

IN THE FOURTH SESSION OF THE FIFTH PARLIAMENT OF THE FOURTH REPUBLIC OF GHANA

REPORT OF THE
FINANCE COMMITTEE

ON THE

**INTERNATIONAL COCOA
AGREEMENT (ICA) 2010**

JUNE 2012

1.0 INTRODUCTION

The International Cocoa Agreement (ICA) 2010 was laid in the House on 21st March, 2012 and referred to the Finance Committee for consideration and report.

The Committee met and discussed the Agreement with the Deputy Minister of Finance and Economic Planning, Hon. Seth Tekper and officials from the Ministry of Finance and Economic Planning and Ghana Cocoa Board (COCOBOD) and hereby submits this report to the House.

2.0 BACKGROUND

The International Cocoa Agreement (ICA) 2010 was concluded through negotiations and consensus at the United Nations Cocoa Conference held in Geneva from 21st to 25th June, 2010 under the auspices of the United Nations Conference for Trade and Development (UNCTD).

The ICA 2010 is the seventh in a series of international cocoa agreements. The 2010 Agreement aims to build on the successes of its predecessor by implementing measures aimed at increasing the income of cocoa farmers and by supporting cocoa producers in improving the functioning of their cocoa economies, in particular by developing projects to tackle specific issues.

The private sector and civil society are expected to play a key role in achieving the objectives of the Agreement through the Consultative Board on the World Cocoa Economy.

Ghana has been a signatory to all the six (6) International Cocoa Agreements; viz 1972, 1975, 1980, 1986, 1993 and 2001 all of which tended to ensure the development of the world cocoa economy. Over the years, these Agreements have ensured close international cooperation and transparency on

cocoa matters. It also ensures continuous dialogue between stakeholders in the cocoa value chain which has immensely contributed to the achievement of a sustainable world cocoa economy.

2.1 PURPOSE OF THE AGREEMENT

The objective of the International Cocoa Agreement 2010 is to strengthen the global cocoa sector, support its sustainable development and increase the benefits to all stakeholders.

3.0 CONTENTS OF THE AGREEMENT

The Agreement contains a preamble, eighteen chapters and three Annexes.

CHAPTER I contains the objectives of the Agreement. The objectives to promote international cooperation in the world cocoa economy, provide appropriate framework for discussion on all cocoa matters among governments and with the private sector, encourage members to promote cocoa quality and to develop appropriate food safety procedures in the cocoa sector among other things; all with the view to strengthening the global cocoa sector, supporting its development and increasing the benefits to all stakeholders.

CHAPTER II is on "Definitions" or interpretations. Terms defined include "Cocoa", "fine or flavor cocoa", "cocoa products", "chocolate and chocolate products", "stocks of cocoa beans", "cocoa year", "Organization", "Council", "contracting party", "Member", "importing country or importing member", "exporting country or exporting member", "export of cocoa", "a sustainable cocoa economy", "private sector", "indicator price", "Special Drawing Right (SDR)", "tonne", "simple distributed majority vote", "special vote" and "entry into force".

CHAPTER III provides for the continued existence of the International Cocoa Organization. The Chapter also provides for the headquarters, function and membership of the organization.

CHAPTER IV is the International Cocoa Council; its composition, meetings, powers and functions, sections, voting and other rules of procedure.

All Members of the Organization are members of the Council.

CHAPTER V is on the Secretariat of the International Cocoa Organization. It provides for the Executive Director and the staff of the organization, work programme and annual report.

CHAPTER VI provides for establishment, composition and meetings of an Administration and Finance Committee

CHAPTER VII covers Finance matters. Issues dealt with in the chapter include liabilities of members, approval of administrative budget and assessment of contributions, payment of contributions to the administrative budget, audit and publication of accounts.

CHAPTER VIII deals with the Economics Committee. Matters covered include establishment, composition and meetings of the Economics Committee.

CHAPTER IX is on market transparency. It covers among other things, information and market transparency, stocks, cocoa substitutes, indicator price, conversion factors, scientific research and development.

CHAPTER X deals with market development. It provides for market analysis, consumption promotion, studies, surveys and reports.

CHAPTER XI deals with fine or flavor cocoa. It empowers the Economics Committee to make proposals for the Organization to devise and implement a system of statistics on production of and trade in fine or flavor cocoa.

CHAPTER XII permits Members to submit project proposals which contribute to the achievement of the objectives of the Agreement and the priority areas of work. Such project proposals shall be examined by the Economics Committee who shall make recommendations to the Council for their approval.

CHAPTER XIII deals with Sustainable Development. It provides for Members to give consideration to improving the standard of living and working conditions of populations engaged in the cocoa sector. It further requires Members to make all necessary efforts to accomplish a sustainable cocoa economy.

CHAPTER XIV provides for the establishment, composition and meetings of the Consultative Board on the World Cocoa Economy which has the mandate to encourage the active participation of experts from the private sector in the work of the International Cocoa Organization and to promote continuous dialogue among experts from the public and private sectors.

CHAPTER XV is on relief from obligations in exceptional circumstances. It empowers the Council to 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.

CHAPTER XVI provides for consultations as well as dispute and complaints resolution mechanisms.

CHAPTER XVII contains "Final Provisions". The Secretary-General of the United Nations is designated as the Depositary of the Agreement. The chapter further cover matters such as signature, ratification, acceptance, approval, accession, notification of provisional application, entry into force, reservations, withdrawal, exclusion, settlement of accounts with withdrawing or excluded Members, duration, extension and termination as well as amendments.

CHAPTER XVIII covers supplementary and transitional provisions.

ANNEXES

ANNEX A contains a schedule of exports of cocoa calculated for the purposes of article 57 (entry into force)

ANNEX B contains a schedule of imports of cocoa calculated for the purposes of article 57 (entry into force)

ANNEX C provides a list of producing countries exporting exclusively or partially fine or flavor cocoa.

4.0 OBSERVATIONS

The Committee observed that the Agreement shall remain in force for a period of ten (10) years and may be extended for two additional four-year periods.

It was noted that the aim of the Agreement is to promote international cooperation in the world cocoa economy, provide an appropriate framework for discussion on all cocoa matters among governments and with the private sector, and to strive towards obtaining fair prices leading to equitable economic returns to both producers and consumers in the cocoa value chain as well as contribute to a balanced development of the world cocoa economy in the interest of all members.

The ICA 2010 also seeks to promote transparency in the world cocoa economy, and in particular in the cocoa trade through the collection, analysis and dissemination of relevant statistics and the undertaking of appropriate studies, and to promote the elimination of trade barriers.

Benefits to be derived from the Agreement include the delivery of better quality cocoa, effective consideration of food safety issues and the establishment of social, economic and environmental sustainability so that farmers are rewarded for producing cocoa that meets ethical and environmental considerations.

The Agreement is also beneficial in strengthening cooperation between exporting and importing member countries, and in improving their cocoa economies through active and better focused project development and strategies for capacity building.

The Agreement strengthens the functions of the International Cocoa Organization (ICCO) as a clearing house for cocoa statistics especially market transparency relating to prices and stocks.

The Committee noted that over the years, Ghana's cocoa industry has played a major role in the country's economic development. It has continued to play this role in terms of its contribution to Gross Domestic Product (GDP), employment generation, and as a major source of foreign exchange earnings. The sector has also made substantial contribution to revenue generation through the payment of export duty, *inter alia*.

The Committee noted that Ghana is a leading player in the international cocoa economy. In the 2010/2011 cocoa season, Ghana's cocoa production reached a record 1,024,000 metric tonnes whilst production for the current 2011/2012 season is projected at 850,000 metric tonnes.

Honourable Members would recall that Parliament on 31st May, 2012 approved a Receivables-backed Trade Finance Facility to the tune of two billion United States Dollars (US\$2,000,000,000.00) for the 2011/2012 cocoa purchases by Ghana Cocoa Board. This is an ample evidence of the significant contribution of the cocoa industry to Ghana's economy.

For purposes of monitoring the evolution of the cocoa market, the Executive Director of the International Cocoa Organization (ICCO) is mandated under the Agreement to compute and publish the ICCO indicator price for cocoa beans.

It was further observed that a Member may voluntarily withdraw from the Agreement at any time by giving a written notice of withdrawal to the Depositary.

The Committee noted that in accordance with article 53 (CHAPTER XVII) of the Agreement, the Agreement shall be open for signature at the United Nations Headquarters from 1 October 2010 until and including 30 September 2012.

It was noted that some of the benefits to be derived from the Agreement include the sharing of knowledge, project benefits, research and development, and international solidarity.

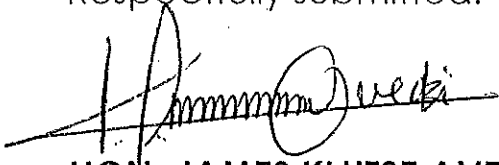
5.0 CONCLUSION

The Committee has critically scrutinized the Agreement and noted the immense benefits derived from previous international cocoa agreements by member countries, especially in the area of international cooperation.

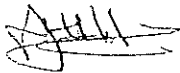
The Committee therefore recommends to the House to ratify by resolution, the **International Cocoa Agreement (ICA) 2010** in

accordance with article 75 of the 1992 Constitution and Standing Orders of the House.

Respectfully submitted.



**HON. JAMES KLUTSE AVEDZI
CHAIRMAN**



**PEACE A. FIAWOYIFE (MS)
CLERK**

5TH JUNE, 2012