stock and the desirability of maintaining the real value of the funds.

Article 39

Contributions for Financing the Buffer Stock

1. The contribution charged on cocoa either on first export by a member or on first import by a member shall be one United States cent per pound of cocoa beans and proportionately on cocoa products in accordance with paragraphs 2 and 3 of Article 32. In any case the contribution shall only be charged once. For this purpose, imports of cocoa by a member from a non-member country shall be deemed to have originated from that non-member unless satisfactory evidence is given that such cocoa originated from a member. The Council shall review annually the buffer stock contribution and, notwithstanding the provisions of the first sentence of this paragraph may, by special vote, determine a lower rate of contribution or decide to suspend the contribution in the light of the financial resources and obligations of the Organization in relation to the buffer stock.

2. Certificates of contribution shall be issued by the Council in accordance with the rules which it shall establish. Such rules shall take into account the interests of the cocoa trade and shall cover, **inter alia,** the possible use of agents, the issuance of documents against contributions, and the payment of contributions within a given time limit.

3. Contributions under this Article shall be payable in freely convertible currencies and shall be exempt from foreign exchange restrictions.

4. Nothing contained in this Article shall affect the right of any buyer or seller to regulate the terms of payment for supplies of cocoa by agreement between them.

Article 40

Purchases by the Buffer Stock

1. For the purposes of this Article, the maximum capacity of the buffer stock shall be divided into individual entitlements for each exporting member in the same proportion as its basic quota determined in accordance with Article 30.

2. If annual export quotas are reduced under Article 34, each exporting member shall forthwith offer to sell to the Buffer Stock Manager, and the Manager shall, within 10 days of the quota reduction, enter into a contract to buy from each exporting member, an amount of cocoa beans equal to the reduction in its quota.

3. When the manager makes purchases under paragraph 3 of Article 34, he shall continue to purchase cocoa beans up to 4 per cent of the initial annual export quotas, or until the indicator price rises above the minimum price + 3 United States cents per pound, whichever is earlier.

4. When the Manager makes purchases under paragraph 4 of Article 34, he shall continue to purchase cocoa beans until the indicator price rises above the minimum price or the maximum capacity of the buffer stock is reached, whichever is earlier.

5. The Manager shall purchase only cocoa beans of recognized standard marketable grades and in quantities of not less than 100 tonnes. Such beans shall be the property of the Organization and under its control.

6. In purchasing cocoa beans under the provisions of paragraphs 3 and 4 of Article 34 and paragraph 2 of this Article, the Manager shall make

(a) payment at current market prices in accordance with rules to be determined by the Council; or,

(b) at the request of the exporting member concerned,

(i) an initial payment of 25 United States cents per pound f. o.b. on delivery of the cocoa beans; provided that at any time after the end of the first quota year the Council, on the recommendation of the Manager, may decide, by special vote, in the light of the current and prospective financial position of the buffer stock, to increase the initial payment;

(ii) a complementary payment on the sale of the cocoa beans by the buffer stock representing the proceeds of the sale less the payment made under (i) and the cost of transportation and insurance from the f. o. b. point into the buffer stock storage point, storage and handling charges, and costs, if any, of replacing lots of cocoa beans as necessary to maintain the condition and value of such lots.

7. Were a member has already sold to the Manager a quantity of cocoa beans equal to its individual entitlement as defined in paragraph 1, the Manager shall for subsequent purchases pay at the time of delivery only such a price as would be realized by the disposal of the cocoa beans for non-traditional uses. If cocoa beans bought under the provisions of this paragraph are subsequently resold under the provisions of Article 41, the Manager shall make a complementary payment to the exporting member concerned representing the proceeds of the re-sale less the payment already made under this paragraph and the cost of transportation and insurance from the f. o. b. point into the buffer stock storage point, storage and handling charges, and costs, if any, of replacing lots of cocoa beans as necessary to maintain the condition and value of such lots.

8. Where cocoa beans are sold to the Manager under paragraph 2, the contract shall contain a clause allowing the exporting to cancel all or part of the contract before the cocoa beans are delivered:

(a) if subsequently in the same quota year the reduction in quota which gave rise to the sale is restored under the provisions of Article 34; or

(b) to the extent that, after making such sales, production in the same quota year proves to be insufficient to satisfy the member's export quota in effect.

9. Purchase contracts under this article shall provide for delivery within a period to be stipulated in the contract but at the latest within two months after the end of the quota year.

10. (a) The Manager shall keep the Council informed of the financial position of the buffer stock. If he considers that funds will not be sufficient to pay for the cocoa beans which he believes will be offered to him during the current quota year, he shall request the Executive Director to convene a special session of the Council.

(b) If the Council is unable to find any other practicable solution, it may by special vote suspend or restrict purchases under paragraphs 2, 3, 4 and 7, until such time as it is able to resolve the financial situation.

11. The Manager shall maintain appropriate records to enable him to fulfil his functions under this Agreement.

Article 41

Buffer Stock Sales in Defence of the Maximum Price

1. The Buffer Stock Manager shall make sales from the buffer stock pursuant to paragraphs 5 and 6 of Article 34 in accordance with the provisions of this Article:

(a) Sales shall be at current market prices.

(b) When sales from the buffer stock commence pursuant to paragraph 5 of Article 34, the Manager shall continue to offer to sell until

(i) the indicator price falls to the minimum price + 14 United States cents per pound; or

(ii) he has exhausted all the supplies at his disposal; or

(iii) he has sold up to 7 per cent of the initial export quotas; whichever is earliest.

(c) When the indicator price is above the maximum price, the Manager shall continue to offer to sell until the indicator