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Projectcode 20579

February 2006

LEI, The Hague



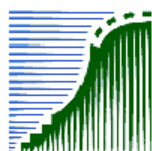
**Data supply on coffee, cocoa and timber to
International Commodity Organizations
by the Netherlands**

Data supply on coffee, cocoa and timber to international commodity organizations by the Netherlands. Pim Roza and Sietze Vellema. The Hague, Agricultural Economics Research Institute (LEI), 2006

21 p., 3 fig.

This report describes the current modes of data supply by the Netherlands to three International Commodity Organizations: International Coffee Organization (ICO), International Cocoa Organization (ICCO) and International Tropical Timber Organization (ITTO). The supply of information to the intergovernmental International Commodity Organizations is an obligation following from the respective agreements. The precise form and organization of data supply by the Netherlands, displayed in this report, is rather differentiated for the three agreements.

This report is a result of the
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The work presented in this report has been executed through a grant from the Netherlands Ministry of Agriculture, Nature and Food Quality by Wageningen UR

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1. Introduction

The Ministry of Agriculture, Nature and Food Quality is responsible for the obligations and tasks following from the participation in a number of international commodity agreements, in particular the agreements on coffee, tea, cocoa and tropical timber. The Ministry has requested LEI to make an inventory of the current modes of data supply to the International Commodity Organizations for coffee, cocoa and tropical timber and to advice on options to improve the effectiveness of the data supply. This report first introduces the organization of the international commodity markets. Then the current mode of data supply to the International Commodity Organizations is addressed and lastly an advice is given on options to make the data supply more effective and efficient. The appendices present a list of relevant organization, a selection of articles from the international commodity agreements on data supply, and organizational charts of the data supply to the three international commodity organizations by the Netherlands.

2. International Commodity Organizations and Agreements

2.1 Introduction

The International Commodity Organizations were established in the 1960s and 1970s to deal with the price fluctuations in the international commodity markets. Many developing countries are dependent on the export of these commodities, which makes price fluctuations undesirable, because of their negative impact on the development of these countries. To avoid these effects, several commodity agreements were negotiated under the umbrella of the United Nations Conference on Trade and Development (UNCTAD). These International Commodity Agreements (ICAs) were implemented by International Commodity Organizations and were to stabilize world commodity prices by making use of export quota and buffer stocks. However, despite these measures, prices continued to be extremely volatile, partly due to the difficulty to stabilise levels of production. Furthermore, based on the Uruguay-round of negotiations on trade liberalisation, with its follow-up in the WTO, it was agreed to eliminate the instrument of market interference within the international commodity agreements.

Today, the agreements and organizations are in a process of transforming into forums for dialogue and cooperation among producing, consuming, exporting and importing countries. Currently, a major aim of the organizations is to promote sustainable economic development of the commodity sector, to exchange information about the international commodity markets and to discuss specific themes concerning the international commodity trade. Currently, there are 25 International Commodity Organizations and Bodies, whether under the umbrella of the UNCTAD or the FAO (Food and Agriculture Organization of the United Nations). The focus in this report will be on three commodities: coffee, cocoa and tropical timber.

2.2 International organizations and agreements for coffee, cocoa and tropical timber

Coffee

The International Coffee Organization (ICO) was set up in London in 1963 under the auspices of the United Nations because of the great economic importance of coffee. It has administered six International Coffee Agreements (ICAs), the most recent of which entered into force provisionally on 1 October 2001. Its Members include coffee exporting and importing countries, and it functions through the International Coffee Council, the Executive Board, the Private Sector Consultative Board, the Executive Director and a Secretariat.

Cocoa

The International Cocoa Organization (ICCO) was established in 1973 to administer the first International Cocoa Agreement (ICCA), that of 1972 and its successor Agreements of 1975, 1980, 1986, 1993 and 2001. The Agreements were concluded among the governments of cocoa-producing and cocoa-consuming countries, under the auspices of the United Nations. The 2001 Agreement was negotiated at the UN Cocoa Conference in February 2001. This new 2001 Agreement has been open for signature and ratification since 1 May 2001 and entered into force on 1 October 2003.

Tropical timber

The International Tropical Timber Organization (ITTO) was established under the auspices of the United Nations in 1986 amidst increasing worldwide concern for the fate of tropical forests. ITTO's origins can be traced back to 1976 when the long series of negotiations that led to the first International Tropical Timber Agreement (ITTA) began at the fourth session of the UNCTAD as part of that organization's Programme for Commodities. The outcome of these negotiations was the ITTA-1983, which governed the Organization's work until 31 December 1996, when it was superseded by the ITTA-1994 (entry into force on 1 January 1997). Negotiations for a successor to this agreement, again under the auspices of UNCTAD, lead to a revised agreement that most likely enter into force in 2008.

2.3 EU and Netherlands interests regarding the three commodities

The interest of the European Union in the commodities is shown in the EU Action Plan on Agricultural Commodities which aims to improve incomes for commodity producers in commodity dependent developing countries, and to reduce income vulnerability, at both producer and macro level. Especially coffee and cocoa are important commodities in this respect, next to sugar, bananas, and cotton. The Netherlands is the world's largest importer of cocoa and among the major European importers of coffee and tropical timber. A number of initiatives run parallel to the commodity agreements, such as the Common Code for the Coffee Community and the EU Action Plan for Forest Law Enforcement, Governance and Trade (EU-FLEGT). Furthermore the Netherlands is the world's largest importer of cocoa and therefore has a clear interest in a good functioning International Cocoa Agreement.

2.4 Participation in International Commodity Organizations: EU and the Netherlands

Most EU Member States have signed the three agreements in their own right, either because they are net importers of coffee, cocoa or tropical timber or because of the related development importance of the agreement. However, in all three cases the European Community is also member to the agreement. A specific committee named PROBA (Produits de Base) coordinates the political consultation between the EU Member States and the European Commission concerning commodities and the position of the EU in the international commodity agreements.

The competence of the European Commission on behalf of the European Community regarding the operation of International Commodity Agreements derives from the fact that trade is an exclusive EU competence. For the individual agreements this competence is stated in different Council Decisions: Council Decision 2001/877/EC for the International Coffee Agreement, Council Decision 2002/970/EC for the International Cocoa Agreement and Council Decision 96/493/EC for the International Tropical Timber Agreement.

One of the obligations deriving from membership of the commodity agreements is the regular supply of statistical data regarding to production, consumption and trade of each commodity. These obligations are laid down in detail in the commodity agreements. In view of the competence of the European Commission, it would seem logical that the European Commission is also responsible for the information supply. However, in practice the individual Member States are still held responsible for the information supply. The next section discusses these obligations and the Dutch compliance with the obligations in more detail.

3. Inventory of current modes of data supply to International Commodity Organizations

3.1 Coffee

Obligations deriving from the International Coffee Agreement (see Appendix 1)

Article 29 of the International Coffee Agreement 2001 addresses the obligations of the members and the organization itself regarding information. In principle the Council (the highest authority of the organization composed of representatives of each member country) may require members to provide information it considers necessary for its operations. This includes regular statistical reports on coffee production (trends), exports, imports, re-exports, distribution, consumption, stocks, prices and taxation. The members shall provide this information as detailed, timely and accurate as is practicable. When the members fail to provide the requested information, the Council may ask for the reasons behind this non-compliance.

Data supply from the Netherlands to the International Coffee Organization (see Appendix 2)

The central source of Dutch coffee statistics is the Main Board for Arable Products (Hoofdproductschap Akkerbouw - HPA). The statistics are compiled by the Product Board Wine, which receives data from the Dutch coffee companies and traders through the statistical unit of HPA.¹ HPA sends the statistics to different organizations and agencies. Among these organizations is the Netherlands Coffee Roasters and Tea Packers Association (VNKT), which uses the data for its annual report. More specifically, HPA provides statistics to VNKT on Dutch coffee imports, sales of roasted coffee and coffee consumption. Next to HPA, Statistics Netherlands (Centraal Bureau voor de Statistiek - CBS) is an important supplier of information on Dutch roasted coffee sales and consumption. The annual report of VNKT is sent directly to the International Coffee Organization as well as to the European Coffee Federation (ECF), which uses the figures to write a section on the Netherlands in the European Coffee Report, which is sent to the International Coffee Organization as well. VNKT is also supposed to provide monthly information on coffee retail prices, but only provides price information as published in the annual report.

HPA also directly provides information to the International Coffee Organization on imports and re-exports (monthly figures) and on roastings (quarterly figures).² Furthermore HPA sends statistics on green coffee to CBS in Heerlen, statistics on roasted coffee (and tea) sales to the Netherlands Bureau of Economic Policy Analysis (Centraal Planbureau -

¹ J. Oosterbroek (Market research and food law), Product Board Wine, PO Box 29739, 2502 LS The Hague, tel. 070-3708435, fax 070-3708408, e-mail: pw@wijninfo.nl, website: www.wijninfo.nl.

² Mr. Carvalho of ICO claims that he has not received monthly statistics on imports and re-exports since March 2005. Furthermore he would like to receive information on retail prices on a monthly basis.

CPB) and statistics on imports and re-exports to the Ministry of Economic Affairs. HPA receives all its information from the Dutch coffee companies and traders.

According to the secretary-general of ECF, Mr. Roel Vaessen, the supply of import- and re-export figures, stock data and retail price figures used to be directly provided by the Ministry of Economic Affairs to the International Coffee Organization. The Ministry of Agriculture, Nature and Food Quality, which is now holding the primarily responsibility for the agreements, relies on the information flow as described above.

3.2 Cocoa

Obligations deriving from the International Cocoa Agreement (see Appendix 1)

The International Cocoa Agreement is less specific than the International Coffee Agreement in its formulation of the obligations for supply statistical information by the to the agreement. Simultaneously, at the other end the range of information is broader. Not only statistical information on world production, prices, exports, imports, consumption and stocks is collected, but also information on government policies, taxation, national standards, regulations and legislation.

Data supply from the Netherlands to the International Cocoa Organization (see Appendix 2)

The Dutch cocoa statistics are provided LEI-WUR.³ LEI-WUR fills in the questionnaires used by ICCO to obtain data for the Quarterly Bulletin of Cocoa Statistics. Filling in the questionnaires is part of the Programme 'Supply of economic information', which is part of *Wettelijk Ondersteunende Taken* (WOT-06). LEI-WUR obtains its cocoa statistics from the quarterly figures (trade statistics) of Statistics Netherlands (CBS) obtained from the Dutch Customs Administration. Next to statistics on cocoa, LEI-WUR also provides monthly figures in grains, rice and tea to the FAO.

Furthermore the European Cocoa Association (ECA) produces a Quarterly Publication of European Grind Statistics. In their continuously expanding coverage, the European Grind Statistics now include 22 companies, all reporting their total grindings in the (Western) European Union and Switzerland and representing 95% of total Western Europe cocoa grindings. ECA initiated these statistics mid 2000, retroactive to the first quarter 1999. In January 2004, ECA and the Association of the Chocolate, Biscuit & Confectionery Industries of the EU (CAOBISCO) started publishing Eastern European Grind Statistics. At this stage, 3 companies are reporting. The Western and Eastern European Grind Statistics are *confidentially* compiled by SSZ, the *Studiecentrum Snacks en Zoetwaren*, located in Zeist, the Netherlands. These statistics are not split up by country or by company. But SSZ does supply statistics on the Dutch consumption of processed cocoa products.

³ Wim van Veen (Statistician), LEI-WUR, PO Box 29703, 2502 LS The Hague, tel. 070-3358129, fax 070-3358196, e-mail: wim.vanveen@wur.nl, website: www.lei.wur.nl.

3.3 Tropical timber

Obligations deriving from the International Tropical Timber Agreement (see Appendix 1)

Regarding timber member states have the obligation to provide statistics and information on timber, its trade and the activities aimed at achieving sustainable management of timber producing forests as well as other relevant information as requested by the Council. The secretariat collects statistical information on production, supply, trade, stocks, consumption and market prices of timber, the extent of timber resources and the management of timber producing forests.

Data supply from the Netherlands to the International Tropical Timber Organization (see Appendix 2)

The most important publication of the ITTO is the Annual Review and Assessment of the World Timber Situation. This report compiles the most up-to-date and reliable international statistics available on global production and trade of timber, with an emphasis on the tropics. It also provides information on trends in forest area, forest management and the economies of ITTO member countries. The document is produced by the ITTO Secretariat to assist the International Tropical Timber Council in undertaking its annual review of the international timber situation as per Article 30 of the ITTA - 1994.

The Annual Review and Assessment is based on information submitted by ITTO member countries through the annual Joint Forest Sector Questionnaire (JFSQ), supplemented by other sources as necessary. The Joint Forest Sector Questionnaire is an initiative of the Inter-Secretariat Working Group on Forest Statistics comprising ITTO, the United Nations Economic Commission for Europe (UNECE), the FAO Forestry Department and Eurostat.

EU Member States report indirectly to ITTO by sending the filled questionnaire to Eurostat, and Eurostat sends the information to ITTO. Council Regulation (EEC) No. 1615/89, establishing a European Forestry Information and Communication System (EFICS), supports reporting to the questionnaire.

In the Netherlands the Joint Forest Sector Questionnaire is filled in by Probos (Institute of forestry and forest products), who collects the information provided by individual companies and traders.⁴ Probos sends the questionnaire to Eurostat, which combines the data of all the EU and EFTA countries and sends it to ITTO. Probos does not have direct contact with ITTO, but with the UNECE/FAO Timber Branch. The statistical activities of Probos concerning international forest(ry) and timber data are jointly funded by the Ministry of Agriculture, Nature and Food Quality (Directorate Nature) and the Dutch forestry and timber sector.

The current structure is only in place for two years, since until two years ago the Ministry of Economic Affairs was in charge of timber statistics ('provision'), while the Ministry of Agriculture, Nature and Food Quality was only responsible for forests and forestry ('production'). The Ministry of Economic Affairs then transferred the

⁴ Nico Leek (Senior consultant timber market), Stichting Probos, PO Box 253, 6700 AG Wageningen, tel. 0317 - 466555, fax 0317-410247, e-mail: mail@probos.net, website: www.probos.net.

responsibility for commodity issues (including the provision of timber statistics) to the Ministry of Agriculture, Nature and Food Quality.

In a review of the work of the ITTO, prepared to assist preparations for negotiating a successor agreement to the ITTA of 1994, it is stated that the response of the Netherlands to the Joint Forest Sector Questionnaire is consistently good.⁵

⁵ UNCTAD (2004), *Preparation of a successor agreement to the International Tropical Timber Agreement, 1994*, Note by the UNCTAD Secretariat, Geneva: UNCTAD.

4. Evaluating the data supply to International Commodity Organizations

This last section summarizes the institutionalization of the modes of data supply to the three International Commodity Organizations discussed in this report. It also provides a brief input for an evaluative discussion of the current set-up.

Institutionalization of data supply

In all three cases, the provision of data on production, trade, consumption and prices in a timely and accurate manner is one of the core obligations for members to the agreement. The report shows that the Netherlands complies with its obligations to supply international commodity organizations with the required information. Notwithstanding the important role of the European Commission in relation to the agreements, the Netherlands assumes individual responsibility for accuracy, validity and quality of the Dutch information supply. In the Netherlands the translation of these obligations into concrete tasks is rather differentiated:

- with regard to coffee statistics, the data supply is not highly institutionalized. The International Coffee Organization receives information from different Dutch organizations (HPA, VNKT, see Appendix 2). The information provided is primarily derived from secondary sources, already published for other purposes;
- this is contrary to the data supply to the International Cocoa Organization, which is structured by a special quarterly questionnaire sent by ICCO. Responding to this questionnaire has been defined by the Dutch government as an institutionalised task for Wageningen University and Research Centre (*Wettelijk Ondersteunende Taak - WOT*);
- the data supply to the International Tropical Timber Organization is also structured by a questionnaire, the annual Joint Forestry Sector Questionnaire, coordinated by Eurostat. The task of responding to this questionnaire is arranged by a contract between the Dutch Ministry of Agriculture, Nature and Food Quality (Directorate Nature) and Probos (an independent non-profit foundation).

Effectiveness, efficiency, impact and reliability

Based on this overview, we have some preliminary comments concerning the effectiveness, efficiency and impact of the current data supply:

- regarding the effectiveness of data supply it could be concluded that a more centralized and institutionalized structure may be more effective in reacting to cases of potential non-compliance of data supply. At the moment it might sometimes be unclear *who* is responsible for supplying *which* information;
- regarding the efficiency of data supply it could be concluded that the current structure is relatively efficient with regard to the use of human and financial resources, for example filling in the quarterly questionnaire on cocoa statistics requires approximately 6 working days per year;

- regarding the impact of the data supply it could be concluded that the use of data supplied to the International Commodity Organizations is not always fully clear. This may be improved by discussing the value of a coordinated data supply for, for example, the Dutch government or the Dutch industry or by specifying how a coordinated data supply informs and support policy preparation in the International Commodity Organizations (tailor-made information). The obligation to provide information originated in the era of supply management; the use of information might have changed with new policy frameworks underlying the current commodity agreements;
- lastly, this inventory shows that the provision of data relies heavily on input and support from the private sector. A disadvantage of this situation could be that companies may under circumstances not be eager to supply information sensitive to market dynamics.

Appendix 1 List of organizations/websites

General

- United Nations Conference on Trade and Development www.unctad.org

Coffee

- International Coffee Organization (ICO) www.ico.org
- Common Code for the Coffee Community www.sustainable-coffee.net
- Committee of European Coffee Associations (CECA)
- European Coffee Federation (ECF) www.ecf-coffee.org
- Vereniging van Nederlandse Koffiebranders en Theepakkers www.vnkt.nl
- Dutch Main Board of Arable Products (HPA) www.hpa.nl
- Koffie en Thee Informatie Bureau www.koffiethetee.nl

Cocoa

- International Cocoa Organization (ICCO) www.icco.org
- European Cocoa Association (ECA) www.eurococoa.com
- World Cocoa Foundation (WCF) www.worldcocoaafoundation.org
- Association of the Chocolate, Biscuit & Confectionery Industries of the EU www.caobisco.com
- Ver. voor de Bakkerij- en Zoetwarenindustrie (VBZ) www.vbz.nl
- Federation of Cocoa Commerce (FCC) www.calcocoa.com
- Nederlandse Cacao Vereniging (NCV) www.ncv.nl (not working)
- Studiecentrum Snacks en Zoetwaren (SSZ) www.ssz.nl

Tropical timber

- International Tropical Timber Organization (ITTO) www.itto.or.jp
- United Nations Commission for Europe (UNECE) www.unece.org/trade/timber
- FAO Forestry Department www.fao.org/forestry
- Eurostat <http://epp.eurostat.cec.eu.int>

Appendix 2 Relevant articles in the three commodity agreements

International Coffee Agreement - Article 29 (Information)

1. The Organization shall act as a centre for the collection, exchange and publication of:
 - a statistical information on world production, prices, exports, imports and re-exports, distribution and consumption of coffee;
 - b in so far as is considered appropriate, technical information on the cultivation, processing and utilization of coffee.
2. The Council may require Members to furnish such information as it considers necessary for its operations, including regular statistical reports on coffee production, production trends, exports, imports and re-exports, distribution, consumption, stocks, prices and taxation, but no information shall be published which might serve to identify the operations of persons or companies producing, processing or marketing coffee. Members, in so far as is possible, shall furnish information requested in as detailed, timely and accurate a manner as is practicable.
3. The Council shall establish a system of indicator prices and shall provide for the publication of a daily composite indicator price which should reflect actual market conditions.
4. If a Member fails to supply or finds difficulty in supplying within a reasonable time statistical and other information required by the Council for the proper functioning of the Organization, the Council may require the Member concerned to explain the reasons for non-compliance. If it is found that technical assistance is needed in the matter, the Council may take any necessary measures.

International Cocoa Agreement - Article 42 (Information)

1. The Organization shall act as a global information centre for the efficient collection, collation, exchange and dissemination of information on all factors relating to cocoa and cocoa products. Such information shall include:
 - a Statistical information on world production, prices, exports and imports, consumption and stocks of cocoa;
 - b Insofar as is considered appropriate, technical information on the cultivation, marketing, transportation, processing, utilization and consumption of cocoa;
 - c Information on government policies, taxation, national standards, regulations and legislation relating to cocoa.
2. The Council shall at appropriate times, but not less than twice in any cocoa year, publish estimates of production of cocoa beans and grindings for that cocoa year.

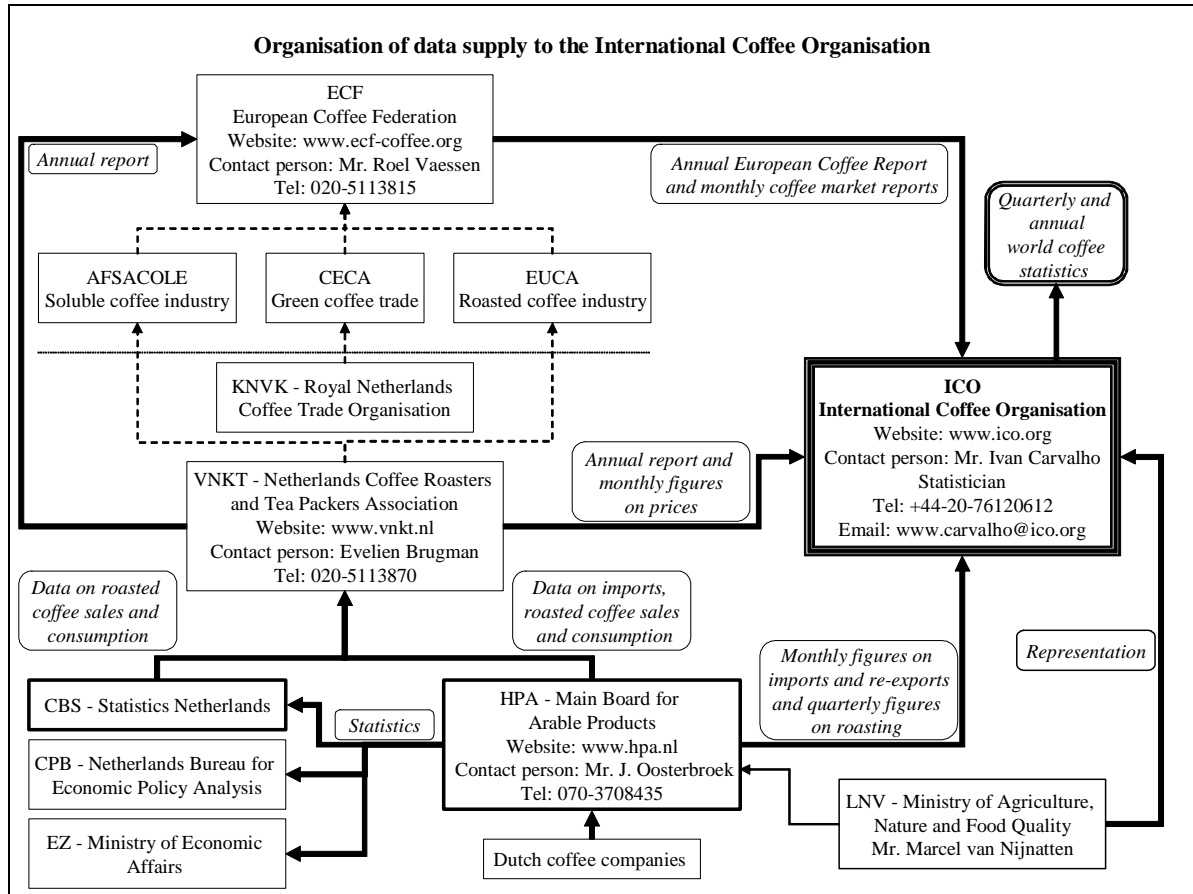
International Tropical Timber Agreement - Article 29 (Statistics, studies and information)

1. The Council shall establish close relationships with relevant intergovernmental, governmental and non-governmental organizations, in order to help ensure the

availability of recent reliable data and information on the trade in tropical timber, as well as relevant information on non-tropical timber and on the management of timber producing forests. As deemed necessary for the operation of this Agreement, the Organization, in cooperation with such organizations, shall compile, collate and, where relevant, publish statistical information on production, supply, trade, stocks, consumption and market prices of timber, the extent of timber resources and the management of timber producing forests.

2. Members shall, to the fullest extent possible not inconsistent with their national legislation, furnish, within a reasonable time, statistics and information on timber, its trade and the activities aimed at achieving sustainable management of timber producing forests as well as other relevant information as requested by the Council. The Council shall decide on the type of information to be provided under this paragraph and on the format in which it is to be presented.
3. The Council shall arrange to have any relevant studies undertaken of the trends and of short- and long-term problems of the international timber markets and of the progress towards the achievement of sustainable management of timber producing forests.

Appendix 3 Organizational charts of data supply for coffee, cocoa and tropical timber



Organisation of data supply to the International Cocoa Organisation

