
Committee on Sanitary and Phytosanitary Measures

APPLICANTS FOR OBSERVER STATUS

Note by the Secretariat¹

Addendum

1. An application for observer status in the SPS Committee was received on 14 July 2011 from the International Cocoa Organization (ICCO). Information provided by the ICCO is summarized below.

1. Membership (43)

Austria	Estonia	Lithuania	Russian Federation
Brazil	Finland	Luxembourg	Slovakia
Belgium	France	Malaysia	Slovenia
Bulgaria	Gabon	Malta	Spain
Cameroon	Germany	Netherlands	Sweden
Cote d'Ivoire	Ghana	Nicaragua	Switzerland
Cyprus	Greece	Nigeria	Togo
Czech Republic	Hungary	Papua New Guinea	Trinidad and Tobago
Denmark	Ireland	Poland	United Kingdom
Dominican Republic	Italy	Portugal	Venezuela
Ecuador	Latvia	Romania	

With the exception of the Russian Federation, all member states of the ICCO are WTO Members. The Russian Federation has observer status in WTO bodies as an acceding country.

2. Mandate, Scope and Area of Work

2. The International Cocoa Organization (ICCO) is a global organization, composed of both cocoa producing and cocoa consuming countries. It was established in 1973 to put into effect the first International Cocoa Agreement which was negotiated in Geneva, at a United Nations International Cocoa Conference. The Sixth International Cocoa Agreement was negotiated in 2001 and came into force provisionally on 1 October 2003. In June 2010, the United Nations Cocoa Conference successfully concluded negotiations for the Seventh International Cocoa Agreement which will take effect in 2012.

3. The mission of the ICCO is to facilitate the functioning of the world cocoa market by bringing together both cocoa producing and cocoa consuming countries to work with representatives from the cocoa and chocolate private sector. The mandate of the organization is to attain a sustainable world cocoa economy that incorporates social, economic and environmental factors in the production,

¹ This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights or obligations under the WTO.

processing and consumption of cocoa. This involves the implementation of policies and projects aimed at increasing the incomes of cocoa farmers; improving productivity on cocoa farms; improving the quality of beans; enhancing the transparent functioning of the cocoa trade and; securing market access for producers. The mandate of the ICCO is aimed at simultaneously improving the livelihood of cocoa farming communities whilst responding to consumer demands for food quality and safety. It also aims to address environmental issues and social concerns.

4. For the first time, the current International Cocoa Agreement (2001) explicitly includes a mandate to work towards the development of a sustainable world cocoa market. The concept of sustainability consists of three pillars: environmental, social and most importantly, economic. These pillars should be applied to the production, trade, processing, manufacturing and consumption of cocoa. The economic dimension of sustainability is crucial to the ICCO as the low incomes generated by smallholder cocoa farmers present a major concern. Cocoa farming has to be efficient and productive to ensure decent remuneration for farmers.

5. In June 2010, following consensus between exporting and importing countries, the United Nations Cocoa Conference successfully concluded negotiations on the International Cocoa Agreement (2010). This Agreement will come into effect in October 2012 and is expected to result in increased cooperation between both exporting and importing member states. It seeks to enable the improvement of cocoa sectors through an increased focus on project development and capacity-building strategies. The Agreement also looks to strengthening the implementation of measures that will lead to an increase in the income of cocoa farmers as well as assisting cocoa producers to improve the functioning of their cocoa economies. These measures will improve the quality of exported cocoa and ensure that farmers are rewarded for producing cocoa that meets both ethical and environmental considerations. The Agreement will assist in the achievement of social, economic, and environmental goals.

3. Contribution to the Work of the SPS Committee

6. Cocoa production is the main source of income for millions of smallholder cocoa farmers in Africa and Asia. However, as the production methods of many cocoa farmers have not improved in the past five decades, yields have remained low. Most cocoa farmers are very poor and lack improved cultivation practices to increase their incomes. Without access to required inputs, they are unable to escape from poverty.

7. Providing 70 per cent of the world's global cocoa output, Africa is the largest cocoa producer in the world. Cocoa accounts for a bulk of the foreign exchange earnings of Cameroon, Cote d'Ivoire, Ghana, Nigeria and Togo and is increasingly gaining importance in many other countries such as Sierra Leone and Uganda. However, low cocoa farmer incomes and questionable food quality and safety remain two of the biggest challenges within the African market. To achieve a sustainable cocoa economy, there is a need to address these concerns by increasing the incomes of cocoa farmers, and delivering "total quality" cocoa. These objectives can be met by implementing capacity-building initiatives within cocoa producing countries that will result in quality and safety improvement, which will help increase farmer incomes, and also promote the sustainable use of natural resources for the benefit of future generations.

8. With the assistance of the Standards and Trade Development Facility (STDF), the ICCO has developed a project which aims to mitigate the harmful effects of pesticide residues and other harmful substances in cocoa, and hence maintain market access. Implementation of this project recently started in five cocoa producing countries in West Africa (Cameroon, Côte D'Ivoire, Ghana, Togo and Nigeria) with the support of the STDF and other bilateral donors. The project is designed as a regional "umbrella" programme, with independent country-specific activities and corresponding

budgetary allocations, as well as a number of inter-linked regional activities. It includes the following key components:

- creating awareness among cocoa farmers and other stakeholders along the cocoa supply chain about SPS standards in cocoa;
- enhancing the capacity of relevant stakeholders to apply the rational pesticide use component of Good Agricultural Practices (GAP) and Good Warehouse Practices (GWP);
- enhancing institutional capacity in-country to monitor and enforce adherence to SPS standards in cocoa; and
- strengthening regional collaboration to support institutional capacity in individual countries to apply SPS standards in cocoa.

9. Obtaining observer status in the SPS Committee meetings would improve the ICCO's role of coordination amongst its member states by ensuring their compliance with international standards that seek to protect animal, plant and human health. The ICCO would also be able to assist its members to participate more effectively in the SPS meetings.

4. Reciprocity

10. As an inter-governmental organization, ICCO cannot put certain high level documents of a sensitive nature in the public domain, but will readily share information concerning all technical and SPS-related matters with the WTO SPS Committee secretariat and other stakeholders upon request.
