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ICCO *AD HOC* PANEL ON FINE OR FLAVOUR COCOA
Boardroom, 22, Berners Street, London, Friday, 18 January 2008

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

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OPENING OF THE MEETING

1. The second meeting of the ICCO *Ad Hoc* Panel on Fine or Flavour Cocoa for the review of Annex “C” of the International Cocoa Agreement, 2001 was held in London on 18 January 2008. The meeting was opened by its Chairman, Mr. Edward S. Seguine of Guittard Chocolate Company, USA.
2. The Chairman welcomed all participants to the meeting. He noted that the duties of the Panel were to review the proportions of fine or flavour cocoa produced by the countries listed in Annex “C” of the International Cocoa Agreement, 2001 and to consider the submission by the Dominican Republic and any other country for inclusion in Annex “C”. In each case, the Panel had to consider the specific conditions in the country regarding production, exports, quality assessment, as well as traders’ and chocolate manufacturers’ confidence in the origin of the fine or flavour cocoa.

ESTABLISHMENT OF THE MEMBERSHIP OF THE PANEL

3. The Executive Director recalled Article 46 of the International Cocoa Agreement, 2001 which stipulates that the International Cocoa Council may, at any time during the lifetime of the Agreement, review Annex “C” related to the producing countries exporting exclusively or partially fine or flavour cocoa. To this effect, the Executive Director had invited experts in the production and marketing of fine or flavour cocoa to participate in the *Ad Hoc* Panel to advise the Council accordingly.
4. The Executive Director welcomed all participants to the meeting and thanked in particular the members of the Panel for taking time to participate in the work of the Panel. The Panel consisted of 12 experts in the production and marketing of fine or flavour cocoa, seven of whom had participated in the first meeting of the Panel in December 2004. In addition, at the invitation of the Executive Director to all cocoa producing countries (document ED(MEM)879), four experts had been nominated by the Dominican Republic, Ecuador, Papua New Guinea and Trinidad & Tobago to introduce and to support their case. The list of members of the Panel is provided in the attached Annex to this document.

ADOPTION OF AGENDA

5. The Executive Director presented the draft agenda as contained in document FFP/2/1. The draft agenda was adopted by the Panel.

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

6. The Secretariat submitted document FFP/2/2 containing information on the fine or flavour cocoa market. The purpose of this paper was to assist the Panel to determine the most appropriate proportions of fine or flavour cocoa produced by the countries already listed in Annex “C” as well as by the Dominican Republic. The Panel reviewed some background information presented in the document on the production and marketing of fine or flavour cocoa as well as details of the work performed in this area by the ICCO Secretariat in recent years. The Secretariat noted that the

classification of fine or flavour cocoa producing countries under Annex “C” of the successive International Cocoa Agreements had changed twice in the past. The original classification covered the International Cocoa Agreements of 1972, 1975, 1980 and 1986. The classification had then been revised leading to a new list covering the 1993 Agreement and the current 2001 Agreement up to March 2005. The second and latest revision was relatively recent as it had been adopted by the ICCO Council in March 2005 following the meeting of the Panel in December 2004. The Panel reviewed some statistical information related to the price, volume, quality and valuation of the various origins by the market contained in the document.

7. The Chairman invited the nominated experts for the Dominican Republic, Ecuador, Papua New Guinea and Trinidad & Tobago to give their presentations in turn. After each presentation, the Panel deliberated on the fine or flavour status of the cocoa exported by each of the four countries.

Dominican Republic

8. After a brief introduction by Dr. José Antonio Martínez Rojas from the *Comisión Nacional del Cacao*, Mr. Idelfonso Medina García, from *Rizek Cacao*, gave a presentation on the cocoa sector in the Dominican Republic. The Dominican Republic requested to be recognized as a producer of fine or flavour cocoa, with 80% of its cocoa exported considered as fine or flavour cocoa. Mr. Medina García supported this request by providing Panel members with information on the characteristics of the genetic material on the ground, on the situation regarding post harvest treatment and recent investments undertaken in the sector as well as on the premium received by the country’s cocoa exporters. Recognizing the measures recently put into place in the country, Panel members acknowledged that the country has been producing fine or flavour cocoa and that the situation was expected to continue to improve. After deliberations, **the Panel made the recommendation to the Council to include the Dominican Republic in Annex “C” of the International Cocoa Agreement, 2001, as a producing country exporting fine or flavour cocoa to a proportion of 40%.**

Ecuador

9. After a brief introduction by Dr. Deborah Salgado Campaña, Minister and Chargé d’Affaires of the Embassy of Ecuador in London, Mr. Freddy Amores, from the *Instituto Nacional Autónomo de Investigaciones Agropecuarias* (INIAP), gave a presentation on the cocoa sector in Ecuador. Ecuador requested that 95% of its exports be considered as fine or flavour cocoa. Mr. Amores supported this request by providing the Panel with information on the specific characteristics of the *Nacional* cocoa beans, on farmers training on quality improvement and on recent efforts undertaken by the Government of Ecuador to avoid the blending of *Nacional* cocoa beans with CCN-51 cocoa beans. Indeed, he noted that CIRAD was to conduct a project to determine if batches at port level contain any blend from *Nacional* and CCN-51 cocoa beans. Dr. Emile Cros from CIRAD advised that it would take approximately two-and-a-half years before achieving this task. The Panel stressed that, in spite of the ministerial decision taken by the Government of Ecuador to prohibit any blending of *Nacional* cocoa batches with CCN-51 cocoa, the situation regarding the blending had not improved since the previous meeting of the Panel in December 2004. The Panel noted that significant progress could be made if a better system to enforce the ministerial decision was put into place. However, after deliberations, **the Panel recommended to maintain the “status quo” of the percentage established under the International Cocoa Agreement, 1993, namely 75%.**

Papua New Guinea

10. After a brief introduction by H.E. Ms. Jean Kekedo OBE, High Commissioner of Papua New Guinea in London, Dr. Smilja Lambert from Mars Inc. gave a presentation on the cocoa sector in Papua New Guinea. The country requested to be reinstated to the original proportion of 75% as classified under the International Cocoa Agreements of 1972, 1975, 1980 and 1986. Dr. Lambert supported this request with information on the results of the ICCO/CFC project (“Project to Establish the Physical, Chemical and Organoleptic Parameters to Differentiate between Fine/flavour and Bulk Cocoa”) as well as with information on the planting materials, the quality control system and on the characteristics of the Asian and Oceania regional markets. The Panel noted that a small share of the cocoa exported had a smoky taste and could not be considered as fine or flavour cocoa. However, members of the Panel acknowledged that Papua New Guinea had a uniform genetic base and that most of the cocoa exported could be considered as fine or flavour type. After deliberations, **the Panel recommended to accede to Papua New Guinea’s request, recognizing the country as a producing country exporting fine or flavour cocoa to a proportion of 75%.**

Trinidad & Tobago

11. Dr. David Butler from the Cocoa Research Unit (CRU) gave a presentation on the cocoa sector in Trinidad & Tobago. He emphasized the measures taken by the country to ensure the high quality of the cocoa beans produced as well as the plan to increase production in the next ten years. After deliberations, **the Panel recommended to maintain the “status quo” of the percentage (100%), recognizing Trinidad & Tobago as an exclusive exporter of fine or flavour cocoa.**

12. The Panel deliberated on each of the other countries listed in Annex “C” of the Agreement, considering in each case the specific conditions in the country regarding production, export deliveries, quality assessment and traders’ and chocolate manufacturers’ confidence in the origin of the fine or flavour cocoa. The Panel agreed on the percentages of export of fine or flavour cocoa and provided comments and remarks on each of the countries (as shown in the attached table).

13. In view of the recent developments in several cocoa producing countries exporting fine or flavour cocoa, **the Panel decided to request the Council to convene a further meeting of the Ad Hoc Panel on Fine or Flavour Cocoa in January 2009 in London to review Annex “C” of the International Cocoa Agreement, 2001.**

OTHER BUSINESS

14. There were no items of other business.

**RECOMMENDATION OF THE AD HOC PANEL ON THE REVIEW OF ANNEX C OF THE
INTERNATIONAL COCOA AGREEMENT, 2001**

Countries	<i>Previous decision March 2005 (% total export)</i>	<i>Recommendation January 2008 (% of total export)</i>	Comments and remarks
Colombia	100%	100%	Only a small volume of the cocoa beans produced is exported. The Panel recommends maintaining the country as an exclusive exporter of fine or flavouring cocoa.
Costa Rica	- a/	100%	The Panel recommends establishing the country as an exclusive exporter of fine or flavour cocoa.
Dominica	- a/	- a/	Insufficient information was available to recommend a specific percentage of total export.
Dominican Republic	- b/	40%	The Panel recognized that the country had fine or flavour cocoa varieties and that the measures recently put into place had led to improved quality. The Panel recommends including Dominican Republic as a partial fine or flavour cocoa exporting country.
Ecuador	75%	75%	The Panel recommends maintaining the “ <i>status quo</i> ” of the percentage established under the 1993 Agreement. The Panel stressed that, in spite of the ministerial decision taken by the Government of Ecuador to prohibit any blending of <i>Nacional</i> cocoa batches with CCN-51 cocoa, the situation had not improved since the Panel last met in December 2004. The Panel recommends reviewing the situation in one year expecting that effective measures will be put into place to avoid any blending of fine cocoa with CCN-51 cocoa.
Grenada	100%	100%	The Panel recognized the high quality of the cocoa beans exported by Grenada.
Indonesia	1%	1%	The Panel recommends continuing to monitor the developments in the country which could lead to a higher percentage in the future.
Jamaica	100%	100%	The Panel recommends continuing to monitor the developments in the country as some members of the Panel reported some quality problems.
Madagascar	100%	100%	The Panel recognized the high quality of the cocoa beans.
Papua New Guinea	25%	75%	The Panel acknowledged that most of the cocoa exported could be considered as fine or flavour type.
Peru	- c/	100%	Only a small volume of the cocoa beans produced is exported. The Panel recommends recognizing the country as an exclusive fine or flavour exporter.
Saint Lucia	100%	100%	The Panel recognized the high quality of the cocoa beans.

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

CONTD.

Countries	<i>Previous decision March 2005 (% total export)</i>	<i>Recommendation January 2008 (% of total export)</i>	Comments and remarks
São Tome and Principe	35%	35%	The Panel noted a number of improvement efforts underway. To be reviewed again in the nearest future.
Trinidad & Tobago	100%	100%	The Panel recognized the very high quality of the cocoa beans.
Venezuela	75% or 100%	75%	The Panel recognized that there were variations in quality.
Brazil	- b/	- b/	The Panel noted that, as yet, there were no fine or flavour cocoa exports. To be reviewed again in the near future.

Notes:

- a/ The *Ad Hoc* Panel noted that there was insufficient information to recommend a percentage of total export.
- b/ The *Ad Hoc* Panel did not consider the country as a producing country exporting fine or flavour cocoa.
- c/ The 2004 *Ad Hoc* Panel recommended that Peru be recognized as a fine/flavour exporter, without giving a percentage as export volumes were considered to be very limited.

ANNEX

LIST OF PARTICIPANTS

A. MEMBERS OF THE AD HOC PANEL

Independent experts

1.	Mr. Edward S. Seguine	-	Guittard Chocolate Company, USA	Chairman
2.	Mr. Naotake Chikaraishi	-	Cargill Japan Ltd, UK	Member
3.	Mr. Emile Cros	-	CIRAD, France	Member
4.	Mr. René Dardel	-	Lindt & Sprüngli AG, Switzerland	Member
5.	Dr. Martin Gilmour	-	Mars Inc., UK	Member
6.	Mrs. Irene Kaestli	-	Barry Callebaut, Switzerland	Member
7.	Mr. Wilhelm Kessler	-	Walter Matter SA, Switzerland	Member
8.	Mr. Jan Kips	-	Daarnhouwer & Co BV, The Netherlands	Member
9.	Mr. Tony Lass MBE	-	B.C.C.C.A., UK	Member
10.	Mr. Jürgen Rausch	-	Rausch Schokoladen GmbH, Germany	Member
11.	Dr. Ulrich Schoch	-	Lindt & Sprüngli AG, Switzerland	Member
12.	Mr. Heiner Sperling	-	Schluter & Maack, Germany	Member
13.	Ms. Pamela Thornton	-	Armajaro Asset Management, UK	Member

Experts from Member countries

14.	Mr. Freddy Amores	-	INIAP, Ecuador	Member
15.	Dr. David Butler	-	Cocoa Research Unit, Trinidad	Member
16.	Mr. Idelfonso Medina García	-	Rizek Cacao, Dominican Republic	Member
17.	Dr. Smilja Lambert	-	Mars Inc., Australia	Member

B. OBSERVERS

Brazil

1.	Mr. Nicolas Maillot	-	Apanole Exportação Ltda, Brazil
2.	Mr. Olivier Pierre	-	APCFE, Brazil

Congo, Democratic Republic of

3.	Mr. Corneille Tabalo	-	Embassy of the Democratic Republic of Congo, UK
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Côte d'Ivoire

4.	Mrs. Nathalie Gisele Asse	-	RPPB-Côte d'Ivoire, UK
5.	Mr. Saint-Cyr Djikalou	-	Spokesman for Producing Countries of ICCO
6.	Mr. Mel Eric Gahie	-	RPPB-Côte d'Ivoire, UK

Cuba

7. Mr. Alejandro Gutiérrez Madrigal Cuban Embassy, UK

Dominican Republic

8. Mr. Gabriel Roig Alfaro - Comisión Nacional del Cacao, Dominican Republic
 9. Ing. Diego Antonio Borbón - Secretaria de Estado de Agricultura, Dominican Republic
 10. Dr. José Antonio Martínez Rojas Comisión Nacional del Cacao, Dominican Republic
 11. Ing. Gregorio García Salazar - Comisión Nacional del Cacao, Dominican Republic

Ecuador

12. Mr. Paul Moreno Cevallos - Embassy of Ecuador, UK
 13. Dr. Deborah Salgado Campaña Embassy of Ecuador, UK
 14. Mrs. Lourdes Delgado - ANECACAO, Ecuador

Germany

15. Dr. Karsten Keunecke - BSDI, Germany
 16. Mr. Biki Khurana - Rausch Schokoladen GmbH, Germany
 17. Dr. Reinhard Lieberei - University of Hamburg, Germany
 18. Mr. Ruediger Ohst - Federal Ministry of Consumer Protection, Food and Agriculture, Germany
 19. Mr. Hagen Streichert - Spokesman for Consuming Countries of ICCO

Indonesia

20. Mrs. Yatty Husniaty - Embassy of the Republic of Indonesia, UK

Madagascar

21. Mr. Dominique Andreas - Millot S.A. – Spiceo S.A., Madagascar
 22. Mr. Philippe Fontayne - Millot S.A. – Spiceo S.A., Madagascar

Malaysia

23. Dr. Ismail Azhar - Malaysian Cocoa Board, Malaysia
 24. Mr. Akhan Ehtook - Ministry of Plantation Industries & Commodities, Malaysia
 25. Mrs. Nurmala Bt Abd. Rahim- Ministry of Plantation Industries & Commodities, Malaysia

Netherlands, The

26. Mr. Jacobus Rietveld - Cargill, The Netherlands

Nigeria

27. Mr. Napoleon Ogu Abalaka - Federal Ministry of Commerce and Industry, Nigeria
 28. Mr. Abass Zibiri Aliu - Central Bank of Nigeria, Nigeria
 29. Dr. Victor Iyama - Cocoa Association of Nigeria, Nigeria
 30. Mr. Musa Surhyel Mshelia - Central Bank of Nigeria, Nigeria

Papua New Guinea

31. H.E Ms. Jean Kekedo OBE - High Commissioner of Papua New Guinea, UK
 32. Mr. Lauatu Tautea - Cocoa Board of Papua New Guinea, Papua New Guinea
 33. Mr. Barnabas Toreu - Cocoa Board of Papua New Guinea, Papua New Guinea

Spain

34. Mr. Manuel Altimira Alegre - Spanish Embassy, UK

Switzerland

35. Mr. Christopher Wunderlich - International Institute for Sustainable Development, Switzerland

United Kingdom

36. Mr. Gerard Stapleton - LMC International, UK

European Commission

37. Mr. Enzo Barattini - European Commission, Belgium

C. ICCO SECRETARIAT

1. Dr. Jan Vingerhoets - Executive Director
2. Dr. Jean-Marc Anga - Director of the Economics and Statistics Division
3. Mr. Moisés Gomez - Project Officer
4. Dr. Michele Nardella - Econometrician
5. Mr. Laurent Pipitone - Senior Statistician
6. Mrs. Veena Ramgulam - Statistician
7. Mrs. Maria Shaw - Information Officer