

WORLD TRADE ORGANIZATION

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Working Party on State Trading Enterprises

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STATE TRADING

New and Full Notification Pursuant to Article XVII:4(a) of the
GATT 1994 and Paragraph 1 of the Understanding on
the Interpretation of Article XVII

TRINIDAD AND TOBAGO

The following communication, dated 17 August 2010, is being circulated at the request of the Delegation of Trinidad and Tobago.

I. ENUMERATION OF STATE TRADING ENTERPRISE**A. IDENTIFICATION OF THE STATE TRADING ENTERPRISE**

The state trading enterprise is the Cocoa and Coffee Industry Board of Trinidad and Tobago.

B. DESCRIPTION OF PRODUCTS AFFECTED

The products affected are as follows:

PRODUCT	TARIFF NUMBERS
COCOA	1801.00
COFFEE	09.01

II. REASON AND PURPOSE**A. REASON OR PURPOSE FOR ESTABLISHING AND/OR MAINTAINING STATE TRADING ENTERPRISE**

The Cocoa and Coffee Industry Board (CCIB), is a government sponsored and financed organization, which was established in 1961 to "secure the most favourable arrangements for the purchase, sale, handling, grading, exportation and marketing of cocoa and coffee for the benefits of the cocoa and coffee industry."

B. SUMMARY OF THE LEGAL BASIS FOR GRANTING THE RELEVANT EXCLUSIVE OR SPECIAL RIGHTS OR PRIVILEGES, INCLUDING LEGAL PROVISIONS AND SUMMARY OF STATUTORY OR CONSTITUTIONAL POWERS

The Cocoa and Coffee Industry Board was established by an Act of Parliament by the Government of Trinidad and Tobago which is the Cocoa and Coffee Industry Act Chapter 64:20 of 1961.

III. DESCRIPTION OF THE FUNCTIONING OF THE COCOA AND COFFEE INDUSTRY BOARD**A. SUMMARY AND OVERVIEW OF THE OPERATIONS OF THIS COCOA AND COFFEE INDUSTRY BOARD**

The Cocoa and Coffee Industry Board **facilitates** the purchase and sale of cocoa and coffee from farmers via private entrepreneurs and a cooperative organization. The CCIB provides oversight, transparency, quality control and accountability for the produce of many small farmers as they sell to private entrepreneurs via public officials. Therefore, the intended function of the CCIB is to create an orderly export market facility especially for the small farmers.

In this context, the Board is responsible for the following activities:

1. Issue of permit for the purchase of cocoa on behalf of the Board;
2. Issue of licenses to export cocoa;
3. Determining the interim price of cocoa;
4. All matters related to the grading and inspection of cocoa for export; and
5. Granting of permits for the secondary processing of cocoa.

B. SPECIFICATION OF EXCLUSIVE OR SPECIAL RIGHT OR PRIVILEGES ENJOYED BY THE CCIB

The CCIB has exclusive rights to grant licenses to private entrepreneurs to buy on behalf of the Board from the farmers once they met the necessary prudential criteria.

C. TYPE OF ENTITIES OTHER THAN THE CCIB ALLOWED ENGAGING IN IMPORTATION/EXPORTATION AND CONDITIONS

Large producers who are able to produce in excess of 20,000 lbs in a crop year are granted a license to export cocoa/coffee. The producers in addition to meeting the quantity for exports must demonstrate their ability to process cocoa and coffee to the international standards which are monitored by the Board.

In 2009, the Board of Directors of the CCIB took a decision to liberalize the coffee market, due to the steady decline in coffee production. Following a meeting with the coffee roasters, it was agreed that farmers would sell their produce at a minimum price, which today stands at \$15.00/kg. Based on information from a large coffee roasting enterprise, it was stated that coffee beans are purchased from the local coffee producers, where the demand outstrips the supply; also purchases are made through the Cocoa and Coffee Cooperative¹, and through importation of the coffee beans.

Due to the continued shortfall in the local coffee production levels, local coffee roasters have become even more heavily dependent on imported coffee beans and as such have collaborated extensively with the Plant Quarantine Division of the Ministry of Food Production on issues of compliance with the requirements for importation of coffee beans.

D. HOW IMPORT/EXPORT LEVELS ARE ESTABLISHED BY THE CCIB

Export levels are established on the basis of productive capacity. Whatever amount produced is allowed to be sold.

E. HOW EXPORT PRICES ARE DETERMINED

The CCIB sets the interim price of the beans for export at the start of harvest each year. After the actual sale is concluded in the international market, an additional payment is made to the producer. If the price received in the international market is more than sufficient to cover all its costs of marketing, the farmer may receive a bonus payment. The agents pay the price to the farmer upon purchase. In the past, the price fetched on the international market influenced the final payment to the farmer. Farmers who do not consistently utilise the export facility provided by the CCIB can sell their cocoa to the CCIB. This is usually the case when the price fetched on the international market is lower than that offered by the CCIB.

The CCIB commits approximately 60 per cent of the crop in forward sale. This strategy minimises down-side price risk but at the same time prevents the full benefit of high prices from being captured.

F. HOW THE RESALE PRICE OF IMPORTED PRODUCTS ARE DETERMINED

The CCIB is unable to comment as it does not engage in imports.

¹ The Cocoa and Coffee Cooperative, which falls under the ambit of the CCIB, is involved in the purchasing of coffee from a few small local coffee producers.

G. WHETHER LONG-TERM CONTRACTS ARE NEGOTIATED BY THE CCIB. WHETHER THE CCIB IS USED TO FULFIL CONTRACTUAL OBLIGATIONS ENTERED INTO BY THE GOVERNMENT

Long-term contracts are negotiated by the CCIB. The CCIB is used to fulfil contractual obligations entered into by the government.

H. BRIEF DESCRIPTION OF THE MARKET STRUCTURE

The small producers sell their produce to private entrepreneurs who are licensed by the Board to make the purchases. These private entrepreneurs are called buying agents. The buying agents then sell to a privately operated cooperative which is also licensed by the Board to conduct the export. The farmer is paid by the buying agent, the exporter pays the buying agent and the Board advances financial resources to the cooperative to facilitate purchases from the buying agents.

IV. STATISTICAL INFORMATION (*SEE ATTACHED TABLES I - III*)

TABLE I

STATE TRADING: Cocoa and Coffee Industry Board of Trinidad and Tobago

STATISTICAL INFORMATION, IMPORTS¹

Description of product(s) (including HS number(s))	Total quantity imported	Quantity imported by state trading enterprise	Average import price	Average representative domestic sales price	Mark-up	National production
n/a	n/a	n/a	n/a	n/a	n/a	-

¹ See Section V for an explanation of why no trade has taken place.

TABLE II

STATE TRADING: Cocoa and Coffee Industry Board of Trinidad and Tobago

*STATISTICAL INFORMATION, EXPORTS**Reporting Period: Crop Year October 2007 – September 2008*

Description of product(s) (including HS number(s))	Total quantity exported (kgs)	Quantity exported by state trading enterprise (kgs)	Average procurement price (TT\$/kg)	Average representative domestic sales price (TT\$/kg)	Average export price (USD/kg)	National production (kgs)
HS 18.01 – Cocoa Beans, whole or broken, raw or roasted	526,147	338,110	² 18	³ 15 (G2) 15 (G3)	4.37	⁴ 526,076

² The average procurement price is representative of the price per kg of plantation Grade 1 cocoa.

³ The average representative domestic sales prices are representative of the prices per kg of estate Grade 2 (G2) and 3 (G3) cocoa.

⁴ National production data, obtained from Trinidad and Tobago's Central Statistical Office, is not representative of production from private farmers who act on their own behalf.

TABLE II

STATE TRADING: Cocoa and Coffee Industry Board of Trinidad and Tobago

*STATISTICAL INFORMATION, EXPORTS**Reporting Period: Crop Year October 2008 – September 2009*

DESCRIPTION OF PRODUCT(S) (including HS number(s))	Total quantity exported (kgs)	Quantity exported by state trading enterprise (kgs)	Average procurement price (TT\$/kg)	Average representative domestic sales price (TT\$/kg)	Average export price (USD/kg)	National production (kgs)
HS 18.01 – Cocoa Beans, whole or broken, raw or roasted	442,421	250,388	⁵ 18	⁶ 15 (G2) 15 (G3)	4.42	⁷ 298,600

⁵ The average procurement price is representative of the price per kg of plantation Grade 1 cocoa.

⁶ The average representative domestic sales prices are representative of the prices per kg of estate Grades 2 (G2) and 3 (G3) cocoa.

⁷ National production data, obtained from Trinidad and Tobago's Central Statistical Office, is available for the period October 2008 to March 2009 only, and does not represent production from private farmers who act on their own behalf.

TABLE II

STATE TRADING: Cocoa and Coffee Industry Board of Trinidad and Tobago

*STATISTICAL INFORMATION, EXPORTS**Reporting Period: Crop Year October 2009 – March 2010*

DESCRIPTION OF PRODUCT(S) (including HS number(s))	Total quantity exported (kgs)	Quantity exported by state trading enterprise (kgs)	Average procurement price (TT\$/kg)	Average representative domestic sales price (TT\$/kg)	Average export price (USD/kg)	National production (kgs)
HS 18.01 – Cocoa Beans, whole or broken, raw or roasted	354,711	275,411	18	15 (G2) 15 (G3)	4.34	⁸ N/A

⁸ N/A – Not Available.

TABLE III

STATE TRADING: Cocoa and Coffee Industry Board of Trinidad and Tobago

STATISTICAL INFORMATION, DOMESTIC ACTIVITIES

Reporting Period: Crop Year July 2007 – September 2008

Description of product(s) (including HS number(s))	Domestic purchases by state trading enterprise (tonnes)	National production (tonnes)	Domestic sales by state trading enterprise (tonnes)	National consumption
HS 18.01 - Cocoa Beans, whole or broken, raw or roasted	506.6	⁹ 564.1	20.2	N/A

N/A – Not Available

⁹ National production data, obtained from Trinidad and Tobago's Central Statistical Office, is not representative of production from private farmers who act on their own behalf. For purposes of continuity, this figure is inclusive of the July – September 2007 quarter, since the notification submitted previously provided data up to June 2007.

TABLE III

STATE TRADING: Cocoa and Coffee Industry Board of Trinidad and Tobago

STATISTICAL INFORMATION, DOMESTIC ACTIVITIES
Reporting Period: Crop Year October 2008 – September 2009

Description of product(s) (including HS number(s))	Domestic purchases by state trading enterprise (tonnes)	National production (tonnes)	Domestic sales by state trading enterprise (tonnes)	National consumption
HS 18.01 - Cocoa Beans, whole or broken, raw or roasted	414.9	¹⁰ 298.6	21.9	N/A

N/A – Not Available

¹⁰ National production data, obtained from Trinidad and Tobago's Central Statistical Office, is available for the period October 2008 to March 2009 only, and does not represent production from private farmers who act on their own behalf.

TABLE III

STATE TRADING: Cocoa and Coffee Industry Board of Trinidad and Tobago

STATISTICAL INFORMATION, DOMESTIC ACTIVITIES
Reporting Period: Crop Year October 2009 – March 2010

Description of product(s) (including HS number(s))	Domestic purchases by state trading enterprise (tonnes)	National production (tonnes)	Domestic sales by state trading enterprise (tonnes)	National consumption
HS 18.01 - Cocoa Beans, whole or broken, raw or roasted	406.7	N/A	4.68	N/A

N/A – Not Available

V. OBJECTIVE: EXPLANATION OF WHY NO TRADE HAS TAKEN PLACE

The Cocoa and Coffee Industry Board is only involved in the purchase, sale, handling, grading, exportation and marketing of cocoa and coffee and therefore does not engage in importation. Hence the absence of trade import figures in Section IV Table I.
