

# EUROPEAN COCOA ASSOCIATION aisbl

## NEWSLETTER

2000 # 1 - SUMMER

ECA intends to bring its Members regular news pertaining to its activities as well as to the European regulatory scene. This information will reach you by **Newsletter** or when urgency or importance dictate, by form of **internal communiqué**.

This is ECA's Newsletter # 1. Exceptionally, it will also be distributed to non-members.

### ECA LAUNCH

On **April 19, 2000**, the EUROPEAN COCOA ASSOCIATION was officially launched. It has since become, by Royal Decree, an **'aisbl'**, i.e. an international non-profit association.

The launch event included a cocktail and dinner – in what Mr Kieffer labelled in his La Tribune article *"the plush salons of the Solvay Library in Brussels"* – to which were invited the gratin (or should we say the chocolate veneer) of the industry and the political scene.

The 120 attendees included:

- the Ambassadors from Indonesia and Ivory Coast;
- Embassy delegates from Brazil, Equator, Ghana, Malaysia, Nigeria, Venezuela and The Netherlands;
- Pierre Defraigne, Head of Cabinet of Trade Commissioner Pascal Lamy, and other representatives of Industry, Development, Trade and Environment Directorate Generals of the Commission;
- A dozen Members of the European Parliament;
- The chairmen of IOCCC, CAOBISCO (Association of the Chocolate, Biscuit and Confectionery Industries

of the EU), its Cocoa Committee, the CAL Secretary General, and officers of BDSI (Bundesverband der deutschen Süßwarenindustrie) and FEDIOL (EU Seed Crushers' and Oil Processors' Federation).

**Pierre Vermaut**, **ECA's chairman** and former chairman of the BARRY-CALLEBAUT Group, hosted the events and introduced the **keynote speaker Philip Lowe**, at the time Director

General of DG Development, now **Head of Cabinet for Neil Kinnock**, Vice President of the European Commission.

The following day, DOW JONES, the FINANCIAL TIMES, REUTERS and Belgian's De FINANCIËLE ECONOMISCHE TIJD reported extensively – following individual briefings - on ECA's launch, membership, raison d'être, and objectives. La Tribune also carried a more parochial article. Other related items appeared in the BIRMINGHAM POST, L'ECHO, EUROPEAN REPORT, IL SOLE 24 ORE, THE PUBLIC LEDGER, etc.

### FOUNDING MEMBERS

The **25 founding members** include 6 converters and 10 trading houses along with a representative sample of associated warehousing and transporting companies. ECA benefits from general member representation at MD level.

3 German, 3 Swiss, 2 British and a Belgian member already attest to ECA's **international composition**, in an industry which is geographically concentrated.

**Together, ECA's members represent 75 %**

**of Europe's cocoa beans grinding, 50 % of Europe's industrial chocolate production and 40 % of the world production of cocoa liquor, butter and powder.**

ECA's **Executive Committee** is composed of:

- ✓ Pierre Vermaut, Chairman – board member and former Chairman of BARRY-CALLEBAUT,
- ✓ Paul Lammers, Vice-Chairman – Executive Vice-President, CARGILL EUROPE,
- ✓ Anthony Ward, Treasurer - Chief Executive, ARMAJARO TRADING, former CAL Chairman,
- ✓ Robert A. Zehnder, General Secretary.

The **Board of Directors** is composed of 3 converters, 3 traders and 3 logistics members. In addition to the Executive Committee Members, the other Directors are:

- Guido Bleijenbergh (MOLENBERGNATIE)
- Andreas Christiansen (KEG)
- Ijsbrand Heijnis (UNICOM)
- Hermann Opferkuch (HOSTA-HAMESTER)
- Dietrich Rammrath (WILH. MEYER)
- Martin Versteeg (CORNELDER HOLDING)

## **FIRST MEETINGS OF ECA**

ECA initiated a number of meetings with sister associations in Europe, in order to establish an exchange of views and working relations. A first meeting with IOCCC and CAOBISCO took place, and in May ECA representatives **attended CAOBISCO's seminar with the Commission on Ochratoxin A.**

Since, Pierre Vermaut and Robert Zehnder visited **CAL and FCC**, and attended the **German Cocoa Dinner** in Hamburg.

Last May, Robert Zehnder returned to Abidjan, after a decade, to attend ICCO's "**International Seminar on quality and financial aspects of the Cocoa Campaign**". General Robert Guéi, acting President of the Republic, officially opened the 3day event in the presence of several ministers, over 100 participants from the Ivory Coast as well as strong delegations from Cameroon, Ghana and Nigeria.

The seminar was organised in the framework of

the project to improve the marketing of cocoa in liberalising countries, and covered a. o. the assurance and certification of cocoa quality from the farmgate to the industry, and mitigation of risk in financing.

The Chairman and General Secretary were later **received at the 'Primature' for a private audience with Saydou DIARA, newly appointed Prime Minister.** Meetings with the Ministers of Agricultural and Animal Products and of Commerce were cancelled due to unforeseen circumstances.

## **MEMBERSHIP**

There are two types of membership, effective membership and associate membership. **Effective** members are European-based, directly involved in the cocoa bean trade and/or processing and/or the production of industrial chocolate, or in the warehousing and related logistical aspects. **Associate** members are Non-European and/or upstream privatised companies or downstream players involved in the trade of cocoa or cocoa-products. Effective and Associate memberships are primarily reserved for companies. **Contributors** are service sector companies, as well as associations and individuals indirectly connected with the cocoa chain. Specific fees apply to the various types and (sub-) categories of membership.

## **THE CONTRACT ISSUE**

ECA's **Contract Working Group** ("CWG"), set up per the Board's decision, is composed of Frans Baud (SGS), Hans Hendriksen (CONTINAF), Eric Verhaar (CARGILL) and the General Secretary. The CWG met twice so far, with progress to be reported to ECA' AGM in October.

With respect to the contract issue, ECA's Board issued the following statement: **"One of ECA's initial objectives is to attain a single Cocoa contract. This does not necessarily imply an ECA per se contract. It could also assume the form of a merged FCC and CAL updated contract, or any other form, on the condition that this new contract:**

- **is approached with an open, progressive and proactive way,**
- **is inspired by the best practices**

- developed by/within other global commodity contracts,
- and is designed to ensure the supply of a high level of quality cocoa".

## EUROPEAN GRIND STATISTICS

ECA announced in early July that from October 2000 it **intends to publish European grind figures**. ECA considers that globalisation of the cocoa industry has resulted in the need for Europe-wide figures.

The European grind figures, to be released by ECA, will include grind statistics reported by its members. Figures to be released in early October 2000 will cover the third quarter of 2000, as well as a summary figure for the full 1999-2000 season.

These figures will be compiled by an external neutral party, who will also include any available figures from non-members. ECA would like statistics to be as comprehensive as possible and, therefore, encourages non-members to make available their grind figures.

**DOW JONES and REUTERS reported** on several occasions early July **on ECA's intention to publish pan-European grinding statistics as from next October**.

## CONTAMINANTS & PESTICIDES

**A Technical Working Group (TWG) will be set up** per the Board's decision. The TWG is **due to review in particular on the European Commission's activities with regard to ochratoxin A**. The TWG will also cover a number of pesticide issues. The TWG will be composed of technical experts from the member companies.

During a meeting with Member State representatives on 26 June 2000, the forwarding of the European Commission's draft amendment of the EU Contaminants Regulation to the WTO was postponed. A decision to forward the draft amendment to the WTO is now expected to be taken during a meeting with member States on 8 October. Following eventual comments from the WTO, the Commission intends to adopt the amendment thereafter.

With regard to ochratoxin A in cocoa, the draft amendment foresees for industry to adopt adequate prevention measures. No maximum limits are set for OTA in cocoa. Regarding these prevention measures, the **Commission** intends to hold a **workshop with industry in November** this year. ECA is due to attend the workshop.

Furthermore, the Commission announced in its **White Paper on Food Safety** (published in January 2000) that it "aims at progressively setting limits for all pesticide/commodity combinations". ECA will have a watchful eye on these developments.

## CHOCOLATE DIRECTIVE

The Chocolate Directive was **adopted during the Internal Market Council of 25 May 2000**. The Directive foresees an implementation into national law within 36 months after official publication. The text has not yet been officially published in the Official Journal of the European Communities, but this is expected within the coming weeks.

The ECA Secretariat will follow closely implementation of the Directive into national law and report back to the members.

## TRADE AND OTHER ISSUES

An overview of **tariff duties applicable to cocoa beans, semi-finished and finished products**, imported or exported to/from the EU is available to members from the ECA Secretariat.

The Industry Council adopted on 18 May 2000 a **Directive on Late Payments** (not yet published in the Official Journal of the European Communities). The Directive will apply to late payment between all enterprises including the public sector. Under the Directive, **if the date or period for payment is not fixed in the contract, interest becomes automatically payable without the necessity of a reminder within 30 days** following receipt of the invoice or equivalent request for payment.

The level of interest applying for late payment is fixed in the Directive at 7% above the interest

rate applied by the European Central Bank. Member States have to adapt their national legislation to conform to the EU Directive within the next two years following official publication.

## **TRANSPORT**

In October 2000 the Commission will publish two important documents. The first one is a ***Communication on the transport policy of the European Union***, which will deal with the various aspects of transport in the European Union, including maritime transport and road transport (working time/ taxation of fuel).

The second is a ***proposal for liberalisation of port services*** (equivalent to the liberalisation of ground handling services in airports), which should open up competition for port services, could lead to a reorganisation within that industry and therefore directly affect the European cocoa world.

The ECA Secretariat will follow closely developments regarding these proposals and report back to its members.

## **ECA LIBRARY OF DOCUMENTS AND DATA**

ECA will gradually set up a library of relevant documents and data. At this stage, the following documents are available from the Secretariat to ECA members:

- Press clipping report on launch of ECA
- Summary of ECA visit to Ivory Coast, including ICCO seminar
- Press release of ECA on European grind statistics and related coverage by DOW JONES and REUTERS
- Chocolate Directive (as adopted during Internal Market Council of 20 May 2000)
- Overview of tariff duties applicable to cocoa beans (finished and semi-finished products)
- Directive on Late Payments (as adopted during the Industry Council of 18 May 2000)
- Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States (successor of Lomé Convention)

## **MEETINGS/ EVENTS:**

- 12-15 October, Anuga Spezial, Cologne (Germany)
- 16-17 October, 3<sup>rd</sup> International Seminar on Cocoa Pests and Diseases, Kota Kinabalu, Sabah (Malaysia)
- 18 October, ECA Board Meeting and General Assembly, Brussels (Belgium)
- 2-4 November, Codex Committee on Cocoa and Chocolate Products, Fribourg (Switzerland)
- 10 November, EU Development Council, Brussels (Belgium)
- December, Colloquium on "Trade and Sustainable Development" organised by the French Presidency of the EU

## **IN LIMINE**

We take this opportunity to bid farewell and good luck to Christoph Kautz as he joins the European Commission, and thank him for his contribution over during the last 5 years to the Cocoa Campaign and the ECA Launch.

We welcome Siobhan Mathers who will replace Christoph within the ECA Secretariat.

For further information, please contact:  
European Cocoa Association  
Avenue de Cortenbergh 118, box 8  
B - 1000 Brussels  
Tel: + 32 2 737 95 75  
Fax: + 32 2 737 95 01  
e-mail: info@cocoa-eu.com