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PREPARATION OF A SUCCESSOR AGREEMENT TO THE
INTERNATIONAL COCOA AGREEMENT, 1993

Draft articles 7, 18, 21, 36, 43 and 47 as cleared by the Legal Drafting Committee

CHAPTER IV. ORGANIZATION AND ADMINISTRATION

Article 7

Powers and functions of the Council

1. The Council shall exercise all such powers and perform or arrange for the performance of all such functions as are necessary to carry out the express provisions of this Agreement.
2. The Council shall not have power, and shall not be taken to have been authorized by the Members, to incur any obligation outside the scope of this Agreement; in particular, it shall not have the capacity to borrow money. In exercising its capacity to contract, the Council shall incorporate in its contracts the terms of this provision and of article 24 in such a way as to bring them to the notice of the other parties entering into contracts with the Council, but any failure to incorporate such terms shall not invalidate such a contract or render it *ultra vires* the Council.
3. The Council may at any time, by special vote, delegate any of its powers to the Executive Committee, except the following:

- (a) Redistribution of votes under article 10;
 - (b) Approval of the administrative budget and assessment of contributions under article 25;
 - (c) Revision of the list of producers of fine or flavour cocoa under article 50;
 - (d) Relief from obligations under article 51;
 - (e) Decision of disputes under article 54;
 - (f) Suspension of rights under paragraph 3 of article 55;
 - (g) Establishment of conditions for accession under article 60;
 - (h) Exclusion of a Member under article 65;
 - (i) Extension or termination of this Agreement under article 67; and
 - (j) Recommendation of amendments to Members under article 68.
4. The Council may, by special vote, decide on other exceptions in paragraph 3 above. It may revoke any delegation of power under paragraph 3 above by the same vote.
5. The Council shall, by special vote, adopt such rules and regulations as are necessary to carry out the provisions of this Agreement and are consistent therewith, including its rules of procedure and those of its committees, and the financial and staff regulations of the Organization. The Council may, in its rules of procedure, provide for a procedure whereby it may, without meeting, decide specific questions.
6. The Council shall keep such records as are required for the performance of its functions under this Agreement, and such other records as it considers appropriate.
7. The Council may set up any working group(s) as appropriate to assist it in carrying out its task.

Article 18

Competence of the Executive Committee

1. The Executive Committee shall be responsible to, and work under the general direction of, the Council.

2. The Executive Committee shall follow up the administrative, financial and structural matters of the Organization, in particular:
 - (a) Examine the draft annual work programme of the Organization for submission to the Council for approval;
 - (b) Consider and evaluate the report presented by the Executive Director on the implementation of the work programme and the list of priorities;
 - (c) Review and recommend annual administrative budgets;
 - (d) Monitor the execution of the budget; in particular, analyse revenues and expenses;
 - (e) Assist the Council in the appointment of the Executive Director and senior officials of the Organization;
 - (f) Approve projects for financing by the Common Fund for Commodities and other donor organizations between Council sessions.

Article 21

Work programme

1. At its last session of each cocoa year, and on the recommendation of the Executive Committee, the Council shall adopt a work programme for the Organization for the coming year prepared by the Executive Director. The work programme shall include projects, initiatives and activities to be undertaken by the Organization in the following cocoa year. The Executive Director shall implement the work programme.

2. During its last meeting of each cocoa year, the Executive Committee shall evaluate the implementation of the work programme for the current year on the basis of a report by the Executive Director. The Executive Committee shall report its findings to the Council.

3. At its first session under this Agreement and on the recommendation of the Executive Committee, the Council shall adopt a list of priorities for the duration and in accordance with the objectives of the Agreement. This list shall serve as the basis for the elaboration of the yearly work programme. During the last meeting of each cocoa year the Executive Committee shall, on the basis of a report by the Executive Director, review and update this list of priorities with particular emphasis on the following year.

CHAPTER VIII. SUPPLY AND DEMAND

Article 36

Stocks

1. In order to promote transparency in the market with regard to levels of world cocoa stocks, each Member shall assist the Executive Director in obtaining information on the volume of cocoa stocks in its country. Insofar as is possible, Members shall provide the Executive Director, by not later than the end of May, with information on stocks of cocoa held in their respective countries as at the end of the previous cocoa year in as detailed, timely and accurate a manner as is practicable.

2. If a Member fails to supply, or finds difficulty in supplying, within a reasonable time, statistical information on stocks 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 assistance is needed in the matter, the Council may offer the necessary measures of support to overcome existing difficulties.

3. The Executive Director shall seek the full cooperation of the private sector in this exercise, whilst fully respecting the issues of commercial confidentiality associated with this information.

4. The information shall pertain to stocks of cocoa beans.
5. The Executive Director shall make an annual report to the Market Committee on the information received on the levels of cocoa stocks worldwide.

Article 43 *

Market transparency

1. In order to promote market transparency, the Organization shall maintain up-to-date information on Members' grindings, consumption, production, exports (including re-exports) and imports of cocoa and cocoa products and stocks. For this purpose, insofar as possible, Members shall provide the Executive Director with the relevant statistics within a reasonable time and in as detailed and accurate a manner as is practicable.
2. If a Member fails to supply, or finds difficulty in supplying, within a reasonable time, statistical 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 assistance is needed in the matter, the Council may offer the necessary measures of support to overcome existing difficulties.
3. The Council shall take such additional measures as it deems necessary to deal with non-compliance with the provisions of this article.
4. The Council shall make appropriate arrangements for the regular collection of other information that it considers relevant for the monitoring of market developments and assessing current and potential cocoa production and consumption capacity.

* Article to be placed after article 35 as article 35 bis.

CHAPTER XI. INFORMATION, STUDIES AND RESEARCH

Article 47

Scientific research and development

The Council shall encourage and promote scientific research and development in the areas of cocoa production, transportation, processing and consumption as well as the dissemination and practical application of the results obtained in this field. To this end, the Organization may cooperate with international organizations, research institutions and the private sector.

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