

Proposal for a Council Decision on the signing and conclusion on behalf of the European Community of the International Cocoa Agreement 2001

(2002/C 331 E/22)

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(Submitted by the Commission on 30 July 2002)

EXPLANATORY MEMORANDUM

On 2 March 2001, during its second session in Geneva, the conference organised by UNCTAD to negotiate a successor to the International Cocoa Agreement 1993, as extended, approved a new text. The current Agreement is to remain in force until 30 September 2003 at the latest.

In the discussions the Community negotiated on the basis of the negotiating mandate and directives proposed by the Commission and approved by the Council on 6 September 2000.

In the light of the discussions and the content of the new instrument, which reflects the Community's position, the Commission considers the International Cocoa Agreement 2001 should be signed and the instrument of approval deposited with the Treaty Section of the United Nations in New York.

From a strictly legal viewpoint it should be noted that, although they are trade agreements covered by Article 133 of the Treaty establishing the European Community, commodity agreements such as this have been concluded by the Community jointly with the Member States under the arrangement between the Council and the Commission known as PROBA 20.

In this case, since the international agreement in question expressly excludes a financial instrument supported by the Members, and the Member States' contributions to the operating budget of the International Cocoa Organisation cannot in themselves justify the Member States' participation in the conclusion of the Agreement, the new Agreement 2001 should be concluded by the Community.

Consequently, under Article 133 of the Treaty establishing the European Community, this recommendation is for a decision authorising the Commission to conclude, on behalf of the Community, the International Cocoa Agreement 2001.

Under Article 58(3) of the International Cocoa Agreement 2001, the instrument of acceptance should be signed and lodged as soon as possible, preferably before 1 September 2002. The Council is therefore requested to adopt this decision before that deadline.

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133 in conjunction with Article 300(2) thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) On 2 March 2001 the UNCTAD negotiating conference formally approved the text of the International Cocoa Agreement 2001.
- (2) This new agreement has been negotiated to replace the International Cocoa Agreement 1993, as extended, which will remain in force until 30 September 2003 at the latest.
- (3) The International Cocoa Agreement 2001 is open for signature and deposit of the instruments of ratification, acceptance or approval.
- (4) The Community is a member of the 1993 International Agreement, as extended, and it is therefore in its interest to approve the agreement which succeeds it,

HAS DECIDED AS FOLLOWS:

Article 1

The International Cocoa Agreement 2001 is hereby approved on behalf of the European Community. The text of the Agreement is attached to this Decision.

Article 2

The President of the Council is authorised to designate the person authorised to sign the agreement and deposit the instrument of approval on behalf of the Community.

PART ONE

OBJECTIVES AND DEFINITIONS

CHAPTER I

OBJECTIVES

Article 1

Objectives

1. The objectives of the Sixth International Cocoa Agreement are:

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

2. In pursuing these objectives, Members shall, within the appropriate framework, encourage the greater participation of the private sector in the work of the Organization.

CHAPTER II

DEFINITIONS

Article 2

Definitions

For the purposes of this Agreement:

1. *Cocoa* means cocoa beans and cocoa products;
2. *Cocoa products* means products made exclusively from cocoa beans, such as cocoa paste/liquor, cocoa butter, unsweetened cocoa powder, cocoa cake and cocoa nibs, as well as any other products containing cocoa as the Council may determine;
3. *Cocoa year* means the period of 12 months from 1 October to 30 September inclusive;
4. *Contracting party* means a Government, or an intergovernmental organization as provided for in article 4, which has consented to be bound by this Agreement provisionally or definitively;
5. *Council* means the International Cocoa Council referred to in article 6;
6. *Daily price* is the representative indicator of the international price of cocoa used for the purposes of this Agreement and computed in accordance with the provisions of article 40;
7. *Entry into force* means, except when qualified, the date on which this Agreement first enters into force, whether provisionally or definitively;
8. *Exporting country* or *exporting Member* means a country or a Member respectively whose exports of cocoa, expressed in terms of beans, exceed its imports. However, a country whose imports of cocoa, expressed in terms of beans, exceed its exports but whose production exceeds its imports may, if it so chooses, be an exporting Member;
9. *Export of cocoa* means any cocoa which leaves the customs territory of any country and import of cocoa means any cocoa which enters the customs territory of any country; provided that, for the purposes of these definitions, customs territory shall, in the case of a Member which comprises more than one customs territory, be deemed to refer to the combined customs territories of that Member;
10. *Fine or flavour cocoa* is cocoa recognized for its unique flavour and colour, and produced in countries designated in annex C of this Agreement;
11. *Importing country* or *importing Member* means a country or a Member respectively whose imports of cocoa, expressed in terms of beans, exceed its exports;

12. *Member* means a Contracting Party as defined above;
13. *Organization* means the International Cocoa Organization referred to in article 5;
14. *Private sector* comprises all private sector entities which have main activities in the cocoa sector, including farmers, traders, processors, manufacturers and research institutes. In the framework of this Agreement, the private sector also comprises public enterprises, agencies and institutions which, in certain countries, fulfil roles that are performed by private entities in other countries;
15. *Producing country* means a country which grows cocoa in commercially significant quantities;
16. *Simple distributed majority vote* means a majority of votes cast by exporting Members and a majority of votes cast by importing Members, counted separately;
17. *Special Drawing Right (SDR)* means the Special Drawing Right of the International Monetary Fund;
18. *Special vote* means two thirds of the votes cast by exporting Members and two thirds of the votes cast by importing Members, counted separately, on condition that at least five exporting Members and a majority of importing Members are present;
19. *Sustainable cocoa economy* is a system in which all stakeholders maintain productivity at levels that are economically viable, ecologically sound and culturally acceptable through the efficient management of resources;
20. *Tonne* means a mass of 1 000 kilograms or 2 204,6 pounds and pound means 453,597 grams;
21. *Stocks of cocoa beans* means all dry cocoa beans that can be identified as at the last day of the cocoa year (30 September), irrespective of location, ownership or intended use.

PART TWO

CONSTITUTIONAL PROVISIONS

CHAPTER III

MEMBERSHIP

Article 3

Membership in the Organization

1. Each Contracting Party shall be a Member of the Organization.

2. There shall be two categories of Members of the Organization, namely:

(a) Exporting Members; and

(b) Importing Members.

3. A Member may change its category on such conditions as the Council may establish.

Article 4

Membership by intergovernmental organizations

1. Any reference in this Agreement to 'a Government' or 'Governments' shall be construed as including the European Union and any intergovernmental organization having responsibilities in respect of the negotiation, conclusion and application of international agreements, in particular commodity agreements. Accordingly, any reference in this Agreement to signature, ratification, acceptance or approval, or to notification of provisional application or to accession shall, in the case of such intergovernmental organizations, be construed as including a reference to signature, ratification, acceptance or approval, or to notification of provisional application, or to accession, by such intergovernmental organizations.

2. In the case of voting on matters within their competence, such intergovernmental organizations shall vote with a number of votes equal to the total number of votes attributable to their member States in accordance with article 10. In such cases, the member States of such intergovernmental organizations shall not exercise their individual voting rights.

3. Such organizations may participate in the Executive Committee on matters within their competence.

CHAPTER IV

ORGANIZATION AND ADMINISTRATION

Article 5

Establishment, headquarters and structure of the International Cocoa Organization

1. The International Cocoa Organization established by the International Cocoa Agreement, 1972, shall continue in being and shall administer the provisions and supervise the operation of this Agreement.

2. The Organization shall function through:

(a) The International Cocoa Council and its subsidiary bodies; and

(b) The Executive Director and other staff.

3. The headquarters of the Organization shall be in London unless the Council, by special vote, decides otherwise.

Article 6

Composition of the International Cocoa Council

1. The highest authority of the Organization shall be the International Cocoa Council, which shall consist of all the Members of the Organization.

2. Each Member shall be represented on the Council by a representative and, if it so desires, by one or more alternates. Each Member may also appoint one or more advisers to its representative or alternates.

Article 7

Powers and functions of the Council

1. The Council shall exercise all such powers and perform or arrange for the performance of all such functions as are necessary to carry out the express provisions of this Agreement.

2. The Council shall not have power, and shall not be taken to have been authorized by the Members, to incur any obligation outside the scope of this Agreement; in particular, it shall not have the capacity to borrow money. In exercising its capacity to contract, the Council shall incorporate in its contracts the terms of this provision and of article 24 in such a way as to bring them to the notice of the other parties entering into contracts with the Council, but any failure to incorporate such terms shall not invalidate such a contract or render it *ultra vires* the Council.

3. The Council may at any time, by special vote, delegate any of its powers to the Executive Committee, except the following:

(a) Redistribution of votes under article 10;

(b) Approval of the administrative budget and assessment of contributions under article 25;

(c) Revision of the list of producers of fine or flavour cocoa under article 46;

(d) Relief from obligations under article 47;

(e) Decision of disputes under article 50;

(f) Suspension of rights under paragraph 3 of article 51;

(g) Establishment of conditions for accession under article 56;

(h) Exclusion of a Member under article 61;

(i) Extension or termination of this Agreement under article 63; and

(j) Recommendation of amendments to Members under article 64.

4. The Council may, by special vote, decide on other exceptions in paragraph 3 above. It may revoke any delegation of power under paragraph 3 above by the same vote.

5. The Council shall, by special vote, adopt such rules and regulations as are necessary to carry out the provisions of this Agreement and are consistent therewith, including its rules of procedure and those of its committees, and the financial and staff regulations of the Organization. The Council may, in its rules of procedure, provide for a procedure whereby it may, without meeting, decide specific questions.

6. The Council shall keep such records as are required for the performance of its functions under this Agreement, and such other records as it considers appropriate.

7. The Council may set up any working group(s) as appropriate to assist it in carrying out its task.

Article 8

Chairman and Vice-Chairman of the Council

1. The Council shall elect a Chairman and a first and second Vice-Chairman for each cocoa year, who shall not be paid by the Organization.

2. Both the Chairman and the first Vice-Chairman shall be elected from among the representatives of the exporting Members or from among the representatives of the importing Members and the second Vice-Chairman from among the representatives of the other category. These offices shall alternate each cocoa year between the two categories.

3. In the temporary absence of both the Chairman and the two Vice-Chairmen or the permanent absence of one or more of them, the Council may elect new officers from among the representatives of the exporting Members or from among the representatives of the importing Members, as appropriate, on a temporary or permanent basis as may be required.

4. Neither the Chairman nor any other officer presiding at meetings of the Council shall vote. His or her alternate may exercise the voting rights of the Member which he or she represents.

Article 9

Sessions of the Council

1. As a general rule, the Council shall hold one regular session in each half of the cocoa year.

2. The Council shall meet in special session whenever it so decides or at the request of:

(a) Any five Members;

(b) A Member or Members having at least 200 votes;

(c) The Executive Committee; or

(d) The Executive Director, for the purposes of articles 23 and 60.

3. Notice of sessions shall be given at least 30 calendar days in advance, except in case of emergency.

4. Sessions shall be held at the headquarters of the Organization unless the Council, by special vote, decides otherwise. If, on the invitation of any Member, the Council meets elsewhere than at the headquarters of the Organization, that Member shall pay the additional costs involved.

Article 10

Votes

1. The exporting Members shall together hold 1 000 votes and the importing Members shall together hold 1 000 votes, distributed within each category of Members — that is, exporting and importing Members, respectively — in accordance with the following paragraphs of this article.

2. For each cocoa year, the votes of exporting Members shall be distributed as follows: each exporting Member shall have five basic votes. The remaining votes shall be divided among all the exporting Members in proportion to the average volume of their respective exports of cocoa in the preceding three cocoa years for which data have been

published by the Organization in its latest issue of the *Quarterly Bulletin of Cocoa Statistics*. For this purpose, exports shall be calculated as net exports of cocoa beans plus net exports of cocoa products, converted to beans equivalent using the conversion factors as specified in article 41.

3. For each cocoa year, the votes of importing Members shall be distributed as follows: 100 shall be divided equally to the nearest whole vote for each Member. The remaining votes shall be distributed on the basis of the percentage which the average of each importing Member's annual imports, in the preceding three cocoa years for which final figures are available in the Organization, represents in the total of the averages for all the importing Members. For this purpose, imports shall be calculated as net imports of cocoa beans plus gross imports of cocoa products, converted to beans equivalent using the conversion factors as specified in article 41.

4. If, for any reason, difficulties should arise in the determination or the updating of the statistical basis for the calculation of votes in accordance with the provisions of paragraphs 2 and 3 of this article, the Council may, by special vote, decide on a different statistical basis for the calculation of votes.

5. No Member shall have more than 400 votes. Any votes above this figure arising from the calculations in paragraphs 2, 3 and 4 of this article shall be redistributed among the other Members on the basis of those paragraphs.

6. When the membership in the Organization changes or when the voting rights of a Member are suspended or restored under any provision of this Agreement, the Council shall provide for the redistribution of votes in accordance with this article.

7. There shall be no fractional votes.

Article 11

Voting procedure of the Council

1. Each Member shall be entitled to cast the number of votes it holds and no Member shall be entitled to divide its votes. A Member may, however, cast differently from such votes any votes which it is authorized to cast under paragraph 2 of this article.

2. By written notification to the Chairman of the Council, any exporting Member may authorize any other exporting Member, and any importing Member may authorize any other importing Member, to represent its interests and to cast its votes at any meeting of the Council. In this case the limitation provided for in paragraph 5 of article 10 shall not apply.

3. A Member authorized by another Member to cast the votes held by the authorizing Member under article 10 shall cast such votes in accordance with the instructions of the authorizing Member.

Article 12

Decisions of the Council

1. All decisions of the Council shall be taken, and all recommendations shall be made, by a simple distributed majority vote unless this Agreement provides for a special vote.

2. In arriving at the number of votes necessary for any of the decisions or recommendations of the Council, votes of Members abstaining shall not be taken into consideration.

3. The following procedure shall apply with respect to any action by the Council which under this Agreement requires a special vote:

(a) If the required majority is not obtained because of the negative vote of three or less exporting or three or less importing Members, the proposal shall, if the Council so decides by a simple distributed majority vote, be put to a vote again within 48 hours;

(b) If the required majority is again not obtained because of the negative vote of two or less exporting or two or less importing Members, the proposal shall, if the Council so decides by a simple distributed majority vote, be put to a vote again within 24 hours;

(c) If the required majority is not obtained in the third vote because of the negative vote cast by one exporting or one importing member, the proposal shall be considered adopted; or

(d) If the Council fails to put a proposal to a further vote, it shall be considered rejected.

4. Members undertake to accept as binding all decisions of the Council under the provisions of this Agreement.

Article 13

Cooperation with other organizations

1. The Council shall make whatever arrangements are appropriate for consultation or cooperation with the United Nations and its organs, in particular the United Nations Conference on Trade and Development, and with the Food and Agriculture Organization of the United Nations and such other specialized agencies of the United Nations and intergovernmental organizations as may be appropriate.

2. The Council, bearing in mind the particular role of the United Nations Conference on Trade and Development in inter-

national commodity trade, shall, as appropriate, keep that organization informed of its activities and programmes of work.

3. The Council may also make whatever arrangements are appropriate for maintaining effective contact with international organizations of cocoa producers, traders and manufacturers.

4. The Council shall seek to involve the international financial agencies and other parties with an interest in the world cocoa economy in its work on cocoa production and consumption policy.

Article 14

Admission of observers

1. The Council may invite any non-member State to attend any of its meetings as an observer.

2. The Council may also invite any of the organizations referred to in article 13 to attend any of its meetings as an observer.

Article 15

Composition of the Executive Committee

1. The Executive Committee shall consist of ten exporting Members and ten importing Members. If, however, either the number of exporting Members or the number of importing Members in the Organization is less than ten, the Council may, while maintaining parity between the two categories of Members, decide, by special vote, the total number on the Executive Committee. Members of the Executive Committee shall be elected for each cocoa year in accordance with article 16 and may be re-elected.

2. Each elected member shall be represented on the Executive Committee by a representative and, if it so desires, by one or more alternates. Each such member may also appoint one or more advisers to its representative or alternates.

3. The Chairman and Vice-Chairman of the Executive Committee, elected for each cocoa year by the Council, shall both be chosen from among the representatives of the exporting Members or from among the representatives of the importing Members. These offices shall alternate each cocoa year between the two categories of Members. In the temporary or permanent absence of the Chairman and the Vice-Chairman, the Executive Committee may elect new officers from among the representatives of the exporting Members or from among the representatives of the importing Members, as appropriate, on a temporary or permanent basis as may be required. Neither the Chairman nor any other officer presiding at meetings of the Executive Committee may vote. His or her alternate may exercise the voting rights of the Member which he or she represents.

4. The Executive Committee shall meet at the headquarters of the Organization unless, by special vote, it decides otherwise. If, on the invitation of any Member, the Executive Committee meets elsewhere than at the headquarters of the Organization, that Member shall pay the additional costs involved.

Article 16

Election of the Executive Committee

1. The exporting and importing Members of the Executive Committee shall be elected in the Council by the exporting and importing Members respectively. The election within each category shall be held in accordance with paragraphs 2 and 3 of this article.

2. Each Member shall cast all the votes to which it is entitled under article 10 for a single candidate. A Member may cast for another candidate any votes which it is authorized to cast under paragraph 2 of article 11.

3. The candidates receiving the largest number of votes shall be elected.

Article 17

Voting procedure and decisions of the Executive Committee

1. Each Member of the Executive Committee shall be entitled to cast the number of votes received by it under the provisions of article 16, and no member of the Executive Committee shall be entitled to divide its votes.

2. Without prejudice to the provisions of paragraph 1 of this article and by written notification to the Chairperson, any exporting or importing Member which is not a Member of the Executive Committee and which has not cast its votes under paragraph 2 of article 16 for any of the members elected may authorize any exporting or importing Member of the Executive Committee, as appropriate, to represent its interests and to cast its votes in the Executive Committee.

3. In the course of any cocoa year a Member may, after consultation with the Member of the Executive Committee for which it voted under article 16, withdraw its votes from that member. The votes thus withdrawn may be reassigned to another exporting or importing Member of the Executive Committee, as appropriate, but may not be withdrawn from this Member for the remainder of that cocoa year. The Member of the Executive Committee from which the votes have been withdrawn shall nevertheless retain its seat on the Executive Committee for the remainder of that cocoa year. Any action taken pursuant to the provisions of this paragraph shall become effective after the Chairman has been informed in writing thereof.

4. Any decisions taken by the Executive Committee shall require the same majority as that decision would require if taken by the Council.

5. Any Member shall have the right of appeal to the Council against any decision of the Executive Committee. The Council shall prescribe, in its rules of procedure, the conditions under which such appeal may be made.

Article 18

Competence of the Executive Committee

1. The Executive Committee shall be responsible to, and work under the general direction of, the Council.

2. The Executive Committee shall follow up the administrative, financial and structural matters of the Organization, in particular:

(a) Examine the draft annual work programme of the Organization for submission to the Council for approval;

(b) Consider and evaluate the report presented by the Executive Director on the implementation of the work programme and the list of priorities;

(c) Review and recommend annual administrative budgets;

(d) Monitor the execution of the budget; in particular, analyse revenues and expenses;

(e) Assist the Council in the appointment of the Executive Director and senior officials of the Organization;

(f) Approve projects for financing by the Common Fund for Commodities and other donor organizations between Council sessions.

Article 19

Quorum for the Council and the Executive Committee

1. The quorum for the opening meeting of any session of the Council shall be constituted by the presence of at least five exporting Members and a majority of importing Members, provided that such Members together hold in each category at least two thirds of the total votes of the Members in that category.

2. If there is no quorum in accordance with paragraph 1 of this article on the day appointed for the opening meeting of any session, on the second day, and throughout the remainder of the session, the quorum for the opening session shall be constituted by the presence of exporting and importing Members holding a simple majority of the votes in each category.

3. The quorum for meetings subsequent to the opening meeting of any session pursuant to paragraph 1 of this article shall be that prescribed in paragraph 2 of this article.

4. Representation in accordance with paragraph 2 of article 11 shall be considered as presence.

5. The quorum for the opening meeting of any session of the Executive Committee shall be constituted by the presence of at least four exporting Members and four importing Members, provided that such Members together hold in each category at least the simple majority of the votes of the Members in that category.

Article 20

The staff of the Organization

1. The Council shall appoint the Executive Director by special vote for a period of not more than the duration of the Agreement and its extensions, if any. The rules for selection of candidates and the terms of appointment of the Executive Director shall be fixed by the Council.

2. The Executive Director shall be the chief administrative officer of the Organization and shall be responsible to the Council for the administration and operation of this Agreement in accordance with the decisions of the Council.

3. The staff of the Organization shall be responsible to the Executive Director.

4. The Executive Director shall appoint the staff in accordance with regulations to be established by the Council. In drawing up such regulations, the Council shall have regard to those applying to officials of similar intergovernmental organizations. Staff appointments shall be made in so far as is practicable from exporting and importing Members.

5. Neither the Executive Director nor the staff shall have any financial interest in the cocoa industry, the cocoa trade, cocoa transportation or cocoa publicity.

6. In the performance of their duties, the Executive Director and the staff shall not seek or receive instructions from any Member or from any other authority external to the Organization. They shall refrain from any action which might reflect on their position as international officials responsible only to the Organization. Each Member undertakes to respect the exclusively international character of the responsibilities of the Executive Director and the staff and not to seek to influence them in the discharge of their responsibilities.

7. No information concerning the operation or administration of this Agreement shall be revealed by the Executive Director or the staff of the Organization, except as may be authorized by the Council or as is necessary for the proper discharge of their duties under this Agreement.

Article 21

Work Programme

1. At its last session of each cocoa year, and on the recommendation of the Executive Committee, the Council shall adopt a work programme for the Organization for the coming year prepared by the Executive Director. The work programme shall include projects, initiatives and activities to be undertaken by the Organization in the following cocoa year. The Executive Director shall implement the work programme.

2. During its last meeting of each cocoa year, the Executive Committee shall evaluate the implementation of the work programme for the current year on the basis of a report by the Executive Director. The Executive Committee shall report its findings to the Council.

3. At its first session under this Agreement and on the recommendation of the Executive Committee, the Council shall adopt a list of priorities for the duration and in accordance with the objectives of the Agreement. This list shall serve as the basis for the elaboration of the yearly work programme. During the last meeting of each cocoa year the Executive Committee shall, on the basis of a report by the Executive Director, review and update this list of priorities with particular emphasis on the following year.

CHAPTER V

PRIVILEGES AND IMMUNITIES

Article 22

Privileges and immunities

1. The Organization shall have legal personality. It shall in particular have the capacity to contract, acquire and dispose of movable and immovable property and to institute legal proceedings.

2. The status, privileges and immunities of the Organization, its Executive Director, its staff and experts and of representatives of Members whilst in the territory of the United Kingdom of Great Britain and Northern Ireland for the purpose of exercising their functions, shall continue to be governed by the Headquarters Agreement concluded between the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as the host Government) and the International Cocoa Organization in London on 26 March 1975, with such amendments as are necessary for the proper functioning of this Agreement.

3. If the headquarters of the Organization is moved to another country, the new host Government shall, as soon as possible, conclude with the Organization a headquarters agreement to be approved by the Council.

4. The Headquarters Agreement referred to in paragraph 2 of this article shall be independent of this Agreement. It shall, however, terminate:

- (a) By agreement between the host Government and the Organization;
- (b) In the event of the headquarters of the Organization being moved from the territory of the host Government; or
- (c) In the event of the Organization ceasing to exist.

5. The Organization may conclude with one or more other Members agreements to be approved by the Council relating to such privileges and immunities as may be necessary for the proper functioning of this Agreement.

PART THREE

FINANCIAL PROVISIONS

CHAPTER VI

FINANCE

Article 23

Finance

1. There shall be kept an administrative account for the administration of this Agreement. The expenses necessary for the administration of this Agreement shall be brought into the administrative account and shall be met by annual contributions from Members assessed in accordance with article 25. If, however, a Member requests special services, the Council may decide to accede to the request and shall require that Member to pay for them.

2. The Council may establish separate accounts for specific purposes that it may establish in accordance with the objectives of the present Agreement. These accounts shall be financed through voluntary contributions from Members or other bodies.

3. The financial year of the Organization shall be the same as the cocoa year.

4. The expenses of delegations to the Council, to the Executive Committee and to any of the Committees of the Council or of the Executive Committee shall be met by the Members concerned.

5. If the financial position of the Organization is or appears likely to be, insufficient to finance the remainder of the cocoa year, the Executive Director shall call a special session of the Council within 20 working days unless the Council is otherwise scheduled to meet within 30 calendar days.

Article 24

Liabilities of Members

A Member's liability to the Council and to other Members is limited to the extent of its obligations regarding contributions specifically provided for in this Agreement. Third parties dealing with the Council shall be deemed to have notice of the provisions of this Agreement regarding the powers of the Council and the obligations of the Members, in particular, paragraph 2 of article 7 and the first sentence of this article.

Article 25

Approval of the administrative budget and assessment of contributions

1. During the second half of each financial year, the Council shall approve the administrative budget of the Organization for the following financial year, and shall assess the contribution of each Member to that budget.

2. The contribution of each Member to the administrative budget for each financial year shall be in the proportion which the number of its votes at the time the administrative budget for that financial year is approved bears to the total votes of all the Members. For the purpose of assessing contributions, the votes of each Member shall be calculated without regard to the suspension of any Member's voting rights and any redistribution of votes resulting therefrom.

3. The initial contribution of any Member joining the Organization after the entry into force of this Agreement shall be assessed by the Council on the basis of the number of votes to be held by that Member and the period remaining in the current financial year, but the assessment made upon other Members for the current financial year shall not be altered.

4. If this Agreement enters into force before the beginning of the first full financial year, the Council shall, at its first session, approve an administrative budget covering the period up to the commencement of the first full financial year.

Article 26

Payment of contributions to the administrative budget

1. Contributions to the administrative budget for each financial year shall be payable in freely convertible currencies, shall be exempt from foreign exchange restrictions and shall become due on the first day of that financial year. Contributions of Members in respect of the financial year in which they join the Organization shall be due on the date on which they become Members.

2. Contributions to the administrative budget approved under paragraph 4 of article 25 shall be payable within three months of the date of assessment.

3. If, at the end of five months after the beginning of the financial year or, in the case of a new Member, three months after the Council has assessed its contribution, a Member has not paid its full contribution to the administrative budget, the Executive Director shall request that Member to make payment as quickly as possible. If, at the expiration of two months after the request of the Executive Director, that Member has still not paid its contribution, the voting rights of that Member in the Council and the Executive Committee shall be suspended until such time as it has made full payment of the contribution.

4. A Member whose voting rights have been suspended under paragraph 3 of this article shall not be deprived of any of its other rights or relieved of any of its obligations under this Agreement unless the Council, by special vote, decides otherwise. It shall remain liable to pay its contribution and to meet any other financial obligations under this Agreement.

5. The Council shall consider the question of membership of any Member with two years' contributions unpaid, and by special vote may decide that this Member shall cease to enjoy the rights of membership and/or cease to be assessed for budgetary purposes. It shall remain liable to meet any other of its financial obligations under this Agreement. By payment of the arrears the Member will regain the rights of membership. Any payments made by Members in arrears will be credited first to those arrears, rather than to current contributions.

Article 27

Audit and publication of accounts

1. As soon as possible, but not later than six months after the close of each financial year, the statement of the Organization's accounts for that financial year and the balance sheet at the close of that financial year under the accounts referred to in article 23 shall be audited. The audit shall be carried out by an independent auditor of recognized standing in cooperation with two qualified auditors from Member Governments, one from exporting Members and one from importing Members, to be elected by the Council for each financial year. The auditors from Member Governments shall not be paid by the Organization for their professional services. However, travel and subsistence costs may be reimbursed by the Organization under terms and conditions to be determined by the Council.

2. The terms of appointment of the independent auditor of recognized standing, as well as the intentions and objectives of the audit, shall be laid down in the financial regulations of the Organization. The audited statement of the Organization's accounts and the audited balance sheet shall be presented to the Council at its next regular session for approval.

3. A summary of the audited accounts and balance sheet shall be published.

Article 28

Relationship with the Common Fund and with other multilateral and bilateral donors

1. The Organization shall take full advantage of the facilities of the Common Fund for Commodities in order to assist in the preparation and financing of projects of interest to the cocoa economy.

2. The Organization shall endeavour to cooperate with other international organizations, as well as with multilateral and bilateral donor agencies, in order to obtain financing for programmes and projects of interest to the cocoa economy as appropriate.

3. Under no circumstances shall the Organization undertake any financial obligations related to projects, either on its own behalf or in the name of Members. No Member of the Organization shall be responsible by reason of its membership of the Organization for any liability arising from borrowing or lending by any other Member or entity in connection with such projects.

Article 29

Role of the Organization concerning projects

1. The Organization shall endeavour to assist Members in preparing projects of interest to the cocoa economy, to be financed by other agencies or bodies.

2. In exceptional cases, the Council shall approve the involvement of the Organization in the implementation of approved projects. Under no circumstances shall this involvement bring about any additional costs for the administrative budget of the Organization.

CHAPTER VII

THE CONSULTATIVE BOARD ON THE WORLD COCOA ECONOMY

Article 30

Establishment of the Consultative Board on the World Cocoa Economy

1. The Council shall establish the Consultative Board on the World Cocoa Economy with a view to encouraging the active participation of experts from the private sector, as defined in article 2 of this Agreement, in the work of the Organization and to promoting a continuous dialogue among experts from the public and private sectors.

2. The Board shall be a consultative body which may make recommendations to the Council on any matter within the scope of this Agreement.

Article 31

Composition of the Consultative Board on the World Cocoa Economy

1. The Consultative Board on the World Cocoa Economy shall be composed of experts from all sectors of the cocoa economy, such as:

- (a) Associations from the trade and industry;
- (b) National and regional cocoa producer organizations, from both the public and private sectors;
- (c) National cocoa exporter organizations;
- (d) Cocoa research institutes; and
- (e) Other private sector associations or institutions having an interest in the cocoa economy.

2. These experts shall act in their personal capacity or on behalf of their respective associations.

3. Members of the Organization may participate as observers.

4. The Board shall be composed of seven members from exporting countries and seven members from importing countries as defined in paragraph 1 of this article, appointed by the Council every two cocoa years. The members may designate one or more alternates and advisers. In the light of the experience of the Board, the Council may increase the number of members of the Board.

5. The Board may also invite eminent experts or personalities of high standing in a specific field, from the public and private sectors, to participate in its work.

6. The Chairman of the Board shall be chosen from among its members. The chairmanship shall alternate between exporting and importing countries every two cocoa years.

7. Upon its establishment, the Consultative Board shall draw up its own rules and recommend them for adoption by the Council.

Article 32

Mandate of the Consultative Board of the World Cocoa Economy

1. The Board, acting in an advisory capacity, shall *inter alia*:

- (a) Contribute to the development of a sustainable cocoa economy;

- (b) Identify threats to supply and demand and propose actions to meet the challenges;

- (c) Facilitate the exchange of information on production, consumption and stocks; and

- (d) Advise on other cocoa-related matters within the scope of the Agreement.

2. The Board may set up *ad hoc* working groups to assist in fulfilling its mandate provided that their operating costs have no budgetary implications for the Organization.

3. The Executive Director shall assist the Board as appropriate.

Article 33

Meetings of the Consultative Board on the World Cocoa Economy

1. As a general rule, the Board shall meet twice a year at the headquarters of the Organization at the same time as the regular sessions of the Council. The Board may hold additional meetings with the approval of the Council.

2. When the Council accepts an invitation by a Member to hold a meeting in its territory, the Board shall meet in that territory. In this case, the additional costs involved, above those incurred when the meeting is held at the headquarters of the Organization, shall be borne by that Member.

3. The Chairman of the Board shall establish the agendas for its meetings in liaison with the Executive Director.

4. The Board shall report regularly to the Council on its proceedings.

PART FOUR

MARKET-RELATED PROVISIONS

CHAPTER VIII

SUPPLY AND DEMAND

Article 34

Market Committee

1. In order to contribute to the greatest possible growth of the cocoa economy and the balanced development of production and consumption so as to secure a sustainable equilibrium between supply and demand, the Council shall establish a Market Committee composed of all exporting and importing Members. The aim of the Committee shall be to review trends and prospects of cocoa production and consumption, stocks and prices, and to identify market imbalances at an early stage as well as obstacles to the expansion of cocoa consumption in both exporting and importing countries.

2. At its first session after the start of a new cocoa year, the Market Committee shall examine annual forecasts of world production and consumption for the next five cocoa years. The Executive Director shall provide the data necessary for the preparation of these forecasts. The forecasts provided shall be reviewed and revised, if necessary, every year.

3. The Executive Director shall also present, for illustrative purposes only, various scenarios based on indicative figures for annual levels of global production necessary to achieve and maintain equilibrium between supply and demand at given levels of real prices. The factors to be taken into consideration shall include the expected variations in production and consumption in accordance with movements in real prices and the estimated variations in stock levels.

4. On the basis of these forecasts, and in order to deal with the problems of market imbalances in the medium and long term, the exporting Members may undertake to coordinate their national production policies.

5. All Members shall endeavour to encourage cocoa consumption in their countries. Each Member shall be responsible for the means and methods it employs for that purpose. In particular, all Members shall endeavour to remove or reduce substantial domestic obstacles to the expansion of cocoa consumption. In this regard, Members shall regularly provide the Executive Director with information on pertinent domestic regulations and measures and with other information concerning cocoa consumption, including domestic taxes and customs tariffs.

6. The Committee shall submit detailed reports to each regular session of the Council, on the basis of which the Council shall review the general situation, in particular assessing the movement of global supply and demand in the light of the provisions of this article. The Council may make recommendations to Members on the basis of this assessment.

7. The Committee shall draw up its own rules and regulations.

8. The Executive Director shall assist the Committee as required.

Article 35

Market transparency

1. In order to promote market transparency, the Organization shall maintain up-to-date information on Members' grindings, consumption, production, exports (including re-exports) and imports of cocoa and cocoa products and stocks. For this purpose, in so far as possible, Members shall provide the Executive Director with the relevant statistics

within a reasonable time and in as detailed and accurate a manner as is practicable.

2. If a Member fails to supply, or finds difficulty in supplying, within a reasonable time, statistical information required by the Council for the proper functioning of the Organization, the Council may require the Member concerned to explain the reasons for non-compliance. If it is found that assistance is needed in the matter, the Council may offer the necessary measures of support to overcome existing difficulties.

3. The Council shall take such additional measures as it deems necessary to deal with non-compliance with the provisions of this article.

4. The Council shall make appropriate arrangements for the regular collection of other information that it considers relevant for the monitoring of market developments and assessing current and potential cocoa production and consumption capacity.

Article 36

Stocks

1. In order to promote transparency in the market with regard to levels of world cocoa stocks, each Member shall assist the Executive Director in obtaining information on the volume of cocoa stocks in its country. In so far as is possible, Members shall provide the Executive Director, by not later than the end of May, with information on stocks of cocoa held in their respective countries as at the end of the previous cocoa year in as detailed, timely and accurate a manner as is practicable.

2. If a Member fails to supply, or finds difficulty in supplying, within a reasonable time, statistical information on stocks required by the Council for the proper functioning of the Organization, the Council may require the Member concerned to explain the reasons for non-compliance. If it is found that assistance is needed in the matter, the Council may offer the necessary measures of support to overcome existing difficulties.

3. The Executive Director shall seek the full cooperation of the private sector in this exercise, whilst fully respecting the issues of commercial confidentiality associated with this information.

4. The information shall pertain to stocks of cocoa beans.

5. The Executive Director shall make an annual report to the Market Committee on the information received on the levels of cocoa stocks worldwide.

*Article 37***Promotion**

1. Members undertake to encourage the consumption of chocolate and cocoa-based products in order to increase demand for cocoa by all possible means.
2. To achieve this purpose, the Council shall establish a Promotion Committee to promote cocoa consumption.
3. The Committee shall be open to all Members of the Organization.
4. The Committee shall operate and through the Executive Director administer a Promotion Fund which shall be used solely to finance promotion campaigns, to sponsor research and studies related to the consumption of cocoa and to cover associated administrative expenses.
5. The Committee shall seek the collaboration of the private sector for the implementation of its activities.
6. The promotion activities of the Committee shall be financed by resources which may be pledged by Members, non-Members, other organizations and the private sector. Private sector participants or institutions may also contribute to the promotion programmes in accordance with modalities to be established by the Committee.
7. All decisions of the Committee related to promotion campaigns and activities shall be taken by Members contributing to the Fund.
8. The Committee shall seek the approval of a country before conducting a promotion campaign in the territory of that country.
9. The Committee shall draw up its own rules and regulations, and shall report regularly to the Council.
10. The Executive Director shall assist the Committee as required.

*Article 38***Cocoa substitutes**

1. Members recognize that the use of substitutes may have negative effects on the expansion of cocoa consumption and the development of a sustainable cocoa economy. In this regard, Members shall take full account of the recommendations and decisions of competent international bodies.
2. The Executive Director shall make regular reports to the Market Committee on the development of the situation. On the basis of these reports, the Market Committee shall assess the situation and, if necessary, make recommendations to the Council for appropriate decisions.

CHAPTER IX

DEVELOPMENT OF A SUSTAINABLE COCOA ECONOMY*Article 39***Sustainable cocoa economy**

1. Members shall give due consideration to the sustainable management of cocoa resources in order to provide fair economic returns to all stakeholders in the cocoa economy, bearing in mind the principles and objectives of sustainable development contained in Agenda 21, adopted by the United Nations Conference on Environment and Development (UNCED) on 14 June 1992.
2. The Organization shall serve as a focal point for a permanent dialogue among all stakeholders as appropriate to foster the development of a sustainable cocoa economy.
3. The Council shall adopt and periodically review programmes and projects related to a sustainable cocoa economy and in accordance with paragraph 1 of this Article.
4. In doing so, the Council shall coordinate with other bodies as necessary in order to avoid duplication of effort.

CHAPTER X

MARKET-MONITORING PROVISIONS*Article 40***Daily price**

1. For the purposes of this Agreement and, in particular, for monitoring the evolution of the cocoa market, the Executive Director shall compute and publish a daily price of cocoa beans. This price shall be expressed in Special Drawing Rights (SDRs) per tonne.
2. The daily price shall be the average taken daily of the quotations for cocoa beans of the nearest three active future trading months on the London International Financial Futures and Options Exchange (LIFFE) and on the Board of Trade of the City of New York at the time of the London close. The London prices shall be converted into United States dollars per tonne by using the current six months forward rate of exchange in London at closing time. The United States dollar-denominated average of the London and New York prices shall be converted into its SDR equivalent at the appropriate daily official United States dollar/SDR exchange rate published by the International Monetary Fund. The Council shall decide the method of calculation to be used when the quotations on only one of these two cocoa markets are available or when the London Foreign Exchange market is closed. The time for shift to the next three-month period shall be the fifteenth of the month immediately preceding the nearest active maturing month.

3. The Council may, by special vote, decide on any other method of computing the daily price if it considers such other method to be more satisfactory than that prescribed in this article.

Article 41

Conversion factors

1. For the purpose of determining the beans equivalent of cocoa products, the following shall be the conversion factors: cocoa butter 1.33; cocoa cake and powder 1.18; cocoa paste/liquor and nibs 1.25. The Council may determine, if necessary, that other products containing cocoa are cocoa products. The conversion factors for cocoa products other than those for which conversion factors are set out in this paragraph shall be fixed by the Council.

2. The Council may, by special vote, revise the conversion factors in paragraph 1 of this article.

CHAPTER XI

INFORMATION, STUDIES AND RESEARCH

Article 42

Information

1. The Organization shall act as a global information centre for the efficient collection, collation, exchange and dissemination of information on all factors relating to cocoa and cocoa products. Such information shall include:

- (a) Statistical information on world production, prices, exports and imports, consumption and stocks of cocoa;
- (b) In so far as is considered appropriate, technical information on the cultivation, marketing, transportation, processing, utilization and consumption of cocoa; and
- (c) Information on government policies, taxation, national standards, regulations and legislation relating to cocoa.

2. The Council shall at appropriate times, but not less than twice in any cocoa year, publish estimates of production of cocoa beans and grindings for that cocoa year.

Article 43

Studies

The Council shall, to the extent it considers necessary, promote studies of the economics of cocoa production and distribution, including trends and projections, the impact of governmental measures in exporting and importing countries on the production and consumption of cocoa, the opportunities for expansion of cocoa consumption for traditional and possible

new uses, and the effects of the operation of this Agreement on exporters and importers of cocoa, including their terms of trade. It may submit recommendations to Members on the subject of these studies. In the promotion of these studies, the Council may cooperate with international organizations and other appropriate institutions and the private sector. The Council may also promote studies likely to contribute to greater market transparency.

Article 44

Scientific research and development

The Council shall encourage and promote scientific research and development in the areas of cocoa production, transportation, processing and consumption as well as the dissemination and practical application of the results obtained in this field. To this end, the Organization may cooperate with international organizations, research institutions and the private sector.

Article 45

Annual report

The Council shall publish an Annual Report.

PART FIVE

OTHER PROVISIONS

CHAPTER XII

FINE OR FLAVOUR COCOA

Article 46

Fine or flavour cocoa

1. The Council shall, at its first session following the entry into force of this Agreement, review annex C of this Agreement and, if necessary, revise it by special vote, determining the proportions in which the countries listed therein produce and export exclusively or partially fine or flavour cocoa. Thereafter, the Council may at any time during the lifetime of this Agreement review annex C and, if necessary, revise it by special vote. The Council shall seek expert advice on this matter, as appropriate.

2. The Market Committee may make proposals for the Organization to devise and implement a system of statistics on production of and trade in fine or flavour cocoa.

3. Giving due consideration to the importance of fine or flavour cocoa, Members shall examine, and adopt as appropriate, projects relating to fine or flavour cocoa in accordance with the provisions of articles 37 and 39.

CHAPTER XIII

RELIEF FROM OBLIGATIONS AND DIFFERENTIAL AND REMEDIAL MEASURES

Article 47

Relief from obligations in exceptional circumstances

1. The Council may, by special vote, relieve a Member of an obligation on account of exceptional or emergency circumstances, *force majeure*, or international obligations under the Charter of the United Nations for territories administered under the trusteeship system.

2. The Council, in granting relief to a Member under paragraph 1 of this article, shall state explicitly the terms and conditions on which, and the period for which, the Member is relieved of the obligation and the reasons for which the relief is granted.

3. Notwithstanding the foregoing provisions of this article, the Council shall not grant relief to a Member in respect of the obligation under article 26 to pay contributions, or the consequences of a failure to pay them.

4. The basis for the calculation of the distribution of votes of an exporting Member, for which the Council has recognized a case of *force majeure*, shall be the effective volume of its exports for the year in which the *force majeure* occurred and subsequently for the ensuing three years following the *force majeure*.

Article 48

Differential and remedial measures

Developing importing Members, and least developed countries which are Members, whose interests are adversely affected by measures taken under this Agreement may apply to the Council for appropriate differential and remedial measures. The Council shall consider taking such appropriate measures in the light of the provisions of resolution 93 (IV) adopted by the United Nations Conference on Trade and Development.

CHAPTER XIV

CONSULTATIONS, DISPUTES AND COMPLAINTS

Article 49

Consultations

Each member shall accord full and due consideration to any representations made to it by another member concerning the interpretation or application of this Agreement and shall afford adequate opportunity for consultations. In the course of such consultations, on the request of either party and with the consent of the other, the Executive Director shall establish an appropriate conciliation procedure. The costs of such a procedure shall not be chargeable to the Organization. If such a procedure leads to a solution, this shall be reported

to the Executive Director. If no solution is reached, the matter may, at the request of either party, be referred to the Council in accordance with article 50.

Article 50

Disputes

1. Any dispute concerning the interpretation or application of this Agreement which is not settled by the parties to the dispute shall, at the request of either party to the dispute, be referred to the Council for decision.

2. When a dispute has been referred to the Council under paragraph 1 of this article and has been discussed, Members holding not less than one third of the total votes, or any five Members, may require the Council, before giving its decision, to seek the opinion on the issues in dispute of an *ad hoc* advisory panel to be constituted as described in paragraph 3 of this article.

3. (a) Unless the Council by special vote decides otherwise, the *ad hoc* advisory panel shall consist of:

(i) Two persons, one having wide experience in matters of the kind in dispute and the other having legal standing and experience, nominated by the exporting Members;

(ii) Two persons, one having wide experience in matters of the kind in dispute and the other having legal standing and experience, nominated by the importing Members; and

(iii) A chairman selected unanimously by the four persons nominated under (i) and (ii) above or, if they fail to agree, by the Chairman of the Council.

(b) Nationals of Members shall not be ineligible to serve on the *ad hoc* advisory panel.

(c) Persons appointed to the *ad hoc* advisory panel shall act in their personal capacities and without instructions from any Government.

(d) The costs of the *ad hoc* advisory panel shall be paid by the Organization.

4. The opinion of the *ad hoc* advisory panel and the reasons therefore shall be submitted to the Council, which, after considering all the relevant information, shall decide the dispute.

Article 51

Complaints and action by the Council

1. Any complaint that any Member has failed to fulfil its obligations under this Agreement shall, at the request of the Member making the complaint, be referred to the Council, which shall consider it and take a decision on the matter.

2. Any finding by the Council that a Member is in breach of its obligations under this Agreement shall be made by a simple distributed majority vote and shall specify the nature of the breach.

3. Whenever the Council, whether as a result of a complaint or otherwise, finds that a Member is in breach of its obligations under this Agreement, it may, without prejudice to such other measures as are specifically provided for in other articles of this Agreement, including article 61, by special vote:

(a) Suspend that Member's voting rights in the Council and in the Executive Committee; and

(b) If it considers it necessary, suspend additional rights of such Member, including that of being eligible for, or of holding, office in the Council or in any of its committees, until it has fulfilled its obligations.

4. A Member whose voting rights are suspended under paragraph 3 of this article shall remain liable for its financial and other obligations under this Agreement.

CHAPTER XV

STANDARD OF LIVING AND WORKING CONDITIONS

Article 52

Standard of living and working conditions

Members shall give consideration to improving the standard of living and working conditions of populations engaged in the cocoa sector, consistent with their stage of development, bearing in mind internationally recognized principles on these matters. Furthermore, Members agree that labour standards shall not be used for protectionist trade purposes.

CHAPTER XVI

FINAL PROVISIONS

Article 53

Depositary

The Secretary-General of the United Nations is hereby designated as the depositary of this Agreement.

Article 54

Signature

This Agreement shall be open for signature at United Nations Headquarters from 1 May 2001 until and including 31 December 2002 by parties to the International Cocoa Agreement, 1993, and Governments invited to the United Nations Cocoa Conference, 2000. The Council under the International Cocoa Agreement, 1993, or the Council under this Agreement may, however, extend once the period of signature

of this Agreement. The Council shall immediately notify the depositary of such extension.

Article 55

Ratification, acceptance, approval

1. This Agreement shall be subject to ratification, acceptance or approval by the signatory Governments in accordance with their respective constitutional procedures.

2. Instruments of ratification, acceptance or approval shall be deposited with the depositary not later than 31 December 2003. The Council under the International Cocoa Agreement, 1993, or the Council under this Agreement may, however, grant extensions of time to signatory Governments which are unable to deposit their instruments by that date.

3. Each Government depositing an instrument of ratification, acceptance or approval shall, at the time of such deposit, indicate whether it is an exporting Member or an importing Member.

Article 56

Accession

1. This Agreement shall be open to accession by the Government of any State entitled to sign it.

2. The Council shall determine under which of the annexes to this Agreement the acceding State is to be deemed to be listed, if such State is not listed in any of these annexes.

3. Accession shall be effected by deposit of an instrument of accession with the depositary.

Article 57

Notification of provisional application

1. A signatory Government which intends to ratify, accept or approve this Agreement or a Government which intends to accede to the Agreement, but which has not yet been able to deposit its instrument, may at any time notify the depositary that, in accordance with its constitutional procedures and/or its domestic laws and regulations, it will apply this Agreement provisionally either when it enters into force in accordance with article 58 or, if it is already in force, at a specified date. Each Government giving such notification shall at that time state whether it will be an exporting Member or an importing Member.

2. A Government which has notified under paragraph 1 of this article that it will apply this Agreement either when it enters into force or at a specified date shall, from that time, be a provisional Member. It shall remain a provisional Member until the date of deposit of its instrument of ratification, acceptance, approval or accession.

*Article 58***Entry into force**

1. This Agreement shall enter into force definitively on 1 October 2003, or any time thereafter, if by such date Governments representing at least five exporting countries accounting for at least 80 per cent of the total exports of countries listed in annex A and Governments representing importing countries having at least 60 per cent of total imports as set out in annex B have deposited their instruments of ratification, acceptance, approval or accession with the depositary. It shall also enter into force definitively once it has entered into force provisionally and these percentage requirements are satisfied by the deposit of instruments of ratification, acceptance, approval or accession.

2. This Agreement shall enter into force provisionally on 1 January 2002 if by such date Governments representing at least five exporting countries accounting for at least 80 per cent of the total exports of countries listed in annex A and Governments representing importing countries having at least 60 per cent of total imports as set out in annex B have deposited their instruments of ratification, acceptance, approval or accession, or have notified the depositary that they will apply this Agreement provisionally when it enters into force. Such Governments shall be provisional Members.

3. If the requirements for entry into force under paragraph 1 or paragraph 2 of this article have not been met by 1 September 2002, the Secretary-General of the United Nations shall, at the earliest time practicable, convene a meeting of those governments which have deposited instruments of ratification, acceptance, approval or accession, or have notified the depositary that they will apply this Agreement provisionally. These governments may decide whether to put this Agreement into force definitively or provisionally among themselves, in whole or in part, on such date as they may determine or to adopt any other arrangement as they may deem necessary.

4. For a Government on whose behalf an instrument of ratification, acceptance, approval or accession or a notification of provisional application is deposited after the entry into force of this Agreement in accordance with paragraph 1, paragraph 2 or paragraph 3 of this article, the instrument or notification shall take effect on the date of such deposit and, with regard to notification of provisional application, in accordance with the provisions of paragraph 1 of article 57.

*Article 59***Reservations**

Reservations may not be made with respect to any of the provisions of this Agreement.

*Article 60***Withdrawal**

1. At any time after the entry into force of this Agreement, any Member may withdraw from this Agreement by giving

written notice of withdrawal to the depositary. The Member shall immediately inform the Council of the action it has taken.

2. Withdrawal shall become effective 90 days after the notice is received by the depositary. If, as a consequence of withdrawal, membership in this Agreement falls below the requirements provided for in paragraph 1 of article 58 for its entry into force, the Council shall meet in special session to review the situation and to take appropriate decisions.

*Article 61***Exclusion**

If the Council finds, under paragraph 3 of article 51, that any Member is in breach of its obligations under this Agreement and decides further that such breach significantly impairs the operation of this Agreement, it may, by special vote, exclude such Member from the Organization. The Council shall immediately notify the depositary of any such exclusion. Ninety days after the date of the Council's decision, that Member shall cease to be a member of the Organization.

*Article 62***Settlement of accounts with withdrawing or excluded Members**

The Council shall determine any settlement of accounts with a withdrawing or excluded Member. The Organization shall retain any amounts already paid by a withdrawing or excluded Member, and such Member shall remain bound to pay any amounts due from it to the Organization at the time the withdrawal or the exclusion becomes effective, except that, in the case of a Contracting Party which is unable to accept an amendment and consequently ceases to participate in this Agreement under the provisions of paragraph 2 of article 64, the Council may determine any settlement of accounts which it finds equitable.

*Article 63***Duration, extension and termination**

1. This Agreement shall remain in force until the end of the fifth full cocoa year after its entry into force, unless extended under paragraph 3 of this article, or terminated earlier under paragraph 4 of this article.

2. While this Agreement is in force, the Council may, by special vote, decide to renegotiate it with a view to having the renegotiated agreement enter into force at the end of the fifth cocoa year referred to in paragraph 1 of this article, or at the end of any period of extension decided upon by the Council under paragraph 3 of this article.

3. The Council may, by special vote, extend this Agreement in whole or in part for two periods not exceeding two cocoa years each. The Council shall notify the depositary of any such extension.

4. The Council may at any time, by special vote, decide to terminate this Agreement. Such termination shall take effect on such date as the Council shall decide, provided that the obligations of Members under article 26 shall continue until the financial liabilities relating to the operation of this Agreement have been discharged. The Council shall notify the depositary of any such decision.

5. Notwithstanding the termination of this Agreement by any means whatsoever, the Council shall remain in being for as long as necessary to carry out the liquidation of the Organization, settlement of its accounts and disposal of its assets. The Council shall have during that period the necessary powers for the conclusion of all administrative and financial matters.

6. Notwithstanding the provisions of paragraph 2 of article 60, a Member which does not wish to participate in this Agreement as extended under this article shall so inform the depositary and the Council. Such Member shall cease to be a party to this Agreement from the beginning of the period of extension.

Article 64

Amendments

1. The Council may, by special vote, recommend an amendment of this Agreement to the Contracting Parties. The amendment shall become effective 100 days after the depositary has received notifications of acceptance from Contracting Parties representing at least 75 per cent of the exporting Members holding at least 85 per cent of the votes of the exporting Members, and from Contracting Parties representing at least 75 per cent of the importing Members holding at least 85 per cent of the votes of the importing Members, or on such later date as the Council may, by special vote, have determined. The Council may fix a time within which Contracting Parties shall notify the depositary of their acceptance of the amendment, and, if the amendment has not become effective by such time, it shall be considered withdrawn.

2. Any Member on behalf of which notification of acceptance of an amendment has not been made by the date on which such amendment becomes effective shall, as of that date, cease to participate in this Agreement, unless the Council decides to extend the period fixed for acceptance for such Member to enable it to complete its internal procedures.

Such Member shall not be bound by the amendment before it has notified its acceptance thereof.

3. Immediately upon adoption of a recommendation for an amendment the Council shall communicate to the depositary copies of the text of the amendment. The Council shall provide the depositary with the information necessary to determine whether the notifications of acceptance received are sufficient to make the amendment effective.

CHAPTER XVII

SUPPLEMENTARY AND TRANSITIONAL PROVISIONS

Article 65

Special Reserve Fund

1. A Special Reserve Fund shall be maintained for the sole purposes of meeting the eventual liquidation expenses of the Organization. The Council shall decide how the interest earned on this Fund will be used.

2. The Special Reserve Fund established by the Council under the International Cocoa Agreement, 1993, shall be transferred to this Agreement for the purpose set out under paragraph 1.

3. A non-member of the International Cocoa Agreement, 1993, which becomes a Member of this Agreement shall be required to contribute to the Special Reserve Fund. The contribution of such Member shall be assessed by the Council on the basis of the number of votes to be held by the Member.

Article 66

Other supplementary and transitional provisions

1. This Agreement shall be considered as a replacement of the International Cocoa Agreement, 1993.

2. All acts by or on behalf of the Organization or any of its organs under the International Cocoa Agreement, 1993, which are in effect on the date of entry into force of this Agreement and the terms of which do not provide for expiry on that date shall remain in effect unless changed under the provisions of this Agreement.

ANNEX A

Exports of cocoa ^(a) calculated for the purposes of article 58 (Entry into force)

Country ^(b)		1996/97	1997/98	1998/99	Average Three-year period 1996/97-1998/99	
		(tonnes)	(tonnes)	(tonnes)	(tonnes)	(Share)
Côte d'Ivoire	m	1 080 296	1 162 008	1 325 710	1 189 338	47,72 %
Ghana	m	323 906	381 174	409 578	371 553	14,91 %
Indonesia		321 431	304 558	379 181	335 057	13,44 %
Nigeria	m	145 670	133 784	189 311	156 255	6,27 %
Cameroon	m	115 373	110 334	119 834	115 180	4,62 %
Malaysia	m	89 201	57 761	71 705	72 889	2,92 %
Ecuador	m	107 965	24 069	69 897	67 310	2,70 %
Brazil	m	59 770	58 972	16 736	45 159	1,81 %
Dominican Republic	m	43 712	56 328	22 120	40 720	1,63 %
Papua New Guinea	m	28 220	25 727	35 206	29 718	1,19 %
Venezuela	m	10 162	8 133	9 624	9 306	0,37 %
Togo	m	9 000	5 924	6 849	7 258	0,29 %
Guinea		6 260	9 000	5 090	6 783	0,27 %
Peru	m	6 865	7 302	4 699	6 289	0,25 %
Equatorial Guinea		3 630	5 240	4 140	4 337	0,17 %
Sao Tome and Principe	m	2 850	3 520	4 600	3 657	0,15 %
Solomon Islands		3 729	4 036	2 680	3 482	0,14 %
Haiti		4 070	3 275	1 682	3 009	0,12 %
Sierra Leone	m	4 100	2 110	2 700	2 970	0,12 %
Tanzania		3 200	3 160	2 410	2 923	0,12 %
Congo, Dem. Rep. of		2 500	2 600	2 460	2 520	0,10 %
Madagascar		1 853	3 187	2 482	2 507	0,10 %
Honduras		2 737	1 679	2 766	2 394	0,10 %
Costa Rica		3 746	2 476	- 936	1 762	0,07 %
Liberia		670	1 980	2 000	1 550	0,06 %
Uganda		1 260	710	2 030	1 333	0,05 %
Vanuatu		960	1 207	1 416	1 194	0,05 %
Grenada	m	1 020	1 134	966	1 040	0,04 %
Congo		870	1 085	950	968	0,04 %
Jamaica	m	1 248	1 034	496	926	0,04 %
Colombia		5 567	804	- 3 809	854	0,03 %
Trinidad and Tobago	m	809	973	615	799	0,03 %
Gabon	m	700	542	668	637	0,03 %
Cuba		387	466	179	344	0,01 %
Dominica		230	165	100	165	0,01 %
Nicaragua		98	49	159	102	—
Belize		40	140	50	77	—
Benin	m	- 5	193	- 5	61	—
Fiji		50	20	105	58	—
Saint Lucia		1	22	2	8	—
Samoa		7	2	—	3	—
Total ^(c)		2 394 158	2 386 883	2 696 446	2 492 496	100,00 %

Notes:

^(a) Three-year average, 1996/97-1998/99 of net exports of cocoa-beans plus net exports of cocoa products converted to beans equivalent using the following conversion factors: cocoa butter 1,33; cocoa powder and cake 1,18; cocoa paste/liquor 1,25.

^(b) List restricted to countries which individually exported cocoa in the three-year period 1996/97 to 1998/99, based on information available to the ICCO Secretariat.

^(c) Totals may differ from the sum of constituents due to rounding.

m Member of the International Cocoa Agreement, 1993 as at 31 January 2001.

— nil, negligible or less than the unit employed.

Source: International Cocoa Organization, *Quarterly Bulletin of Cocoa Statistics*, Vol. XXVII, No. 1, Cocoa Year 2000/01.

ANNEX B

Imports of cocoa ^(a) calculated for the purposes of Article 58 (Entry into force)

Country ^(b)		1996/97	1997/98	1998/99	Average Three-year period 1996/97-1998/99	
		(tonnes)	(tonnes)	(tonnes)	(tonnes)	(Share)
United States		595 346	680 584	652 266	642 732	19,20 %
Germany	m	449 538	449 604	364 642	421 261	12,59 %
Netherlands	m	505 869	361 629	385 815	417 771	12,48 %
France	m	278 958	278 264	314 113	290 445	8,68 %
United Kingdom	m	223 194	243 177	309 038	258 470	7,72 %
Belgium/Luxembourg	m	152 423	143 102	117 878	137 801	4,12 %
Italy	m	113 478	116 406	111 943	113 942	3,40 %
Spain	m	95 622	123 784	107 130	108 845	3,25 %
Canada		91 592	112 974	101 293	101 953	3,05 %
Russian Federation	m	92 945	98 261	81 676	90 961	2,72 %
Japan	m	90 530	75 848	82 532	82 970	2,48 %
Singapore		72 305	70 593	76 699	73 199	2,19 %
Poland		55 374	52 656	61 167	56 399	1,69 %
Switzerland	m	50 683	45 992	53 261	49 979	1,49 %
Australia		46 378	45 812	51 475	47 888	1,43 %
China		37 038	33 908	35 075	35 340	1,06 %
Austria	m	31 906	34 118	35 848	33 957	1,01 %
Argentina		31 897	34 857	33 864	33 539	1,00 %
Turkey		26 443	24 559	21 945	24 316	0,73 %
Sweden	m	21 687	21 098	20 591	21 125	0,63 %
Czech Republic	m	19 488	17 335	14 551	17 125	0,51 %
Estonia		29 615	26 394	- 6 850	16 386	0,49 %
Denmark	m	13 280	16 937	17 043	15 753	0,47 %
Ireland	m	16 003	15 340	15 048	15 464	0,46 %
South Africa		17 587	13 717	13 359	14 888	0,44 %
Philippines		15 711	13 636	15 257	14 868	0,44 %
Ukraine		9 584	18 684	15 017	14 428	0,43 %
Mexico ^(c)		7 889	11 694	22 036	13 873	0,41 %
Thailand		15 242	13 446	12 888	13 859	0,41 %
Hungary	m	12 683	13 893	12 893	13 156	0,39 %
Korea, Republic of		14 776	9 999	12 574	12 450	0,37 %
Finland	m	12 110	11 020	10 147	11 092	0,33 %
Greece	m	6 863	14 065	12 124	11 017	0,33 %
Chile		9 622	11 004	9 972	10 199	0,30 %
Norway	m	9 349	8 755	9 225	9 110	0,27 %
Romania		8 943	9 226	8 194	8 788	0,26 %
New Zealand		8 585	8 322	9 231	8 713	0,26 %
Slovak Republic	m	8 846	9 080	8 176	8 701	0,26 %
Israel		8 995	9 347	7 628	8 657	0,26 %
Egypt	m	5 893	6 290	8 841	7 008	0,21 %
Yugoslavia, Fed. Rep. of		6 656	4 704	4 032	5 131	0,15 %
Croatia		4 579	4 670	2 873	4 041	0,12 %
Algeria		2 237	4 024	5 027	3 763	0,11 %
Bulgaria		2 993	2 980	4 979	3 651	0,11 %
Portugal	m	3 605	3 714	3 574	3 631	0,11 %
Lithuania		3 742	3 968	3 006	3 572	0,11 %
Belarus		2 647	3 362	3 582	3 197	0,10 %
Syrian Arab Republic		1 602	4 968	2 828	3 133	0,09 %
Iran		2 548	4 079	1 998	2 875	0,09 %
Hong Kong		1 666	3 183	3 371	2 740	0,08 %
India ^(c)		1 389	2 677	3 386	2 484	0,07 %
Morocco		2 416	2 611	1 932	2 320	0,07 %

Country ^(b)	1996/97	1997/98	1998/99	Average Three-year period 1996/97-1998/99	
	(tonnes)	(tonnes)	(tonnes)	(tonnes)	(Share)
Latvia	2 469	2 626	1 653	2 249	0,07 %
Tunisia	1 713	1 598	2 282	1 864	0,06 %
Saudi Arabia	944	2 333	2 070	1 782	0,05 %
Uruguay	1 402	1 377	1 633	1 471	0,04 %
Lebanon	1 004	1 169	1 370	1 181	0,04 %
Kazakhstan	1 572	1 066	898	1 179	0,04 %
Slovenia	873	1 079	1 433	1 128	0,03 %
Macedonia (FYR)	1 343	819	801	988	0,03 %
Jordan	646	1 114	960	907	0,03 %
Iceland	613	965	602	727	0,02 %
Kenya	476	1 075	489	680	0,02 %
Vietnam	413	566	885	621	0,02 %
Pakistan	483	389	885	586	0,02 %
Republic of Moldova	635	474	548	552	0,02 %
Panama ^(c)	393	304	229	309	0,01 %
Cyprus	318	304	304	309	0,01 %
Bolivia	158	188	505	284	0,01 %
Sri Lanka ^(c)	176	302	355	278	0,01 %
Uzbekistan	87	133	173	131	—
Zimbabwe	54	141	142	112	—
Libyan Arab Jamahiriya	59	42	224	108	—
Albania	83	116	122	107	—
Guatemala ^(c)	- 29	- 38	376	103	—
Bosnia and Herzegovina	116	53	135	101	—
Georgia	100	100	100	100	—
Malta	49	40	56	48	—
El Salvador	24	18	71	38	—
Zambia	24	—	48	24	—
Saint Vincent/Grenadines	13	5	18	12	—
Barbados	12	9	5	9	—
Total ^(d)	3 366 573	3 368 717	3 305 565	3 346 952	100,00 %

Notes:

^(a) Three-year average, 1996/97-1998/99 of net imports of cocoa-beans plus gross imports of cocoa products converted to beans equivalent using the following conversion factors: cocoa butter 1,33; cocoa powder and cake 1,18; cocoa paste/liquor 1,25.

^(b) List restricted to countries which individually imported cocoa in the three-year period 1996/97 to 1998/99, based on information available to the ICCO Secretariat.

^(c) Country may also qualify as an exporting country.

^(d) Totals may differ from the sum of constituents due to rounding.

m Member of the International Cocoa Agreement, 1993 as at 31 January 2000.

— nil, negligible or less than the unit employed.

Source: International Cocoa Organization, *Quarterly Bulletin of Cocoa Statistics*, Vol. XXVII, No. 1, Cocoa Year 2000/01.

ANNEX C

Producing countries exporting either exclusively or partially fine or flavour cocoa

Costa Rica

Saint Lucia

Dominica

Saint Vincent and the Grenadines

Ecuador

Samoa

Grenada

Sao Tome and Principe

Indonesia

Sri Lanka

Jamaica

Suriname

Madagascar

Trinidad and Tobago

Panama

Venezuela

Papua New Guinea
