



**A Brief on International Commodity Bodies (ICBs)**  
**Updated on 1 February 2016**

Intergovernmental cooperation between producers and consumers of commodities takes place in the form of international commodity agreements (ICAs) and international study groups (ISGs).

All of them, as well as the FAO Intergovernmental Groups and Sub-Groups on individual agricultural commodities have been designated by the Common Fund for Commodities (CFC) as International Commodity Bodies (ICBs)<sup>1</sup> eligible for the CFC projects. ICBs are independent and autonomous legal personalities with their respective Terms of Reference, Rules of Procedure and Board as a highest authority. Provisions of ICAs and ISGs are administered by respective international commodity organizations.

The idea of establishing new ICAs and strengthening existing ones was one of the core elements of the Integrated Programme for Commodities (IPC), adopted at UNCTAD IV in 1976.

It was envisaged that ICAs would have within themselves mechanisms for regulation of production, supply and demand and prices at the world commodity markets.

UN Commodities Conferences held by UNCTAD gave birth to following international commodity agreements and study groups:

- International Sugar Agreement - in 1968;
- International Cocoa Agreement - in 1972;
- International Natural Rubber Agreement - in 1980;
- International Jute Agreement - in 1982;
- International Tropical Timber Agreement - in 1983;
- International Nickel Study Group - in 1990, and;
- International Copper Study Group - in 1992.

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<sup>1</sup> International Commodity Body (ICB) is an international commodity organization, designated as such by the Common Fund for Commodities, in accordance with Schedule C "Eligibility Criteria for ICBs" of the "Agreement Establishing the Common Fund for Commodities": 1. An ICB shall be established on an intergovernmental basis, with membership open to all States Members of the United Nations or of any of its specialized agencies or of the International Atomic Energy Agency. 2. It shall be concerned on a continuing basis with trade, production and consumption of the commodity in question. 3. Its membership shall comprise producers and consumers which shall represent an adequate share of exports and of imports of the commodity concerned. It shall have an effective decision making process that reflects the interests of its participants. 4. It shall be in a position to adopt a suitable method for ensuring the proper discharge of any technical or other responsibilities arising from its association with the activities of Second Account.

However, historically, only three ICAs (on coffee, on cocoa, and on natural rubber) were reasonably successful over limited periods of time. In the first two cases, international prices were maintained at "an adequate level" through retention schemes, while in the third one, the buffer stock was in place. In October 1999, the International Agreement on Natural Rubber, the last remaining by that time ICA with price-regulating mechanism, terminated its activities.

**At present no existing ICAs (*on cocoa, coffee, cotton, grains, olive oil and table olives, sugar, and tropical timber*) contain economic provisions**, i.e. they are not attempting to regulate markets by supply or price management mechanisms. All current ICAs are of administrative nature serving as fora for producer-consumer cooperation and consultations, market transparency, development projects and as sources of statistics. In many aspects current ICAs are similar to existing ISGs (*on rubber, lead and zinc, nickel, copper, and on bamboo and rattan*). At present, Governments do not appear to be prepared for discussions concerning the producer-consumer schemes for price stabilization through market intervention in the framework of existing ICAs.

**The current mandate and the aim of UNCTAD's work in this area** is to cooperate with ICBs, FAO and CFC, by assisting them at their requests and also to benefit from their special expertise on individual commodities with respect to both provision of commodity information and analytical work. As most of ICAs and ISGs were set up as a result of the UN Conferences on respective commodities organized and serviced by UNCTAD, an important segment of work in this area is to convene and service, United Nations Conferences and meetings related to the negotiations, renegotiations or functioning of new agreements. UNCTAD has a status of observer to all ICBs.

#### **Recent developments:**

◦ *The International Tropical Timber Agreement, 2006* (TD/IMBER.3/12) entered into force on 12 December 2011;

◦ The United Nations Cocoa Conference (Geneva, 21-25 June 2010) adopted the text of *the International Cocoa Agreement, 2010* (TD/COCOA.10/3, 7.07.2010). The ICCA 2010 came into force provisionally in October 2012;

◦ The text of *the International Agreement on Olive Oil and Table Olives, 2015* (UNCTAD/SUC/2015/5) was adopted by the United Nations Olive Conference (Geneva, 5-9 October 2015). The Agreement is open for signature from 1 January to 31 December 2016.

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