



# ICCO ANNUAL REPORT

2023 | 2024

International  
Cocoa Organization



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2023/2024 cocoa year,  
we find ourselves  
contemplating a period  
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global cocoa economy...**

Extract from the Executive  
Director's foreword

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# At a Glance<sup>1</sup>

## GLOBAL COCOA SUPPLY

**4,49** million tonnes

## GLOBAL COCOA GRINDINGS

**4,65** million tonnes

## GLOBAL BALANCE

Deficit

**-441,000** tonnes

## ICCO MEMBERSHIP

**96%**

of world cocoa production

**79%**

of world cocoa grindings

<sup>1</sup> Current net world crop (gross crop adjusted for loss in weight) minus grindings.

# About the ICCO

The International Cocoa Organization (ICCO) is an inter-governmental organization, composed of cocoa exporting and cocoa importing Member countries.

Located in Abidjan, Côte d'Ivoire, the ICCO was established in 1973 to administer the 1972 International Cocoa Agreement and its successor Agreements of 1975, 1980, 1986, 1993, 2001 and 2010.

The Agreements were negotiated among the governments of cocoa-producing and cocoa-consuming countries, under the auspices of the United Nations. The seventh and current agreement – ICA, 2010 came into force on 1 October 2012.

The explicit mandate of the Organization is to achieve a sustainable world cocoa economy, encompassing social, economic, marketing and environmental dimensions in the production, processing and consumption of cocoa.

In broad terms, the ICCO's mandate is to improve the livelihoods of cocoa farming communities on the one hand, while on the other hand, to respond to cocoa consumers demand for quality cocoa products produced in an environmentally and socially sustainable manner.

The Strategic Plan of Action 2019 – 2024 identified the achievement of a living income for the small producers as the overarching objective of the organization.

This Annual Report covers the activities of the ICCO Secretariat during the 2023/2024 cocoa year. Its content reflects the progress in the implementation of the 2023/2024 work programme as approved by the International Cocoa Council at its 108th regular session in October 2023.



# Message from the Executive Director

Dear Reader,

As we reflect on the 2023/2024 cocoa year, we find ourselves contemplating a period that has been both remarkable and challenging for the global cocoa economy. The year was marked by unprecedented cocoa price surges, culminating in record highs on 19 April 2024—\$12,567 per tonne in London and \$11,878 per tonne in New York. This surge, driven by tightening global supplies, highlights the dynamic and evolving nature of the cocoa market.

Amidst these developments, the International Cocoa Organization (ICCO) has remained focused on its core mission: to promote stability, sustainability, and prosperity within the cocoa sector. Together with our Member countries and industry stakeholders, we have worked diligently to address both immediate and long-term challenges facing the cocoa sector.

A particularly significant milestone this year was the 5th edition of the World Cocoa Conference (WCC5), held in Brussels from 21 to 24 April 2024, and organized in close cooperation with the Government of Belgium. Under the theme “*Paying More for a Sustainable Cocoa*”, it brought together over 1,000 participants from across the global cocoa value chain and was graced with the presence of H.M. Queen Mathilde of the Belgians who opened the Conference. Attendees, including cocoa producers, traders, processors, brands, retailers, and civil society representatives, gathered with a shared commitment to advancing the sustainability of cocoa production. The discussions emphasized the need to secure fairer prices for farmers, improve governance, and ensure that smallholder farmers, especially women, receive the necessary support for a living income. The Brussels Declaration, which encapsulated the conference outcomes, underscored the importance of greater transparency, enhanced collaboration, and a more equitable distribution of value along the cocoa supply chain. These critical themes resonate deeply with our ongoing work to foster sustainable practices and improve the livelihoods of cocoa farmers.

Additionally, the 109<sup>th</sup> and 110<sup>th</sup> regular sessions of the International Cocoa Council provided a forum for thoughtful collaboration and building consensus, resulting in key decisions that will shape both the future of our organization and the global cocoa economy. These accomplishments are a testament to our collective dedication to strengthening relationships within the cocoa community and advancing our shared goals.

Our work through the Working Groups on Stocks and Supply Management also made notable progress. The 31<sup>st</sup> and 32<sup>nd</sup> meetings of the Expert Working Group on Stocks were instrumental in enhancing transparency and spurring discussions on improving data collection and reporting mechanisms. These efforts will contribute to building a more resilient and sustainable cocoa market in the future.

We have also remained actively engaged in addressing critical regulatory changes affecting our sector. The ICCO's involvement in discussions surrounding the European Union's new regulations on organic cocoa and the anti-deforestation law underscores our commitment to advocating for the interests of cocoa producers while aligning with global sustainability objectives. Our ongoing efforts are focused on finding solutions that strike a balance between market demands and the welfare of farmers, ensuring the long-term sustainability of the cocoa sector.

The work of the Expert Working Group on Food Safety has likewise proven invaluable, addressing critical issues such as food safety and certification. Our continuous dialogue with the European Commission on the matter of Mineral Oil Aromatic Hydrocarbons (MOAH) underscores our determination to maintain the integrity of cocoa and cocoa products in global markets.

In terms of dialogue, we take great pride in the role that the ICCO has played in facilitating extensive international discussions.

Looking forward, the ICCO is committed to building an even more inclusive, transparent, and sustainable cocoa sector. The 3<sup>rd</sup> International Symposium on Cocoa Research, to be hosted by Côte d'Ivoire in June 2026, promises to be a pivotal event in advancing cocoa research and innovation. At the same time, we are hopeful that the amended International Cocoa Agreement (ICA), 2010 will be ratified within the prescribed timeline, i.e. by 30 September 2025, further strengthening international cooperation and addressing the ongoing challenges facing the cocoa industry.

The 2024/2025 cocoa year holds great promise. While we celebrate the progress made, we are mindful of the work still ahead. We express our sincere gratitude to our Members for their continued support and collaboration and look forward to building on this momentum to ensure the long-term sustainability and prosperity of the global cocoa sector.

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**Michel Arrion**  
Executive Director

# International Cocoa Council and subsidiary bodies meetings

The International Cocoa Council – the highest governing body of the ICCO holds two regular sessions in a cocoa year as well as special session(s) as may be required by the exigencies of the time. The Council has two subsidiary bodies – the Administration and Finance Committee, and the Economics Committee. In addition, the Council has one advisory body – the Consultative Board on the World Cocoa Economy. The subsidiary and advisory bodies hold their meetings alongside the regular sessions of the Council.

**During the 2023/2024 cocoa year, the International Cocoa Council held two regular sessions.**

## 109<sup>th</sup> regular session of the International Cocoa Council held in Brussels

The **109<sup>th</sup> regular session of the International Cocoa Council** took place from 25 to 27 April 2024, at the Palais d'Egmont in Brussels, Belgium, and was presided over by its Chairman, H.E. Mr Rafael Soriano of Spain.

With regards to the subsidiary bodies of the International Cocoa Council, the 47<sup>th</sup> meeting of the Consultative Board on the World Cocoa Economy was led by its Vice-Chairman, Mr Michiel Hendriksz, Executive Director at FarmStrong Foundation. The 22<sup>nd</sup> meeting of the Economics Committee was chaired by H.E. Mrs Carole van Eyll of Belgium.

H.E. Mr Aly Touré of Côte d'Ivoire, the Spokesperson for producing countries, presided over the 25<sup>th</sup> meeting of the Administration and Finance Committee.

### Council decisions included the approval of:

- » The report of the 108<sup>th</sup> regular session of the Council;
- » The Dominican Republic remaining in Annex C of the ICA, 2010, with a percentage of exports of fine flavour cocoa beans assessed at 60%;
- » The report from the Secretariat on developments in cocoa futures contract prices, the first forecasts for the 2023/2024 cocoa year and a five-year projection of market prospects for the global cocoa economy;
- » The report of the 31<sup>st</sup> meeting of the Expert Working Group on Stocks (EWGS);
- » The report on the audit of ICCO accounts for the 2022/2023 financial year.

## 110<sup>th</sup> regular session of the International Cocoa Council

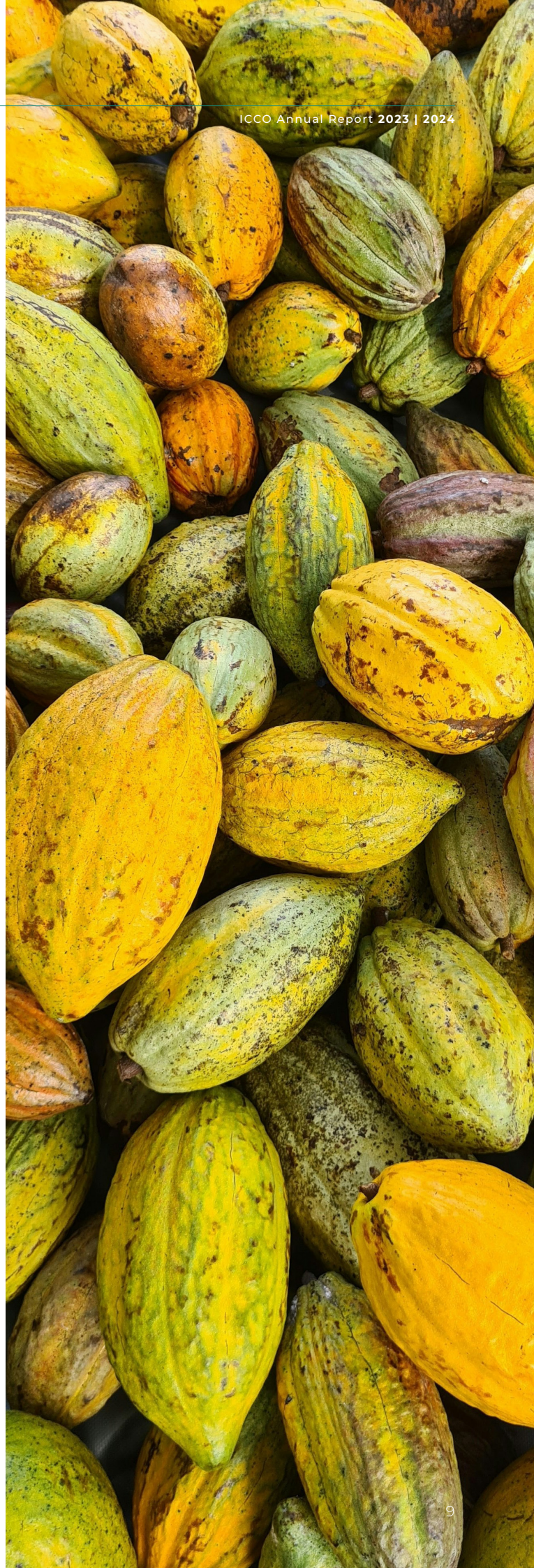
The **110<sup>th</sup> regular session of the International Cocoa Council** took place from 23 to 26 September 2024, in Abidjan, Côte d'Ivoire, and was presided over by its Chairman, HE Mr Guillermo Marin Gorbea (Spain).

With regards to the subsidiary bodies of the International Cocoa Council, the 48th meeting of the Consultative Board on the World Cocoa Economy was led by its Vice-Chairman, Mr Michiel Hendriksz. Meanwhile, the 23<sup>rd</sup> meeting of the Economics Committee was chaired by H.E. Mrs Carole van Eyll.

H.E. Mr Aly Touré, presided over the 26<sup>th</sup> meeting of the Administration and Finance Committee.

### Council decisions included the approval of:

- » The report of the 108<sup>th</sup> regular session of the Council;
- » The bid received from Côte d'Ivoire to host the 3<sup>rd</sup> edition of the International Symposium on Cocoa Research (ISCR);
- » The membership of the Consultative Board on the World Cocoa Economy for the 2024/2025 – 2025/2026 cocoa years;
- » The report from the Secretariat on developments in cocoa futures contract prices, the second forecasts for the 2023/2024 cocoa year and a five-year projection of market prospects for the global cocoa economy, as contained in document CB/48/2;
- » The report of the 32<sup>nd</sup> meeting of the Expert Working Group on Stocks (EWGS);
- » The Work Programme for the Secretariat for the 2024/2025 cocoa year;
- » The second draft administrative budget for the 2024/2025 cocoa year.



# Market Transparency

The efficiency of a market depends, to a large extent, on the equal amount of market information available and accessible to all stakeholders. Transparency in the cocoa market is therefore predicated on the availability of adequate, reliable, accessible, and up-to-date information on cocoa supply, demand, stocks, and prices to all parties.

**During the 2023/2024 cocoa year, the Secretariat completed several activities in this regard.**

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## Publication of the Quarterly Bulletin of Cocoa Statistics (QBCS)

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During the 2023/2024 cocoa year, the ICCO Secretariat released four issues of the QBCS:

- » Volume XLIX, No. 4, in November 2023.
- » Volume L, No. 1, in February 2024.
- » Volume L, No. 2, in May 2024.
- » Volume L, No. 3, in August 2024.

## Publication of Monthly Cocoa Market Reviews

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During the same cocoa year, the ICCO Secretariat conducted a monthly review of the cocoa market. In this respect, twelve (12) monthly reviews were published on the ICCO website.

## Publication of information on Cocoa Daily Prices

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From October 2023 to September 2024, cocoa prices were published daily on the ICCO website. In accordance with the relevant provisions of the ICA, 2010, the prices were expressed as follows:

- » ICCO Daily price: US\$/tonne and €/tonne.
- » London Futures price: £/tonne.
- » New York Futures price: US\$/tonne.

## Collection and publication of trade flow statistics on a quarterly (Q) basis

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Cocoa trade statistics for the periods Q2.23, Q3.23, Q4.23 and Q1.24, were collected and published electronically in a timely manner, during the 2023/2024 cocoa year.

## 31<sup>st</sup> Meeting of the ICCO Expert Working group on stocks

The **ICCO Expert Working Group on Stocks (EWGS)** convened on 25 January 2024 at the offices of ICE Futures Europe / ICE Clear Europe in London to assess the results of the ICCO survey on cocoa bean stocks as at 30 September 2023. This included European warehouse stocks, end-of-season stock data, and estimates of manufacturers' stocks and cocoa beans in transit.

The meeting, chaired by Mr Steve Wateridge from Tropical Research Services, London, United Kingdom, focused on deliberating on the findings of the survey (Table 1) and aimed at improving market transparency, in accordance with Article 31 of the ICA, 2010.

### European Cocoa Bean Stocks as at 30 September 2023

- » 44 out of 48 surveyed warehouse-keepers in Europe responded, providing updated data on cocoa stocks across key European ports; representing a response rate of 92%.
- » Total European port-warehouse stocks amounted to 770,612 tonnes at the end of the 2022/2023 season, a decrease of 71,165 tonnes from 841,777 tonnes in 2021/2022.
- » Germany saw an increase of 32,456 tonnes, while the Netherlands reported a decrease of 74,844 tonnes. Belgium and Estonia also saw significant reductions in stocks.
- » The Netherlands held the largest share of European stocks, at 36%, though this was down from 42% the previous year. Germany's share increased from 8% to 13%.

### Global Cocoa Bean Stocks as at 30 September 2023

- » The estimated total world cocoa stocks as at the end of the 2022/2023 season were 1.744 million tonnes, representing a 5% decrease from the previous season.
- » Cocoa beans in transit (cocoa afloat) increased to 81,000 tonnes, reflecting a rise of 8,000 tonnes from the prior season.
- » Manufacturers' working stocks increased by 7,000 tonnes to 97,000 tonnes, indicating a shift toward more efficient just-in-time inventory management systems.
- » The EWGS estimated cocoa stocks in Southeast Asia at 223,000 tonnes due to growing processing activities in Indonesia, Malaysia, and Singapore.

### Section 3: Statistically Derived Stocks

- » Statistically derived world cocoa bean stocks at the end of 2022/2023 were 1.744 million tonnes, down by 5% from the previous year.
- » The stocks-to-grindings ratio decreased from 36.9% in 2021/2022 to 34.9% in 2022/2023, indicating a tighter market.

### Recommendations

The Secretariat emphasizes the need for improved reporting of cocoa bean stocks by exporting countries and is actively working to collect data from major non-reporting exporters, key importing countries, and Southeast Asian countries. To enhance the accuracy of global stock assessments, the Secretariat continues its efforts to obtain more critical information. Participants are therefore encouraged to support these efforts by providing any available stock data from these regions.

**Table 1: Distribution of world stocks of cocoa beans (thousand tonnes)**

Location of the estimated and identified Cocoa beans in stocks	30 September 2021	30 September 2022	30 September 2023
Stocks in Cocoa importing countries (Tonnes)	1,199	1,300	1,190
Stocks in Cocoa exporting countries (Tonnes)	312	201	123
Cocoa beans in transit (Tonnes)	108	73	81
<b>Total estimated and identified stocks*</b> (Tonnes)	<b>1,818</b>	<b>1,796</b>	<b>1,394</b>
Estimated and identified stocks as			
Percentage of statistically derived stocks	89%	91%	87%
<b>ICCO statistically derived stocks</b> (Tonnes)	<b>2,059</b>	<b>1,843</b>	<b>1,744</b>

## 32<sup>nd</sup> meeting of the icco expert working group on stocks

The 32<sup>nd</sup> meeting of the ICCO Expert Working Group on Stocks (EWGS) marked a significant milestone as the first-ever mid-term assessment of global cocoa bean stocks. This initiative followed a decision by the ICCO Council at its 109<sup>th</sup> regular session in April 2024, which tasked the Secretariat with conducting a survey of European cocoa bean stocks and gathering stock data from other regions to enhance market transparency.

The Council's decision was informed by discussions held during the 47<sup>th</sup> meeting of the Consultative Board and the 22<sup>nd</sup> meeting of the Economics Committee, both convened in April 2024. During these meetings, recommendations were made to hold more frequent EWGS meetings throughout the year to provide updated and timely information on global cocoa bean stocks. This mid-term assessment reflects a strategic shift aimed at ensuring a more responsive and transparent approach to monitoring stock levels.

### Objective

The main objective of this 32<sup>nd</sup> meeting was to evaluate:

- » Stock Data from European Warehouses.
- » Published figures from ICE Futures U.S.
- » Stock Data provided by ICCO Member countries.

### Key findings

Stock Levels (in 1,000 tonnes)

- » September 2023 vs. March 2024: A slight overall decline in global identified cocoa stocks from 1,087 tonnes to 1,058 tonnes.

- » Trends (March 2023, September 2023, March 2024): Consistent stock reductions across Europe, ICE US, and Ghana.

The mid-term review was designed to capture stock levels earlier in the season, offering insights into changes during the crop cycle.

### European Participation Challenges

European Cocoa Association (ECA) warehouses expressed difficulties to participate in surveys twice annually, citing resource constraints.

### Data Gaps in Southeast Asia

The Cocoa Association of Asia (CAA) failed to submit data for the past two meetings due to internal disagreements, leaving a critical information gap for a major importing region.

## Recommendations by the working group

### Improving Data Collection

- » Engage a consultant to oversee future surveys or secure ECA participation through formal requests.
- » Encourage the CAA to provide data and participate in EWGS meetings through direct communication from the EWGS Chairman.

### Enhancing Global Reporting

- » Other exporting Member countries should emulate Côte d'Ivoire and Ghana, who provided timely data, to improve the global stock assessment process.

**Table 2: Volumes of identified cocoa stocks (1,000 tonnes)**

Location	September 2023	March 2024
Europe (36 warehouses)	668	665
ICE US	323	267
Côte d'Ivoire	67	110
Ghana	29	16

## Report on the global cocoa market in 2023/2024

At the end of the 2023/2024 cocoa year, the ICCO Secretariat published a detailed report analysing the performance of the global cocoa market.

### Market fundamentals

The 2023/2024 cocoa season was marked by a significant decline in production, primarily due to adverse weather conditions and the prevalence of pests and diseases, particularly affecting the two leading cocoa producers, Côte d'Ivoire and Ghana. As a result, the global cocoa market experienced a substantial deficit for the third consecutive year, with an estimated shortfall of 441,000 tonnes. This supply shortage drove cocoa prices to rise consistently throughout the year. Compounding the issue, global grindings—an indicator of demand—fell by nearly 5% compared to the previous season, further intensifying the market imbalance.

The sharp 123% increase in the ICCO indicator price (annual average), reaching an unprecedented level of US\$4,769 per tonne for the 2023/2024 cocoa year, was driven by a significant reduction in both production and grindings. This surge is especially noteworthy given that the year-on-year decline in grindings (173,000 tonnes) was insufficient to offset the impact of the even larger decrease in production (554,000 tonnes).

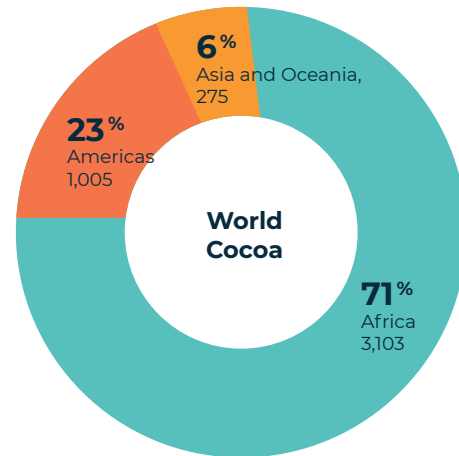
### Supply

As anticipated in the 2022/2023 Annual Report, the global production resulted yet in another supply deficit situation. Although this deficit was not directly linked to the El Niño phenomenon, as initially expected, the same effects were observed from unfavourable weather conditions, black pod disease and Cocoa Swollen Shoot Virus Disease (CSSVD).

At the regional level, Africa contributed to most of the aforementioned reduction, with the continent's production declining by 13.8% (down by 513,000 tonnes to 3.201 million tonnes) during the 2023/2024 season when compared to the previous season. The America's production was down by 5.7% to 1.013 million tonnes. On the other hand, production in Asia and Oceania improved by 8.7% to 275,000 tonnes.

In terms of total world production, as seen in the pie chart below, Africa accounted for 71% of the world output, while the shares of the Americas and Asia and Oceania were 23% and 6%, respectively.

**Regional shares of global cocoa production ('000 tonnes) 2023/24 estimates**



### Grindings, a proxy for demand

For the past few seasons, the cocoa market has been characterized by a sustained demand for cocoa. It was mainly supported by increasing the number of processing facilities in origin countries as well as an upturn in the global economic activity. This played a role in cocoa demand recovering from the decline caused by the COVID-19 pandemic, especially in the traditional cocoa consuming regions.

For the 2023/2024 season, a cocoa bean shortage and high cocoa prices slowed down processing activities. Compared to the previous season, grindings projection for the 2023/2024 season is down by 3.4% to 4.885 million tonnes.

At the regional level, grindings are anticipated to decline in all regions except Asia and Oceania where they remain unchanged at 1.096 million tonnes. They are expected to decrease in Europe by almost 2% to 1.758 million tonnes, in Africa by 15.4% to 1.008 million tonnes and in the Americas by 2.6% to 954,000 tonnes. The global shares per region are expected to be 37% for Europe, 23% for Asia and Oceania and 21% for Africa and 20% for the Americas.

When considering global cocoa grindings, Europe accounted for nearly 37% of the total, followed by Asia

and Oceania at 23%, Africa at 21% and the Americas at 20%.

As published by regional cocoa associations, **grindings growth for the 2023/2024 was mixed at regional levels** amidst bean supply shortages and high cocoa prices. Indeed, quarterly data published by the European Cocoa Association (ECA) for the Q3.2024 period showed a 3.3% drop from a year earlier to 354,334 tonnes.

On the contrary, North American quarterly grindings statistics published by the National Confectionery Association (NCA) for the Q3.2024 period, rose year-on-year by 11.6% to 109,264 tonnes.

The enthusiasm to participate in the downstream segment of the supply chain has led major cocoa exporting countries to provide incentives for investors to engage in cocoa processing at origin. Consequently, grindings in the main exporting countries have generally followed an upward trend. However, due to the supply shortage, Côte d'Ivoire and Ghana fell short of that trend for the 2023/2024 season. Cocoa grinding activities in Côte d'Ivoire were down by 14% to 680,000 tonnes. Grindings for Ghana are estimated at 180,000 tonnes, down by 28%.

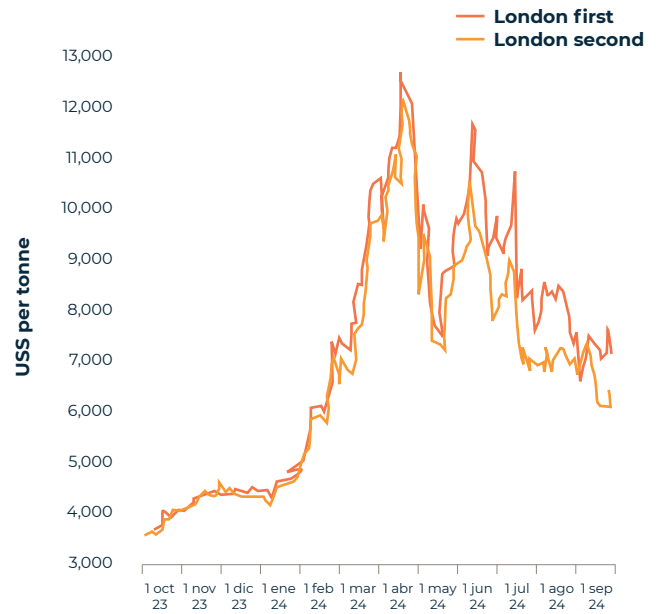
In Southeast Asia, data from the Cocoa Association of Asia (CAA) followed an upward trend and showed that cocoa grindings increased by 2.6% to 216,998 tonnes in Q3.2024.

**Cocoa futures price movements**

The two figures below illustrate the movements of the first and second positions of cocoa futures contract prices on the ICE Futures Europe Exchange in London and on the ICE Futures U.S. Exchange in New York during the 2022/2023 cocoa year.

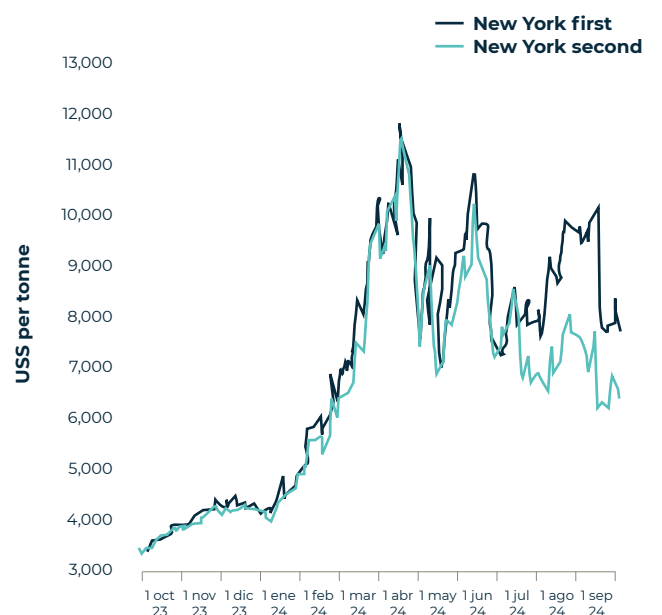
**Figure 1.**

**Developments in the prices for the first and second position contracts on the London futures market**



**Figure 2.**

**Developments in the prices for the first and second position contracts on the New York futures market during 2023/24**



**Main crop (October 2023 – March 2024)**

Unseasonal rains and flooding in October 2023 disrupted cocoa arrivals and bean quality in Côte d'Ivoire and Ghana, exacerbating outbreaks of black pod disease and possibly CSSVD, leading to a 23.1% decline in Ivorian arrivals by late October, and a sharp price increase of 12% in London and 9% in New York. By late November, cumulative arrivals in Côte d'Ivoire and Ghana had dropped by 33% and 51%, respectively, pushing prices up by 23% in London and 24% in New York. Despite December's unseasonal rains, which improved soil moisture, arrivals remained low, with Ivorian arrivals down by 34.4% by year-end, leading to price increases of 22% in London and 20% in New York. In January 2024, tight global inventories and better-than-expected grindings data supported prices further, while declining stocks drove prices up by 10% in London and 13% in New York. By February and March, dwindling supplies in Côte d'Ivoire and Ghana solidified fears of a larger deficit, sparking price rallies. By the close of March 2024, cocoa prices had surged by 184% in London to US\$10,455/tonne and by 178% in New York to US\$9,729/tonne compared to the start of the season.

**Mid-crop (April 2024 – September 2024)**

Cocoa prices surged in April 2024, reaching record highs of US\$12,567 per tonne in London and US\$11,878 per tonne in New York by 19 April, driven by tight global supplies and better-than-expected grindings data. However, prices fell below US\$7,500 in mid-April to mid-May following reports of above-average rains in Côte d'Ivoire, which boosted hopes for improved crop development for the 2024/2025 main crop. Bullish sentiments returned in June due to supply concerns, as Ghana postponed bean deliveries and Côte d'Ivoire halted sales of export licenses, pushing prices up by 18% in London to US\$11,530 per tonne and 12% in New York to US\$10,782 per tonne by mid-June. Despite subsequent declines through till the end of the season amid improved crop outlooks, prices remained significantly higher year-on-year, with the front-month contract closing up 112% in London at US\$7,785 per tonne and 111% in New York at US\$7,371 per tonne, signalling ongoing global supply tightness.



# Market Development

In accordance with its Strategic Plan of Action (2019-2024), the ICCO works to achieve a cocoa market with sustainable growth, i.e. a market evolving within a strong institutional framework, key to its efficiency and development.

## Quantitative Appraisal of the ICCO Forecasts from April 2019 to April 2023

The ICCO Secretariat conducts biannual assessments of cocoa market trends using econometric models to analyse the relationships between key variables: production, consumption, and prices. These models are fundamental for projecting cocoa market dynamics over a five-year horizon and are shaped by economic, social, and institutional factors.

During the 22<sup>nd</sup> meeting of the Economics Committee in April 2024, the Secretariat presented its findings on the quantitative appraisal of its key statistical data forecasts from April 2019 to April 2023.

The findings and conclusions are summarized below:

### Key Determinants

#### 1. Cocoa Production

##### » Production Capacity

Driven by tree age distribution, yield profiles, and economic incentives. Farmers expand planting areas when immediate returns outweigh costs, with institutional factors like land rights playing a role.

##### » Utilization Capacity

Dependent on farm gate prices, which incentivize improved agricultural practices and higher labour use.

#### 2. Cocoa Consumption

- » Consumption is modelled using regional data and is sensitive to disposable income and cocoa prices. Variations in income and price affect demand

for semi-finished products like cocoa butter and powder.

#### 3. Price Formation

- » Prices reflect the interaction between supply-demand imbalances and market speculation. A strong inverse relationship exists between cocoa prices and the stock-to-grindings ratio. Factors like exchange rates, taxes, and local costs also shape price dynamics.

#### Forecasting Model Overview

- » The model utilizes historical data, IMF national income forecasts, and an optimization approach to estimate the interdependencies between production, consumption, and prices.
- » External factors, including weather conditions, pests, diseases, and foreign exchange market fluctuations, contribute to forecast uncertainties.

#### Evaluation of Forecasting Errors

From April 2019 to April 2023, the ICCO's 5-year projections exhibited the following average absolute forecasting errors:

- » World Grindings: 2.2%.
- » World Production: 3.8%.
- » ICCO Price (real terms): 4.5%.

The higher errors in production forecasts stem from unpredictable weather and pests, while price forecasts are compounded by their dependency on both production and grinding projections.

#### Conclusion

Despite the inherent uncertainties in the cocoa market, the ICCO's econometric model provides valuable insights for stakeholders by combining rigorous quantitative analysis with adaptive modelling strategies. Improvements in data availability, particularly on meteorological and pest impacts, could enhance forecasting accuracy.

## Cost and benefit analysis of the EU and us regulatory changes for organic production

The European Union (EU) and the United States (US) are key markets for chocolate consumption, with organic chocolate gaining popularity due to high purchasing power and interest in healthier lifestyles. However, organic chocolate remains a niche market, partly due to consumer scepticism fuelled by issues about organic agricultural inputs and industry concerns over certification processes. To address these issues, both the EU and US have strengthened organic standards, affecting stakeholders through stricter controls on group certification, traceability, and contamination checks.

To assess the costs and benefits of complying with these new regulations and their impact on the cocoa/chocolate value chain, the ICCO commissioned BASIC, a European consultancy firm to conduct a cost & benefit analysis. BASIC collaborated with Tero, leveraging its expertise in macroeconomic analysis and Tero's field data collection capabilities.

During the 2023/2024 cocoa year, Member countries received the results of the aforementioned analysis, which also built scenarios of the impacts on the value and costs distribution along the organic cocoa/chocolate chains.

Based on the results of the analysis presented below, several recommendations were made.

### Key Conclusions

- » **Tightened Regulations:** EU organic certification rules are becoming stricter, limiting access for cocoa producers.
- » **Increased Costs:** certification costs are expected to rise by 20-30%, which may burden smaller or socially conscious organizations.
- » **Geographic Variability:** the impact of these changes varies by region. Countries with

diversified production will face greater challenges than others.

- » **Value Chain Disruption:** organic cocoa for the EU and US may diverge as the markets adopt different regulations.
- » **NGO/ODA Dependency:** some producers rely on aid for certification costs, but this is unsustainable in the long-term.

### Recommendations

#### 1. For Governments & EU

- » Provide access to information, training, and technical support for farmers.
- » Offer short-term credit to support certification efforts.
- » Fund regional testing laboratories to ease the certification process.

#### 2. For ICCO & Members

- » Establish a monitoring body to ensure certification transparency and resolve disputes.

#### 3. For the EU

- » Fund programs to help implement new organic regulations and educate consumers.
- » Support research on contamination risks and best practices.
- » Develop mechanisms to distribute the cost of regulatory compliance fairly.

#### 4. For Fair Trade Labels

- » Review the organic premium to better protect producers and signal market value.

#### 5. For Producers

- » Seek governmental support for training and oversight of certification bodies.

#### 6. For the Organic Cocoa Industry

- » Promote access to finance and technical assistance for producers.
- » Ensure transparency in the distribution of organic premiums.

## European Union (EU) proposal to set Maximum Levels (MLs) for MOAH in food

The International Cocoa Organization (ICCO) is mandated to improve market access through coordinated efforts among its Member countries, in collaboration with the private sector and civil society. Under the International Cocoa Agreement, 2010, the ICCO has a legal foundation to address food safety issues. This includes:

- » **Article 27.1 (c):** addressing market access and non-tariff barriers
- » **Article 30.2:** monitoring Members' policies, standards, regulations, and legislation
- » **Article 38.1:** providing technical reports on governmental measures in importing countries that affect cocoa consumption.

### Engagement on EU Draft Regulations

During the 2023/2024 cocoa year, the ICCO Secretariat participated in an online EU information forum. The forum focused on two draft regulations concerning Mineral Oil Hydrocarbons (MOHs):

1. Maximum Levels for Mineral Oil Aromatic Hydrocarbons (MOAH) in Food.
2. Methods for Sampling and Analysis of Mineral Oil Hydrocarbons (MOHs) in Food.

This consultation aimed to gather input from key stakeholders to address and reduce MOHs in food products.

### ICCO's Position and Recommendations

In accordance with its statutory mandate, the Secretariat collated feedback from Member countries and submitted a unified response to the European Commission. The ICCO's key recommendations were as follows:

- i. Exemption of Cocoa Beans**  
Cocoa beans should be exempted from the Draft Regulation on Maximum Levels (MLs) for MOAH in Food (SANTE PLAN 2023/2345).
- ii. Extended Transition Period**  
Provisions should allow for an extended period before the regulations take effect, enabling stakeholders to adapt.

### iii. Impact Assessment and Mechanisms for small producers

The draft regulation should include a socio-economic impact assessment. This process should actively involve producing countries and ensure mechanisms are in place to prevent small producers from bearing additional costs.

### Further Engagement and Next Steps

Subsequently, the Secretariat reviewed the revised draft on Maximum Levels for MOAH in Foods, along with the European Commission's responses to stakeholder feedback.

The ICCO Secretariat is continuing consultations with the ECA and spokespersons to finalize a strategic response and agree on the next steps to address these regulatory developments.

This ongoing engagement underscores the ICCO's commitment to representing the interests of its Members while advocating for a balanced and practical approach to EU food safety regulations.

## Meetings of the Working Group on Supply Management (WG-SM)

The **Working Group on Supply Management and Prices (WGSM)** continues to serve as a critical platform for advancing the ICCO's mandate to foster market stability, ensure equitable income for cocoa producers, and promote sustainable practices across the cocoa value chain. In the 2023/2024 cocoa year, the WGSM solidified its structure and objectives, reflecting its expanded role in addressing pressing challenges in the sector.

Following the ICCO Council's formal adoption of the WGSM membership list, the Working Group updated its name to include "Prices", underscoring its focus on both supply management and price dynamics. During its most recent meeting in September 2024, the WGSM adopted new Terms of Reference (ToR) and engaged in substantive discussions on cocoa production, market mechanisms, and environmental sustainability.

Dr Opoku, representing the Ghana Cocoa Board, led the meeting as Chairman of the WGSM, which reviewed prior outcomes and identified key priorities for the sector. These included aligning farm gate

prices with international market benchmarks to guarantee farmers a living income while cautioning against overproduction driven by price increases. The European Union Deforestation Regulation (EUDR) was another focus, with discussions emphasizing its role in preventing deforestation and encouraging sustainable cocoa cultivation practices.

Concerns about market stability were raised, particularly regarding the potential destabilizing effects of new market entrants on traditional cocoa-exporting countries. Representatives from Cameroon and Ghana stressed the necessity for policies to protect these countries' positions. The WGSM also examined ways to enhance storage and processing capacities in producing regions, ensure transparency in cocoa stock reporting, and promote domestic consumption and product diversification.

The WGSM remains instrumental in addressing the interconnected challenges of supply management, pricing, and sustainability in the cocoa sector. Its deliberations and recommendations directly support the ICCO's broader mission of building a stable, sustainable, and equitable global cocoa economy.

### 3<sup>rd</sup> edition of the International Symposium on Cocoa Research (ISCR)

#### Call for Bids to Host the 3<sup>rd</sup> Edition of the International Symposium on Cocoa Research (ISCR3)

The Executive Director updated the Council on progress regarding the bidding process to host the **3<sup>rd</sup> edition of the International Symposium on Cocoa Research (ISCR3)**, scheduled for the first half of 2026.

While Côte d'Ivoire has expressed interest in hosting the event, the Secretariat is still awaiting a formal proposal from the country. This proposal should provide confirmation of key details, including the dates, location, and budget for the Symposium.

The Council has provisionally approved Côte d'Ivoire as the host country for ISCR3, subject to the receipt and evaluation of the formal submission. A final decision will be made at the Council's next session in April 2025.



# Sustainable development

As recalled in the 5-year Strategic Plan of Action, there are numerous challenges on the path to reaching sustainable development in the cocoa sector; one of those is food safety concerns that are increasingly emerging as a major challenge to the sustainability of the world cocoa production and trade.

## Meetings of the Expert Working Group on Food Safety (EWG-FS)

The **Expert Working Group on Food Safety (EWG-FS)** held its first two meetings during the 2023/2024 cocoa year, following its establishment by the ICCO Council in December 2022. These meetings, conducted in June and September, addressed key organizational and technical matters while setting the groundwork for tackling critical food safety challenges in the cocoa sector.

The inaugural meeting in June 2024 focused on foundational issues necessary to operationalize the Working Group. Members elected the Chairman and Vice-Chairman, who will guide the group's efforts, and undertook a thorough review of the terms of reference (ToR). This review established a clear framework for the objectives, responsibilities, and deliverables. Beyond administrative matters, the meeting also addressed pressing topics, including the European Union's proposal to set Maximum Levels (MLs) for Mineral Oil Aromatic Hydrocarbons (MOAH) in foods, the creation of a surveillance and monitoring platform for food safety regulations, and the prioritization of food safety issues affecting the cocoa sector.

The second meeting built on the initial groundwork and delved into specific technical challenges facing the cocoa industry. High levels of Ochratoxin A, detected in cocoa shipments at EU borders, were a prominent issue with members debating the implications for market access and the need for mitigation strategies. The EWG-FS also examined the laboratory testing capacities of cocoa-

producing countries, highlighting the gap between current capabilities and the stringent food safety requirements of importing countries. This gap poses significant risks to the ability of origin countries to meet regulatory expectations, prompting discussions on potential capacity-building initiatives.

A critical outcome of the second meeting was the agreement among members to begin defining actionable strategies to address the identified food safety challenges. This proactive approach aligns with the Working Group's ToR and reflects its commitment to supporting the cocoa sector in navigating complex regulatory environments.

Moving forward, the EWG-FS is poised to play an instrumental role in advancing food safety standards across the cocoa value chain. Through continued collaboration, strategic planning, and capacity building, the EWG-FS aims to strengthen the sector's resilience against emerging food safety risks and regulatory pressures.

## ICCO Exporting Members Request Delay of EU Anti-Deforestation Regulation

During the 110<sup>th</sup> regular session of the International Cocoa Council, **ICCO exporting Members** voiced concern about the European Union's upcoming regulation aimed at combating deforestation, set to take effect in less than 100 days. The Members argued that the regulation's tight deadlines are unrealistic as key requirements, such as plot geolocation and traceability systems, are still not operational. They also pointed out that the European Commission had yet to provide essential documents or activate the necessary data processing platform.

With smallholder farmers particularly vulnerable to the rushed implementation, exporting countries called for a two-year delay to avoid further market disruption. They also requested technical and

financial support from the European Union and industry stakeholders to help implement the regulation without compromising farmers' livelihoods.

The written statement detailing these concerns was sent to the European Union Ambassador to Côte d'Ivoire and the Spokesperson for importing Members, as part of the request for reconsideration.

### Dominican Republic Retained in Annex C of ICA, 2010

The International Cocoa Council agreed to retain the **Dominican Republic in Annex C of the ICA, 2010**, with 60% of fine flavour cocoa beans exports. This follows a review by the Ad Hoc Panel on Fine Flavour Cocoa after the country submitted its dossier in December 2023, due to a delay caused by a hurricane.

The Panel acknowledged the Dominican Republic's expertise in post-harvest management and its high-quality drying infrastructure. However, the country was unable to provide new evidence to justify an increase beyond the export percentage of 60%. As a result, the Panel recommended maintaining the current level, with the next review set for 2027.

The Council praised the Dominican Republic's cocoa sector for its tradition of quality and innovation, viewing its continued inclusion as a model for other nations seeking to be listed in Annex C. The Dominican Republic delegate reassured the Council that the country's fine cocoa reputation remains intact despite recent challenges.



# Good Governance and Management



## Reminder on the Notification of Acceptance of the Amended ICA, 2010

The Secretariat reiterated on several occasions the critical importance for Members to submit their notifications of acceptance of the amended **International Cocoa Agreement (ICA)**, 2010, to facilitate its entry into force before September 2026. On the importing Members' side, only the Russian Federation and Switzerland have submitted their notifications. On the exporting Members' side, Côte d'Ivoire and Gabon remain the sole countries to have done so. This item has been on the agenda of several Council meetings and served as a reminder of the urgency and significance of this matter, which has been highlighted in prior sessions concerning Membership.

Under the ICA, 2010, notifications must be received by the depositary from Contracting Parties representing at least 75% of exporting and 75% of importing Members, who collectively must also account for at least 85% of the votes of each group. The current ICA has already undergone two extensions and is set to expire in September 2026, with no possibility for further extensions.

The Secretariat emphasized that it has already issued multiple diplomatic notes urging compliance and moving forward, is recommending the adoption of a more proactive and targeted diplomatic strategy to ensure Members expedite their notification processes.

## 5<sup>th</sup> Edition of the World Cocoa Conference (WCC5)

### The World Cocoa Conference Calls for stronger support for a sustainable Cocoa Industry

Over 1,000 stakeholders from across the global cocoa industry gathered in Brussels for the **World Cocoa Conference**, held from 21 to 24 April 2024. Themed *"Paying More for a Sustainable Cocoa"*, the conference shed light on pressing issues facing the cocoa sector, with a particular focus on achieving fairer distribution of value along the supply chain and securing a living income for smallholder farmers.

The conference brought together representatives from producing and consuming countries, cocoa traders, processors, retailers, and civil society, all united in the shared goal of improving the sustainability of cocoa production worldwide. Key discussions centred on increasing the farm gate prices that farmers receive, addressing governance issues, and exploring new market opportunities.

The Brussels Declaration, which summarised the outcomes of the conference, called for several critical actions. First and foremost, stakeholders stressed the importance of securing decent incomes for cocoa farmers and empowering them through better organization and support, particularly women farmers who play a crucial role in both cocoa and food crop production.

'Empowering women, promoting income diversification, and encouraging the production of cocoa by-products' were among the key recommendations put forward by stakeholders at the conference. Moreover, there were highlights on ensuring better transparency and accountability mechanisms, as these will be crucial to achieve long-term sustainability in the cocoa sector.

In addition to the focus on income improvements, delegates underscored the need for stronger

partnerships and collaboration across the supply chain. The conference also emphasised the need for increased compliance with existing regulations and the establishment of new policies that promote equitable trade practices and support for farmers.

Other major suggestions included the development of capacity-building programs for farmers, the improvement of quality management systems, and the encouragement of innovation in cocoa processing to increase the value of cocoa products.

The Brussels Declaration, which encapsulated the outcomes and commitments of the event, called for shared responsibility between both consumers and producers. It also advocated for continued collective efforts to create and maintain sustainable cocoa supply chains.

As the global demand for cocoa grows, stakeholders at the conference agreed that strengthening transparency, equity, and collaboration within the sector is crucial for securing the long-term sustainability of cocoa production and improving the livelihoods of farmers worldwide.

# Working visits in Member Countries

The ICCO Secretariat maintains its influential position in the world cocoa market by actively engaging with **Member countries** and other key players in the cocoa value chain. This commitment is demonstrated by the Executive Director's series of working visits during the 2023/2024 cocoa year, focusing on enhancing cooperation and participating in significant events across the industry.

## The Annual Congress of the Cocoa Farmers Association of Nigeria (CFAN)

On 15-20 October 2023, the Executive Director and the Project Manager travelled to attend the **annual congress of the Cocoa Farmers Association of Nigeria (CFAN)** where the Executive Director was a guest speaker. This trip was an opportunity for the Executive Director and the Project Manager to hold meetings with the authorities (FMITI) and actors of the Nigerian cocoa sector.

## The National Cocoa Congress in Philippines

From 12 to 19 November 2023, the Executive Director travelled to the Philippines to participate as a guest speaker in the **National Cocoa Congress in Davao City** which took place on 16-17 November. The Executive Director took this opportunity to hold meetings with representatives at the Ministry of Trade and at the Ministry of Agriculture to discuss a potential membership of Philippines to ICCO.

## Strengthening cooperation with Member countries in Latin America

The Executive Director and the Economist visited Santo Domingo and San Francisco de Macorís in the Dominican Republic from 3-5 December 2023 for meetings with the Comisión Nacional del

Cacao (CNC) and the Minister of Agriculture. On 6 December 2023 they travelled to Quito and then to Guayaquil, Ecuador, where meetings were held with the Ministers of Trade and Agriculture and with ANECACAO.

Field visits were conducted in both the Dominican Republic and Ecuador. The mission aimed to:

- » Facilitate effective communication between the Executive Director and local stakeholders.
- » Evaluate the operations and challenges faced by cocoa production and processing facilities.
- » Support discussions with government officials and industry leaders on ICCO initiatives and agreements.
- » Identify opportunities for collaboration to advance the cocoa sector.

## Meetings with Officials in Ghana

The Executive Director travelled to Accra for discussions with the Ghana Cocoa Board on key upcoming events and initiatives. These included the **World Cocoa Conference (WCC)** in Brussels in April 2024, covering topics such as panel discussions, exhibitions, farmer participation, and the opening ceremony. Discussions also addressed the programme for the World Cocoa Foundation (WCF) Partnership Meeting in February 2024, the call for proposals for the next International Symposium on Cocoa Research (ISCR), and two informational sessions on new EU regulations (MOH and EUDR).

In addition, the Executive Director held separate meetings with the Ambassadors of Peru, Colombia, and the European Union to discuss the Secretariat's 2024 work programme.

### 31<sup>st</sup> Meeting of the Expert Working Group on Stocks (EWGS) in London, UK

The Executive Director, accompanied by the Director of the Economics, Statistics and Sustainable Development Division and the Senior Statistician, travelled to London to attend the **Stocks Assessment Meeting** on 25 January 2024. During this mission, the Executive Director met with the former UK High Commissioner to Ghana and former Managing Director for Africa at the European External Action Service to discuss the potential rejoining of the UK to the ICCO.

On 26 January 2024, the Executive Director held a meeting with the Executive Director of the International Coffee Organization. Additional virtual meetings were conducted to discuss preparations for WCC 2024 and the Executive Director's upcoming engagement with CoEx in Amsterdam.

### Four (04) Events during the 'Cocoa Week' in Amsterdam, Netherlands

The Executive Director travelled to Amsterdam to attend four events during the **"Cocoa week"**:

- » WCF Partnership Meeting (6-7 February), as a panel facilitator.
- » Chocoa (7-8 February), as a panel facilitator.
- » CoEx (8 February), as a speaker at the opening ceremony.
- » CoEx Consultative Council (9 February).

### The International Seminar on the Sustainability of the Cocoa-Chocolate Value Chain, Mexico

From 11 to 17 February 2024, the Executive Director, accompanied by the Economist, travelled to Mexico City to participate as a speaker in the **'IV Seminario Internacional Sostenibilidad de la Cadena de Valor**

**Cacao-Chocolate'** (IV International Seminar on the Sustainability of the Cocoa-Chocolate Value Chain), organized by the University of Chapingo. During the mission, meetings were held with key stakeholders in the Mexican cocoa value chain.

This visit aimed to support Mexico's accession to the ICCO membership and explore collaborative opportunities to strengthen its cocoa sector. The approach focused on addressing challenges, fostering innovation, and encouraging greater engagement in ICCO activities. The mission also facilitated interactions with other Latin American countries and institutions present, paving the way for enhanced regional cooperation.

To build on this progress, it is recommended that the ICCO Secretariat maintain active dialogue and cooperation with Mexico and regional stakeholders to further mutual objectives.

### FESTICACAO / FESTICAFE in Yaoundé, Cameroon

On 29 May-01 June 2024, the Executive Director travelled to Cameroon to participate as a speaker in the **FESTICACAO/FESTICAFE** event. The visit included attending the exhibition and engaging with beneficiaries of the New Generation program. The Executive Director also participated in the Lady Agri Forum for women entrepreneurs and attended the groundbreaking ceremony for "Red Chocolate", a new chocolate factory.

Additionally, the Executive Director held a meeting with the Minister of Trade to discuss the Secretariat's work program and other key topics. Discussions were also conducted with the EU delegation regarding EUDR and SPS (MOH) regulations.

## 32<sup>nd</sup> Meeting of the Expert Working Group on Stocks (EWGS) in London, UK

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The Director of the Economics, Statistics and Sustainable Development Division and the Senior Statistician travelled to London to attend the mid-term stock assessment meeting held on 19 June 2024.

## Membership of Guinea

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On 02 August 2024, the Executive Director travelled to Guinea with the Chairman of the Administration and Finance Committee/Spokesman for exporting Member countries and met with the Minister of Agriculture and Livestock. The main purpose of this mission was to address the significant amount of contributions in arrears due by Guinea as a Member of ICCO.

## Launching ceremony of the Cocoa Year in Cameroon

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During the period 06 – 10 August 2024, the Executive Director travelled to Cameroun to attend the **official ceremony for the launch of the cocoa year**. In Yaoundé, the Executive Director held meetings with the EU Ambassador, CICC Executive Secretary and the Minister of Trade. He discussed with the latter the agenda of the Council meeting in September among other topics.

## CHOKAO 2024, Guayaquil, Ecuador

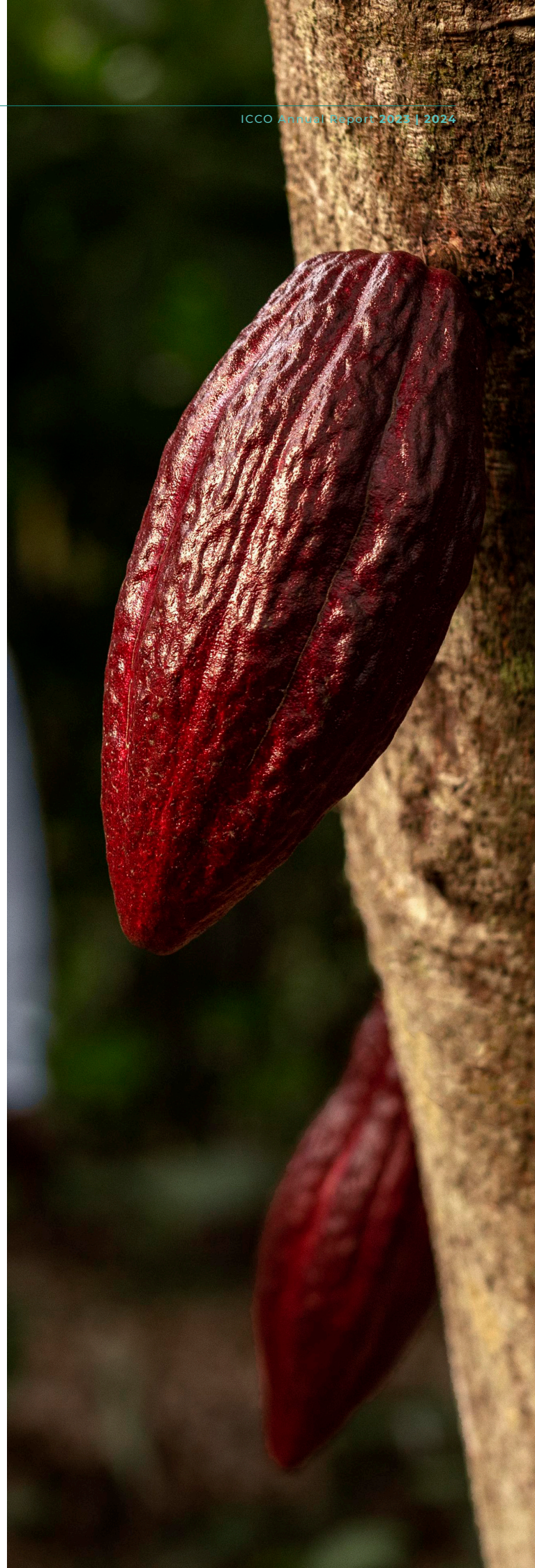
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On 09 – 13 September 2024, the Director of the Economics, **Statistics and Sustainable Development Division** travelled to Guayaquil. He participated as keynote speaker in CHOKAO 2024 – an event organized by the Association of Cocoa and Industrialized Exporters of Ecuador (ANECACAO).

## Cocoa Association of Asia

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The Executive Director travelled to Singapore to participate in the **CAA International Cocoa Conference** from 12-13 September, as a speaker and panellist.



# Partnering for impact

The International Cocoa Organization (ICCO), under the mandate of the International Cocoa Agreements, is committed to assisting its Member countries in designing and implementing policies that drive the growth of cocoa markets. This initiative aims to promote a **sustainable global cocoa economy and ensure equitable incomes across the cocoa value chain**, with a particular focus on achieving a living income for cocoa farmers.

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## Collaboration with Afreximbank to establish the African Cocoa Exchange (AfCX)

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In alignment with the above mission, the ICCO has been working with four (04) of its African cocoa-producing Member countries to advance the establishment of the African Cocoa Exchange (AfCX). During the 2022/2023 cocoa year, Phase I of the feasibility study was successfully completed.

Building on this progress, the ICCO secured a grant of US\$350,000 from Afreximbank in the 2023/2024 cocoa year to finance Phase II of the feasibility study. The ICCO Secretariat also signed a mandate letter authorizing Afreximbank to mobilize capital and debt equity for the AfCX if the feasibility study confirms its technical feasibility and financial viability.

Towards the end of the 2023/2024 cocoa year, the grant was disbursed by Afreximbank, enabling the Secretariat to initiate preparations for implementation of Phase II of the study.

These efforts mark a critical step in the potential realization of the AfCX, which could significantly enhance market efficiency and stakeholder benefits within Africa's cocoa sector.

## Partnering with the European Union

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During the 2023/2024 cocoa year, the Secretariat engaged discussions with the **European Union** on a project to develop an information platform on the cocoa and chocolate value chains.

# Membership

The Membership of the International Cocoa Organization, as at 01 October 2024 is as follows:

Exporting Members	Importing Members	
Brazil	European Union	
Cameroon	Austria	Russian Federation
Colombia	Belgium	Switzerland
Congo, Dem. Rep. of	Bulgaria	
Côte d'Ivoire	Croatia	
Dominican Republic	Cyprus	
Ecuador	Czech Republic	
Gabon	Denmark	
Ghana	Estonia	
Guinea	Finland	
Indonesia	France	
Liberia	Germany	
Madagascar	Greece	
Malaysia	Hungary	
Nicaragua	Ireland	
Nigeria	Italy	
Papua New Guinea	Latvia	
Peru	Lithuania	
Sierra Leone	Luxembourg	
Togo	Malta	
Trinidad and Tobago	The Netherlands	
Venezuela	Poland	
	Portugal	
	Romania	
	Slovak Republic	
	Slovenia	
	Spain	
	Sweden	

## How to become a Member

In order for a country to become a Member of the ICCO, its government will have to sign the International Cocoa Agreement currently in force. The current International Cocoa Agreement, 2010, is open for signature by any duly authorized representative of any cocoa importing or exporting country.

As ratification procedures may vary in length depending on each country, a Government may apply the Agreement provisionally upon signature. To do so, the country will have to notify the United Nations General Secretariat of its intention to become a Member. The country will then become a provisional Member from the date of signature until the date of deposit of its instruments of ratification.

Since the Secretary-General of the United Nations is the depositary of the Agreement, instruments of ratification, acceptance or approval, in accordance with each country's own constitutional procedures, must be deposited with the Treaty Section at the United Nations Headquarters in New York.

# Finance & administration

## Resources

### Administrative Budget

The ICCO Secretariat's operations are primarily financed through contributions from Member countries, calculated based on their net cocoa exports or imports. For the 2023/24 cocoa year, the administrative budget was set at €3,102,565, reflecting a negligible reduction of €189 compared to the previous year's budget of €3,102,754.

Additional funding sources include revenue from the sale of publications, such as the Quarterly Bulletin of Cocoa Statistics (QBCS) and the World Cocoa Directory, interest earned on the Reserve Fund, and other miscellaneous income streams.

As the 2023/24 budget year approached its conclusion, the Secretariat projected actual expenditures to total approximately €3,125,409, which represents 101% of the approved budget. The overspending was attributed to exchange rate fluctuations, adjustments in personnel costs, increased travel expenses, and consultancy fees.

On the revenue side, the Secretariat anticipated generating €3,008,270, falling short of the budgeted revenue of €3,102,565 by €94,295. This shortfall was primarily due to lower-than-expected sales of publications and reduced interest earnings from the Reserve Fund.

In light of these financial developments, while the 2023/24 budget was initially forecasted to remain balanced, the updated projections indicated a net deficit of €117,139. This deficit comprised an expenditure overrun of €22,844 and a revenue shortfall of €94,295.

## Good Governance

### Appointment of Independent Auditors for the 2023/2024, 2024/2025 and 2025/2026 Cocoa Years

With the mandate of the current auditing firm, Mazars, nearing its conclusion, the Administration and Finance Committee recommended extending their services for an additional year. This extension would result in a mandate of three years plus one in total, allowing adequate time to prepare a call for bids and appoint new auditors for the subsequent three-year term.

Additionally, the Committee requested Mazars to perform a comprehensive review of internal control mechanisms as part of the upcoming audit session.

# Looking ahead

## Evaluation Report on the implementation of the 2019-2024 Strategic Plan of Action for the Organization

The evaluation of the 2019–2024 **Strategic Plan of Action (SPA)** was commissioned by the Council in April 2024 to assess the effectiveness of its implementation, highlight successful elements, and identify areas requiring improvement for the forthcoming 2024–2029 SPA. Dr. Samuel K. Gayi, an independent economic consultant, conducted the evaluation, utilizing both desk reviews and stakeholder interviews involving 15 participants from exporting and importing countries.

Key findings revealed that approximately 85% of the SPA's key performance indicators (KPIs) were achieved, with others in progress. The SPA notably emphasized achieving a living income for farmers, focusing on market transparency, sustainable development, market development, and good governance. However, limited engagement with stakeholders and a high turnover among representatives contributed to a lack of awareness about the SPA's specifics.

Stakeholders expressed concerns about perceived regional biases, particularly an overemphasis on Africa, despite evidence indicating balanced activities across regions. Additionally, the SPA sustainable development objectives were fragmented, with varying priorities among exporters, importers, private sector actors, and civil society organizations.

Several recommendations were made:

- 1. Private Sector Engagement**  
Reinvigorate collaboration through targeted discussions, possibly adopting informal models like WTO-style dialogues.
- 2. Market Transparency**  
Enhance data collection and dissemination while enforcing compliance among Member countries.
- 3. Sustainable Development**  
Expand efforts in promoting market development, addressing cocoa butter substitutes, and improving production sustainability.
- 4. Living Income Strategy**  
Strengthen initiatives supporting farmers' incomes, including mechanisms to ensure adherence to agreements like the Living Income Differential (LID).

The report highlighted challenges such as emerging regulatory restrictions like the EU Deforestation Regulation (EUDR) and increasing cocoa substitutes, which threaten market dynamics and farmers' livelihoods. The consultant called for intensified research into emerging cocoa production regions and regulatory advocacy to protect traditional producers.

While progress was made in achieving the SPA objectives, particularly regarding market transparency, the report emphasized the need for greater attention to sustainable development and enhanced stakeholder engagement, including efforts to unify priorities across sectors.

The Council acknowledged the report and encouraged further refinements to the upcoming SPA to address these critical challenges effectively.

## The Way Forward: the Revised Draft Strategic Plan of Action (2024 – 2029) for the Organization

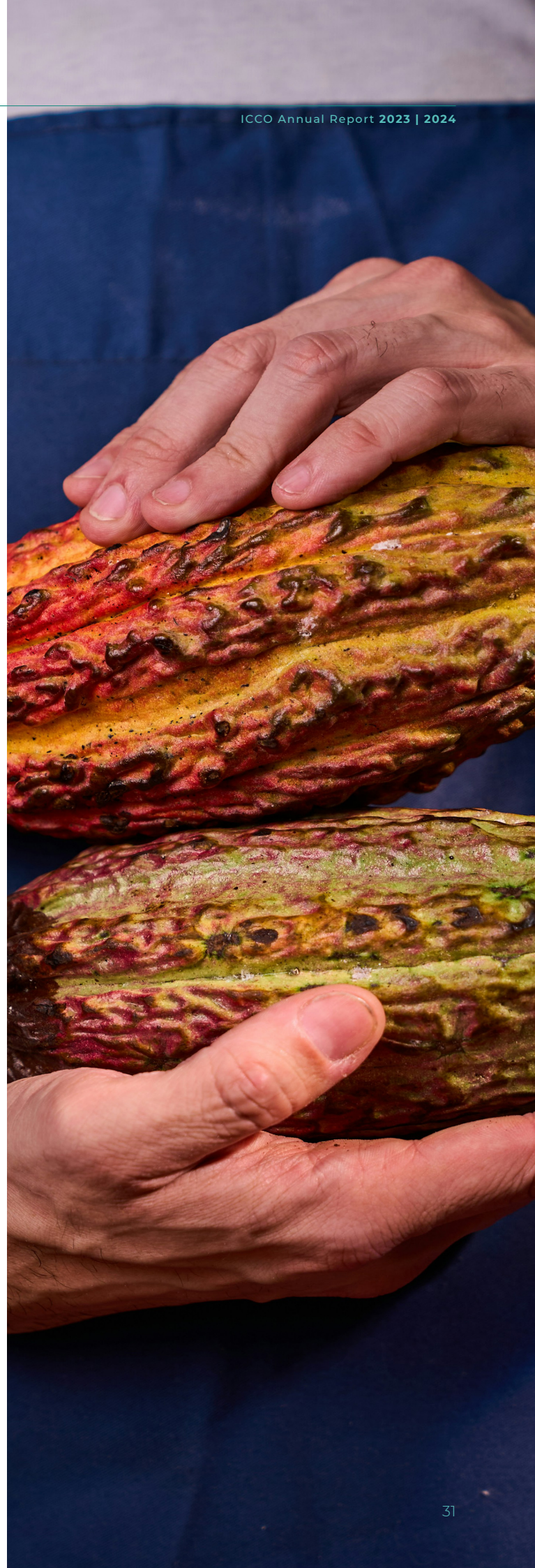
The Secretariat presented the revised draft **Strategic Plan of Action (SPA)** for 2024–2029, updated to align with the Brussels Declaration. Among the twenty-eight commitments outlined in the Declaration, eighteen were deemed relevant and integrated into the SPA.

The overarching objective of the plan is to improve the net living income of smallholder cocoa farmers. Sub-objectives include enhancing sustainability, transparency, market development, governance, and management. The ICCO's pivotal role in promoting cocoa consumption and fostering market and governance development was underscored.

Importing Members expressed their approval of the draft SPA, highlighting its coherence with both the Brussels Declaration and the International Cocoa Agreement, while awaiting feedback from exporting Members.

Exporting Members welcomed the inclusion of a formal declaration in the SPA for the first time but requested additional time to review the draft, particularly in light of insights from Dr. Gayi's report and the Declaration.

In response, the Council agreed to defer the decision on the 2024–2029 SPA to the next session in April 2025, allowing exporting Members adequate time for further analysis.



# Office holders for the 2023 | 24 cocoa year

## International Cocoa Council

### Chairmen

HE Mr. Rafael Soriano Ortiz (Spain.)  
HE Mr. Guillermo Marin Gorbea (Spain).

### Vice-Chairman

HE Mr. Jeroen Kelderhuis (Netherlands).

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## Administration and Finance Committee

### Chairman

HE Mr. Aly Touré, Permanent Representative of Côte d'Ivoire to International Commodity Organizations.

### Vice-Chairman

Representative of EU Delegation.

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## Economics Committee

### Chairman

HE Mrs. Carole van Eyll (Belgium).

### Vice-Chairman

Mr. Philippe Fontayne (Madagascar).

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## Consultative Board

### Chairman

Mr. Lukas Jasman, BT Cocoa, Indonesia.

### Vice Chairman

Mr. Michiel Hendriksz, Chief Executive Officer at FarmStrong Foundation.

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## Spokespersons

### Exporting Countries

HE Mr. Aly Touré (Côte d'Ivoire).

### Importing Countries

Mrs Zoé Druilhe (European Commission).

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## The Secretariat

### Executive Director

Mr. Michel Arrion

### Director of the Economics, Statistics and Sustainable Development Division

Dr. Michele Nardella

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# Abbreviations

<b>AFC</b>	Administration & Finance Committee
<b>ALICo</b>	Alliance on Living Income in Cocoa
<b>CAA</b>	Cocoa Association of Asia
<b>CB</b>	Consultative Board
<b>CIAT</b>	International Centre for Tropical Agriculture
<b>CMAA</b>	Cocoa Merchants' Association of America
<b>EC</b>	Economics Committee
<b>ECA</b>	European Cocoa Association
<b>EWGFS</b>	Expert Working Group on Food Safety
<b>EWGS</b>	Expert Working Group on Stocks
<b>ICA</b>	International Cocoa Agreement
<b>ICC</b>	International Cocoa Council
<b>ICCO</b>	International Cocoa Organization
<b>ISCR</b>	International Symposium on Cocoa Research
<b>KPIs</b>	Key Performance Indicators
<b>NCA</b>	National Confectionery Association
<b>PES</b>	Payments for Environmental Services
<b>WCC</b>	World Cocoa Conference
<b>WGA</b>	Working Group on the Review of the International Cocoa Agreement, 2010
<b>WGPCC</b>	Working Group on Generic Promotion of Cocoa Consumption
<b>WGSM</b>	Working Group on Supply Management

# ICCO ANNUAL REPORT

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