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PREAMBLE

The Part as to the Agreement,

(a) *Recognizing* the contribution of the cocoa sector to poverty alleviation and the achievement of the internationally agreed development goals, including the Millennium Development Goals (MDGs);

(b) *Recognizing* the importance of cocoa and the cocoa trade for the economies of developing countries as a source of income for their populations, and recognizing the key contribution of the cocoa tree to their export earnings and to the formulation of social and economic development programmes;

(c) *Recognizing* the importance of the cocoa sector to the livelihoods of millions of people, particularly in developing countries where small-scale farmers rely on cocoa production as a direct source of income;

(d) *Recognizing* that close international cooperation on cocoa matters and continuing dialogue between all stakeholders in the cocoa value chain may contribute to the sustainable development of the world cocoa economy;

(e) *Recognizing* the importance of strategic partnerships between exporting and importing Members to ensure the achievement of a sustainable cocoa economy;

(f) *Recognizing* the need to ensure the transparency of the international cocoa market, for the benefit of both producers and consumers;

(g) *Recognizing* the contribution of the previous International Cocoa Agreements of 1972, 1975, 1980, 1985, 1993, and 2001 to the development of the world cocoa economy;

Hereby agree the following;

CHAPTER I OBJECTIVES

Article 1

Objectives

With a view to strengthening the global cocoa sector, supporting its sustainable development and increasing the benefits to all stakeholders, the objectives of the Second International Cocoa Agreement are:

- (a) To promote international cooperation in the world cocoa economy;
- (b) To provide an appropriate framework for discussion on all cocoa matters among governments, and with the private sector;
- (c) To contribute to the strengthening of the national cocoa economies of Member countries, through the preparation, development, and evaluation of appropriate projects to be submitted to the relevant institutions for financing and implementation and securing finance for projects that benefit Members and the world cocoa economy;
- (d) To strive towards obtaining fair prices leading to equitable economic returns to both producers and consumers in the cocoa value chain, and to contribute to a balanced development of the world cocoa economy in the interest of all Members;
- (e) To promote a sustainable cocoa economy in economic, social and environmental terms;
- (f) To encourage research and the implementation of its findings through the promotion of training and information programmes leading to the transfer to Members of technologies suitable for cocoa;
- (g) 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, as well as to promote the elimination of trade barriers;
- (h) To promote and to encourage consumption of chocolate and cocoa-based products in order to increase demand for cocoa, starting through the promotion of the positive attributes of cocoa, including health benefits, in close cooperation with the private sector;
- (i) To encourage Members to promote cocoa quality and to develop appropriate food safety procedures in the cocoa sector;
- (j) To encourage Members to develop and implement strategies to enhance the capacity of local communities and small-scale farmers to benefit from cocoa production and thereby contribute to poverty alleviation;
- (k) To facilitate the availability of information on financial tools and services that can assist cocoa producers, including access to credit and approaches to managing risk.

CHAPTER II DEFINITIONS

Article 2

Definitions

For the purposes of this Agreement:

1. *Cocoa* means cocoa beans and cocoa products;
2. *For or from cocoa* is meant material for its unique flavour and colour, and produced in countries designated in annex C of this Agreement;

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3. *Cocoa products* means products made exclusively from cocoa beans, such as cocoa paste/liquor, cocoa butter, unsweetened cocoa powder, cocoa cake and cocoa ribs;
4. *Chocolate and chocolate products* are products made from cocoa beans which comply with the *Cocoa International* standard for chocolate and chocolate products;
5. *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;
6. *Cocoa year* means the period of 12 months from 1 October to 30 September inclusive;
7. *Organization* means the International Cocoa Organization referred to in article 3;
8. *Council* means the International Cocoa Council referred to in article 6;
9. *Contracting Party* means a Government, the European Union or an intergovernmental organization as provided for in article 4, which has consented to be bound by this Agreement provisionally or definitively;
10. *Member* means a Contracting Party as defined above;
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. *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 cocoa-producing country whose imports of cocoa, expressed in bean equivalent terms, exceed its exports but whose production of cocoa beans exceeds its imports or whose production exceeds its apparent domestic cocoa consumption¹ may, if it so chooses, be an exporting Member;
13. *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, notwithstanding 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;
14. *A sustainable cocoa economy* implies an integrated value chain in which all stakeholders develop and promote appropriate policies to achieve levels of production, processing and consumption that are economically viable, environmentally sound and socially responsible for the benefit of present and future generations, with the aim of improving productivity and profitability in the cocoa value chain for all stakeholders concerned, in particular for smallholder producers;
15. *Private sector* comprises all private entities which have major 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, fulfill roles that are performed by private entities in other countries;
16. *Reference 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 33;
17. *Special Drawing Right (SDR)* means the Special Drawing Right of the International Monetary Fund;

¹ Calculated as multiples of cocoa beans: this net imports of cocoa products and of chocolate and chocolate value in bean equivalent.

18. *Masse* means a mass of 1,000 kilograms or 2,204.6 pounds and *pecked insects* 453.592 grams;

19. *Simple divided majority vote* means a majority of votes cast by exporting Members and a majority of votes cast by importing Members, counted separately;

20. *Special vote* means two thirds of the votes cast by exporting Members and two thirds of the votes cast by importing Members, counted separately, or a decision that at least five exporting Members and a majority of importing Members are present;

21. *Entry into force* means, except when qualified, the date on which this Agreement first enters into force, whether provisionally or definitively.

CHAPTER III THE INTERNATIONAL COCOA ORGANIZATION (ICCO)

Article 3

Headquarters and structure of the International Cocoa Organization

1. The International Cocoa Organization established by the International Cocoa Agreement, 1971, shall continue in being and shall administer the provisions and supervise the operation of this Agreement.

2. The headquarters of the Organization shall always be located in the territory of a Member.

3. The headquarters of the Organization shall be in London unless the Council decides otherwise.

4. The Organization shall function through:

(a) The International Cocoa Council, which is the highest authority of the Organization;

(b) The subsidiary bodies of the Council, comprising the Administration and Finance Committee, the Economics Committee, the Consultative Board on the World Cocoa Economy, and any other committees established by the Council; and

(c) The Secretariat.

Article 4

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 in such conditions as the Council may establish.

4. Two or more Contracting Parties may, by appropriate notification to the Council and to the Depositary, which will take effect on a date to be specified by the Contracting Parties concerned and on conditions agreed by the Council, declare that they are participating in the Organization as a Member group.

5. Any reference in this Agreement to "Government" or "Governments" shall be construed as including the European Union and any intergovernmental organization having comparable responsibilities in respect of the negotiation, conclusion and implementation of international agreements, in particular commodity agreements. Accordingly, any reference in this Agreement to signature, ratification, accession or