4).

Stocks

On the basis of the production and grindings estimates described above, the 2002/03 cocoa year should have yielded a production surplus of 75,000 tonnes. The total stocks of cocoa beans at the end of the 2002/03 cocoa year should, therefore, have amounted to 1,191,000 tonnes, which is equivalent to 39.8% or almost 5 months of estimated annual world grindings in 2002/03.

CHART I
WORLD COCOA BEAN PRODUCTION, GRINDINGS, STOCKS AND PRICES, 1960/61 TO 2002/2003

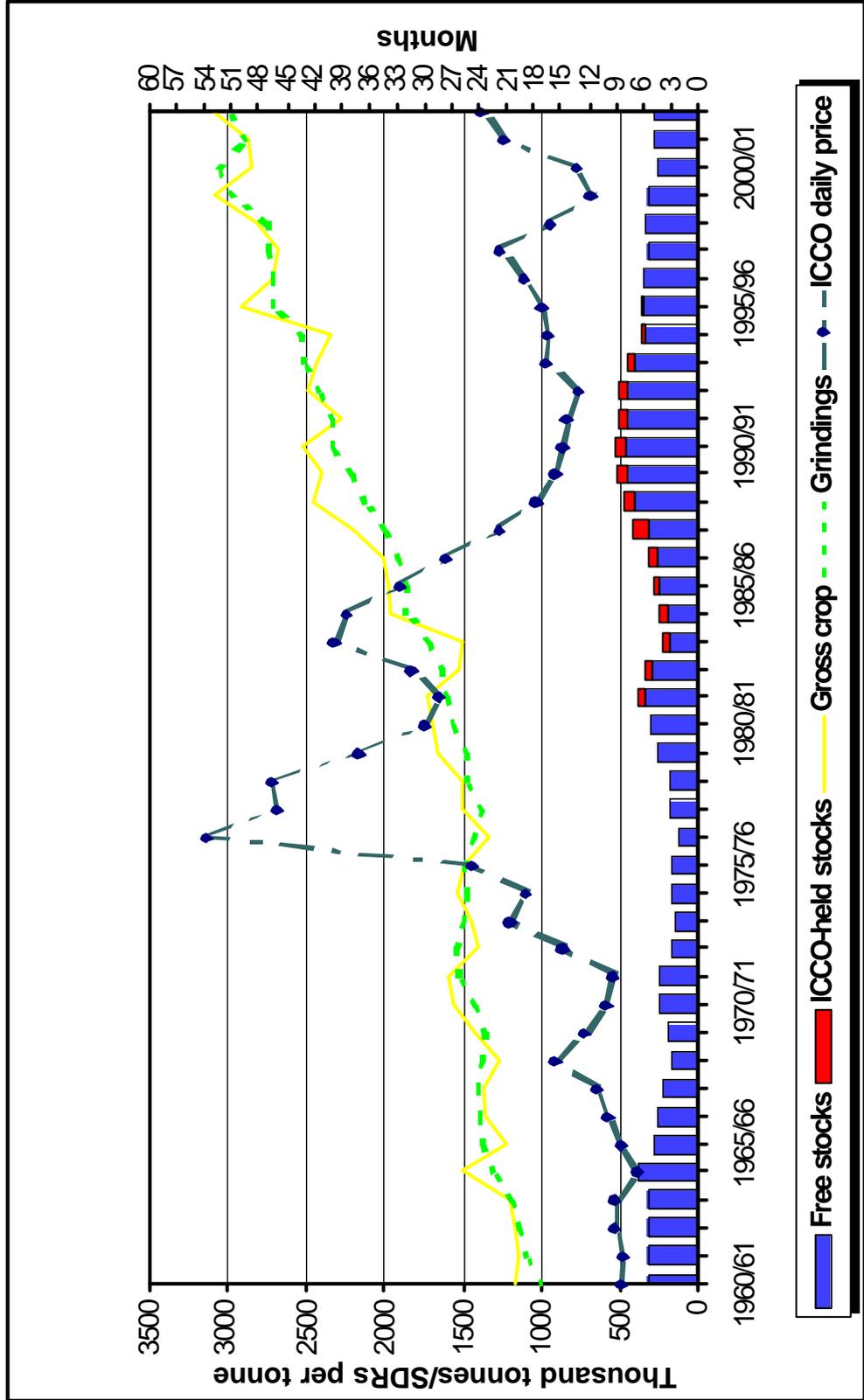


CHART II
ICCO DAILY PRICES OF COCOA BEANS, 2002/03

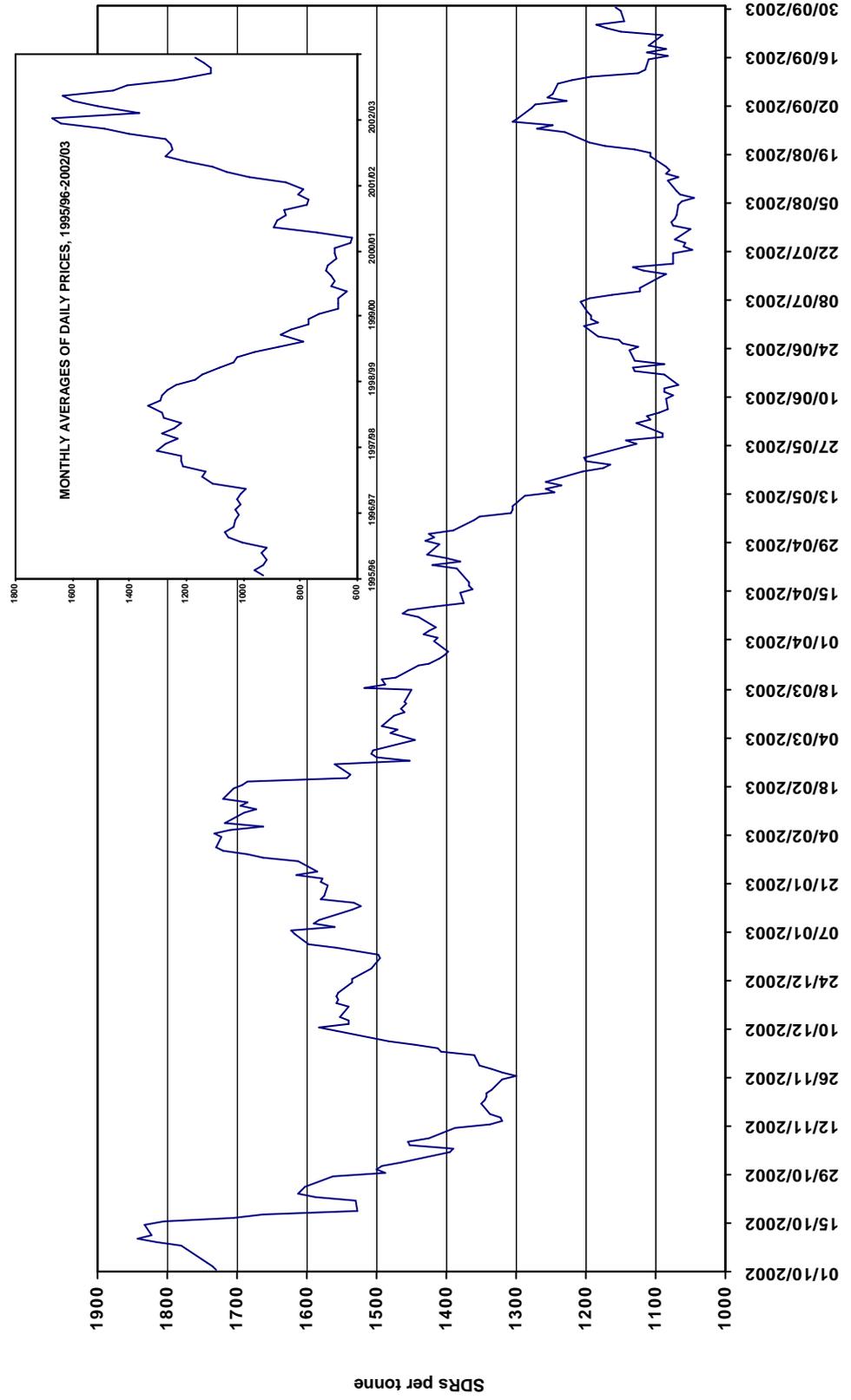


TABLE 1
WORLD PRODUCTION OF COCOA BEANS, 1995/96 - 1999/00, 2000/01, 2001/02 AND
2002/03
(thousand tonnes a/)

Continent	Annual average	2000/2001	2001/2002	2002/2003
AFRICA	<u>1 919</u> (67.6%)	<u>1 947</u> (68.3%)	<u>1 951</u> (68.2%)	<u>2 158</u> (69.6%)
Cameroon	123	133	131	140
Côte d'Ivoire	1 198	1 212	1 265	1 320
Ghana	394	395	341	497
Nigeria	169	177	185	165
Others <u>b/</u>	35	30	29	36
NORTH, CENTRAL AND SOUTH AMERICA	<u>435</u> (15.3%)	<u>418</u> (14.6%)	<u>371</u> (13.0%)	<u>416</u> (13.4%)
Brazil	169	163	124	163
Colombia	40	37	38	38
Dominican Republic	48	45	45	45
Ecuador	81	89	81	85
Mexico	39	34	35	35
Peru	20	17	14	14
Venezuela	16	14	15	15
Others <u>b/</u>	22	19	19	21
ASIA AND OCEANIA	<u>486</u> (17.1%)	<u>488</u> (17.1%)	<u>539</u> (18.8%)	<u>528</u> (17.0%)
Indonesia	351	392	455	425
Malaysia	80	35	25	40
World total	<u>2 840</u> (100.0%)	<u>2 853</u> (100.0%)	<u>2 861</u> (100%)	<u>3 102</u> (100.0%)

Notes: a/ Rounded to the nearest thousand tonnes.

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

Source: ICCO *Quarterly Bulletin of Cocoa Statistics*, Vol. XXIX, No. 4 (Cocoa year 2002/03).

TABLE 2
WORLD GRINDINGS OF COCOA BEANS, 1995/96 - 1999/00, 2000/01, 2001/02 AND 2002/2003
 (THOUSAND TONNES A/)

Continent and countries	Annual average	2000/2001	2001/2002	2002/2003
EUROPE	<u>1 314</u> (47.3%)	<u>1 376</u> (44.9%)	<u>1 281</u> (44.5%)	<u>1 312</u> (43.8%)
Austria	18	22	24	23
Belgium/Luxembourg	54	53	50	53
Czech Republic	12	21	16	14
France	118	145	139	145
Germany	229	227	195	193
Ireland	10	8	14	12
Italy	70	69	66	68
Netherlands	412	452	418	440
Poland	33	28	25	25
Spain	53	49	56	60
Switzerland	23	21	21	23
Russian Federation	60	72	68	70
Ukraine	11	24	17	17
Other former USSR	8	8	9	10
United Kingdom	174	151	140	135
Others <u>b/</u>	29	26	23	24
AFRICA	<u>310</u> (11.2%)	<u>421</u> (13.8%)	<u>426</u> (14.8%)	<u>435</u> (14.5%)
Cameroon	29	30	32	30
Côte d'Ivoire	189	285	290	285
Ghana	66	70	69	85
Nigeria	18	24	22	20
Others <u>b/</u>	8	12	13	15
NORTH, CENTRAL AND SOUTH AMERICA	<u>784</u> (28.2%)	<u>848</u> (27.7%)	<u>757</u> (26.3%)	<u>794</u> (26.5%)
Brazil	194	195	173	196
Canada	45	58	56	52
Colombia	40	42	38	41
Ecuador	36	32	20	25
Mexico	33	32	32	32
Peru	15	12	13	14
United States	398	456	403	410
Others <u>b/</u>	23	21	22	24
ASIA AND OCEANIA	<u>369</u> (13.3%)	<u>416</u> (13.6%)	<u>413</u> (14.4%)	<u>455</u> (15.2%)
China	29	22	12	9
Indonesia	75	87	105	120
Japan	46	49	51	55
World total	2 777 (100.0%)	3 061 (100.0%)	2 877 (100.0%)	2 996 (100.0%)
Total producing countries	854 (30.7%)	994 (32.5%)	963 (33.5%)	1 039 (34.7%)

Notes: a/ Rounded to the nearest thousand tonnes.

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

Source: **ICCO Quarterly Bulletin of Cocoa Statistics**, Vol. XXIX, No. 4 (Cocoa year 2002/2003).

TABLE 3
AVERAGE, HIGHEST AND LOWEST VALUES OF ICCO DAILY PRICES OF COCOA BEANS,
OCTOBER 2002 - SEPTEMBER 2003

Period	DAILY PRICES		
	Average	Highest	Lowest
	SDRs per tonne		
2002			
October	1 673.48	1 842.20	1 486.35
November	1 362.80	1 463.39	1 299.75
December	1 510.09	1 581.44	1 358.31
2003			
January	1 599.91	1 728.09	1 522.28
February	1 633.97	1 732.99	1 450.55
March	1 455.88	1 515.79	1 398.03
April	1 408.11	1 461.87	1 362.62
May	1 243.60	1 423.02	1 088.98
June	1 116.24	1 200.99	1 067.88
July	1 115.74	1 206.07	1 046.10
August	1 135.11	1 304.03	1 045.17
September	1 168.83	1 278.27	1 083.28
	(US cents/lb)		
2002			
October	100.03	110.50	89.03
November	82.29	88.05	78.17
December	91.75	95.72	81.27
2003			
January	99.10	107.90	94.12
February	101.57	108.02	90.23
March	90.48	93.63	86.43
April	87.44	90.15	84.34
May	79.37	89.59	70.04
June	71.63	76.31	68.83
July	70.78	76.69	66.20
August	71.28	81.10	66.17
September	74.01	80.00	68.40

Source: ICCO *Quarterly Bulletin of Cocoa Statistics*, Vol. XXIX, No. 4 (Cocoa year 2002/03).

TABLE 4
SHARE OF ICCO MEMBERS IN WORLD PRODUCTION AND GRINDINGS, 1976/77 - 2002/03

	1975 Agreement		1980 Agreement		1986 Agreement		1993 Agreement	
	thousand tonnes	per cent	thousand tonnes	per cent	thousand tonnes	per cent	thousand tonnes	per cent
	Average 1976/77-1979/80		Average 1981/82-1985/86		Average 1986/87-1992/93		Average 1993/94 - 2002/2003	
Production	1 399	92.5	1 032	59.4	1 810	77.4	2 291	82.4
Grindings	1 185	82.0	1 273	74.0	1 570	72.1	1 970	70.8

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

**ANNEX I MEMBERSHIP OF THE INTERNATIONAL COCOA AGREEMENT, 1993
(AS AT 30 SEPTEMBER 2003)**

	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	Notification under Article 55	21.08.00
São Tomé and Príncipe	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 2003
(EXPRESSED IN £ STERLING)

2001/2002	CURRENT ASSETS	Notes	2002/2003
2,032,275	Balance with bankers and cash in hand		1,707,404
54,792	Debtors		48,650
6,130	Prepaid Expenses		6,962
	Contributions to administrative budgets outstanding	7	
339,845	1990/91 to 2001/2002 inclusive (Annex "A")		314,972
87,007	Year ended 30 September 2003 (Annex "B")		121,971
-	Provision for outstanding contributions in 2002/2003		(30,000)
2,520,049			2,169,959
	LESS: CURRENT LIABILITIES		
52,268	Creditors and provisions for accrued expenses		38,657
187	Members' contributions paid in advance (Annex "C")		10,210
52,455			48,867
2,467,594	TOTAL NET ASSETS		2,121,092
	Represented by:		
	SPECIAL RESERVE FUND	2	
2,500,000	Principal		2,500,000
78,625	Less: Contributions outstanding (Annex "D")		73,712
2,421,375			2,426,288
527,658	Less: Transfer to Income and Expenditure Account	3	894,866
1,893,717			1,531,422
	REVENUE RESERVE FUND	4	
147,025	Liquid Funds		152,727
426,852	Contributions in arrears		436,943
2,467,594			2,121,092

ADMINISTRATIVE ACCOUNT
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2003
(EXPRESSED IN £ STERLING)

2001/2002			Notes	2002/2003	
1,462,300		Contributions assessed on Members			1,498,860
	4,045	Interest earned – general funds		9,917	
	<u>88,258</u>	Interest earned – special reserve		<u>51,153</u>	
92,303					61,070
9,211		Subscriptions to Quarterly Bulletin of Cocoa Statistics			8,681
19,117		Other document sales			11,564
<u>4,888</u>		Other income			679
1,587,819		TOTAL INCOME			1,580,854
527,658		Transfer from Special Reserve Fund	3		367,208
-		Surplus/(Deficit) on Foreign Currency Exchanges	9		67,050
2,115,477					2,015,112
		Less:			
		ADMINISTRATIVE EXPENDITURE			
<u>2,034,713</u>		(Annex 'F' – Column III)			<u>1,999,319</u>
80,764		Balance carried to Revenue Reserve Fund			15,793

**ADMINISTRATIVE ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR TO 30 SEPTEMBER 2003**

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

A contingency of £30,000 for possible shortfalls in revenue was provided for in the 2002/2003 budget. This provision has been carried forward 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 £73,712 (2002: £78,625) is still to be received from members. The fund is to provide long-term security to the administrative budget. Interest earned on the fund is used to finance part of the expenditure for the year.

3. TRANSFER FROM THE SPECIAL RESERVE FUND TO INCOME AND EXPENDITURE ACCOUNT

This comprises:

	£
Amount approved in 2001/2002 Administrative Budget	380,800
Additional amounts approved in 2001/2002	<u>146,858</u>
	527,658
Additional amounts expended during the year to meet the following expenses:	
Relocation Expenses	<u>367,208</u>
Total	<u>894,866</u>

4 REVENUE RESERVE FUND

The Revenue Reserve Fund has been split into two categories: liquid resources of £152,727 (2002: £147,025) and arrears of members' contributions to the administrative budgets of £436,943 (2002: £426,852).

5 LEASED PREMISES

The Organization leases premises at 22 Berners Street, London W1. The revised rent of £291,500 per annum is payable up to 31 March 2006 when the lease expires.

6 FIXED ASSETS

There were £14,904 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 £356,613 (2002: £341,709). This figure takes no account of depreciation for wear and tear.

7. OUTSTANDING CONTRIBUTIONS TO ADMINISTRATIVE BUDGETS

Included in the amount of £436,943 is £148,857 due from Ecuador. This is payable in twenty-nine instalments over ten years, £133,458 falling due after more than one year.

8. FUTURE COMMITMENTS

The International Cocoa Council, during its twenty-fifth special session, held in London from 7-8 May 2002, decided to relocate its headquarters from London to Abidjan, Côte d'Ivoire, by 1 January 2003 at the latest. This decision was motivated by an offer of free office accommodation and meetings facilities to ICCO for a period of ten years by the Government of Côte d'Ivoire and cheaper operating costs compared to those in the United Kingdom. However, due to unforeseen circumstances, relocation has been suspended until a date yet to be determined by the Council. The total cost of the relocation, including redundancy payments, surrender of the lease at 22 Berners Street, installation costs, removal costs, new office furniture and equipment (see ICCO documents ICC/65/7 and EX/115/7) was to be financed from the Special Reserve Fund. As at 30 September 2003, relocation costs amounting to £394,884 had been paid.

9. FOREIGN EXCHANGE

Contributions assessed and outstanding contributions from members (which are assessed in euros) are translated in the accounts at the 2002/2003 budget exchange rate of €1.6/£1. The gain or loss on foreign exchange when these contributions are received is taken to the Income and Expenditure Account. At the balance sheet date, there is a contingent gain of £13,552 if the outstanding contributions were translated at the year end rate of €1.44/£1.

PROMOTION FUND – BALANCE SHEET AS AT 30 SEPTEMBER 2003
(expressed in £ sterling)

2001/2002		2002/2003
£		£
	ASSETS	
1,081	Balance at Bankers	1,081
	Less: LIABILITIES	
<u>(3,634)</u>	Balance due to ICCO Administrative Account	<u>(3,634)</u>
<u>(2,553)</u>	NET (LIABILITIES)/ASSETS	<u>(2,553)</u>
(2,553)	Balance of Funds as at 1 October 2002	(2,553)
-	Surplus/(Deficit) for the year	-
-----		-----
<u>(2,553)</u>	Surplus(Deficit) at 30 September 2003	<u>(2,553)</u>

PROMOTION FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 SEPTEMBER 2003

ACCOUNTING CONVENTION

1. ACCOUNTING POLICIES

These accounts have been prepared under the Historical Cost Convention.

ANNEX III
LIST OF MEMBERS OF THE SECRETARIAT
(AS AT 30 SEPTEMBER 2003)

OFFICE OF THE EXECUTIVE DIRECTOR

-- Vacant position --	Executive Director
Dr. J. W. A. Vingerhoets	Acting Executive Director
Miss S. E. C. 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
-- Vacant position --	Stenographer
-- Vacant position --	Research Assistant

ECONOMICS AND DEVELOPMENT SECTION

Dr. A.C. Brewer	Econometrician
-- Vacant position --	Economist
Dr. J.-M.A. Anga	Project Officer
Mr. V.K. Adjei	Senior Research Assistant
Mr. Y.Y. Abubakar	Projects Co-ordination Monitoring Officer

ADMINISTRATIVE AND FINANCIAL SERVICES DIVISION

-- Vacant position --	Head of Division
Mr. R. Hagen	Chief Administrative Officer and Acting Head of Divi-
Mr. J. Ryan	Chief Financial Officer (Temporary post)

PERSONNEL AND GENERAL SERVICES SECTION

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

INFORMATION AND CONFERENCE SERVICES SECTION

-- Vacant position --	Languages/Conference Officer
Miss M. T. Faherty	Librarian/IT Officer
Mr. A. C. Banbury	Senior Conference Assistant/Machine Operator
Mr. S. Persad	Conference Assistant
-- Vacant position --	Stenographer

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