



INTERNATIONAL COFFEE ORGANIZATION
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
ORGANIZAÇÃO INTERNACIONAL DO CAFÉ
ORGANISATION INTERNATIONALE DU CAFÉ

ICC 110-16

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**Decisions and Resolutions adopted
at the 110th Session of the
International Coffee Council**

4 – 8 March 2013

1. The International Coffee Council, chaired by Mr David Braun of Switzerland, met in London from 4 to 8 March 2013.

Item 1: Adoption of Agenda and schedule of meetings

2. The Council adopted the draft Agenda contained in document ICC-110-0 Rev. 2 and took note of the schedule of meetings.

Item 2: Admission of observers

3. Rule 5 of the Rules of the Organization provides that at the start of each Session, the Council shall decide on the acceptance of observers and designate the items on the Agenda open to accepted observers. The Secretary introduced document ICC-110-2 containing a list of observers approved by the Council for admission to Sessions in 2012/13, who had advised the Executive Director of their attendance and the meetings they wished to attend.

4. The Council noted that the observers listed in Annex I of document ICC-110-2 for admission to this Session would be revised to include the participation of the International Trade Centre UNCTAD/WTO (ITC)¹. It decided that the observers should be accepted for admission to the 110th Session and to Committees which were open to observers, except for items relating to finance and administration which should be restricted to Members only. The Council further approved a request contained in document ICC-110-2 Add. 1 from Mr Euan Mann of Complete Commodity Solutions Ltd, to attend Statistics Committee meetings in 2012/13 and future years as an observer.

¹ See document ICC-110-2 Rev. 1.

Item 3: Votes and credentials

Item 3.1: Votes for coffee year 2012/13

5. The Council noted that in September 2012, Members had agreed that in cases where a country paid its contribution but there was a shortfall in sterling because of exchange rate fluctuations or bank charges, the Executive Director should have discretion to ignore these shortfalls when determining votes. The Council considered a proposal contained in document WP-Council 234/13 and agreed that for these purposes, the amount of the shortfall should be defined as £1,000 or 5% of the Member's contribution, whichever was the greater, provided also that the outstanding contribution would be paid by the Member in the following financial year. Finally, the Council took note of the situation of outstanding payments affecting voting rights as at 8 March 2013 contained in document ICC-110-1 Rev. 1.

Item 3.2: Credentials

6. The Council noted that the Secretariat had examined the credentials received from Members and had advised the Chairperson of the Council that they had been found to be in good and due form. The Council decided to approve the report on credentials which was subsequently circulated, together with the List of Delegations, as document ICC-110-14.

Item 4: Membership of the International Coffee Agreement (ICA) 2007

7. The Executive Director introduced document ICC-110-6 containing a report on the status of membership of the ICA 2007. As at 4 March 2013, there were 38 exporting and six importing Members. A number of countries were making progress on membership including Benin and the Democratic Republic of Congo. The Plurinational State of Bolivia, Colombia and Papua New Guinea were still applying the Agreement provisionally. With respect to non-members, the Executive Director reported that he had visited China and Peru to discuss the benefits of membership and Peru had settled its outstanding contributions with a view to rejoining the ICO. The Government of the Russian Federation was committed to joining the ICO and he would meet the representative of this country during the 110th Session. Finally, the Secretariat had been in contact with the Governments of Lao People's Democratic Republic and Nepal to provide information on membership procedures and both countries were represented at this Session.

8. The Council took note of this information and of document ICC-110-6 and urged all Members of the 2001 Agreement which were not yet members under the 2007 Agreement to complete the necessary procedures as soon as possible.

Item 5: Annual Review 2011/12

9. The Executive Director introduced the Annual Review for 2011/12 which contained a report on the activities of the Organization during the last coffee year. Highlights included the approval of a new plan for promotion and market development; the 2nd Consultative Forum; reports on the coffee market and economic studies as well as important activities undertaken in promotion, statistics and projects and the continuing excellent work of the Private Sector Consultative Board. The Council took note of the Review.

Item 6: Coffee market situation

10. The Head of Operations introduced the monthly report on the coffee market for February 2013. A copy of his presentation is available on the technical presentations section of the ICO website (<http://www.ico.org/presents/1213/march-ico-outlook.pdf>). He reported that since the coffee crisis in 2000, prices had increased from a low of 41.17 US cents/lb in September 2001 to a 34-year high of 231.24 US cents/lb in 2011. Over the last two years, however, there had been a consistent downwards trend, with prices currently at around the same levels as in mid-2010. In February 2013, the ICO composite indicator price (CIP) averaged 131.51 US cents/lb, 28% lower than February 2012. In constant terms, deflating the CIP by the United Nations index for manufactured goods exports by developed countries, the peak of 2011 was less dramatic, and the subsequent decline in prices was less severe. In the case of group indicator prices since 2000, the strongest price swings had been in the three Arabica groups, while Robusta prices had been slightly more stable. The prices of all four coffee groups were still relatively strong in historical terms. The differential between Arabicas and Robustas had fallen significantly over the last two years and now stood at its lowest level since April 2009. The effects of these price falls had been exacerbated by movements in exchange rates in many exporting countries, with negative consequences for growers. World production for 2012/13 was currently estimated at around 145 million bags, an increase of 6.9% on the previous year. Production had increased in five of the ten leading producing countries and decreased in the remainder. Total exports to all destinations in calendar year 2012 were estimated at a record 113 million bags; however the value of these exports had fallen by 9.6% to US\$22.5 billion dollars due to the decrease in coffee prices. In the case of Robusta exports, these had increased over the last two years, while exports of Colombian Milds and Brazilian Naturals had either fallen or stagnated. The world stocks/consumption ratio had fallen consistently since 1964 and stocks continued to be tight. Opening levels of stocks in exporting countries were estimated at 18.9 million bags in 2012, while inventories in importing countries were around 20 million bags. In the case of certified stocks, stocks of certified Robusta in the London futures market had fallen consistently from seven million bags in mid-2011 to around 1.9 million in

February 2013 while in New York stocks of Arabica had increased slowly to reach three million bags in February 2013. This trend clearly indicated the current capacity of the market to absorb increased shipments of Robusta.

11. World coffee consumption continued to grow by an average annual growth rate of 1.5% between 2008 and 2011, with the greatest growth seen in producing countries (4.0%) compared to more limited growth of 0.3% per year in traditional markets. Emerging markets had been growing at 1.1% between 2008 and 2011, but early indications were that 2012 would show stronger growth. In the case of retail prices for roast and ground coffee in selected importing countries over the last two years, most countries had registered increases, particularly in 2011 as increases in green coffee prices were transferred to consumers. Finally, if growth continued at a low rate of 1.5% per year, world consumption was projected to reach 159 million bags in 2020 or 173 million bags if demand grew by a higher rate of 2.5% per year. In this context, it seemed likely that the market would be able to absorb at least another 20 million bags of coffee by the end of the decade.

12. In discussions on this item, Members noted that the trend towards a reduction in the biennial cycle in Brazil was continuing which would help to reduce volatility. In the case of Vietnam, the second largest producing country, only preliminary data was available. There were obligations for Members to comply with the Rules of Statistics of the ICO and it would be useful to know more about the information received and difficulties with compliance so that the Council could look at ways of addressing these problems. It would also be useful to have more information on the impact of coffee leaf rust on production in Central America, given that this region accounted for 20% of world supply. The Head of Operations noted that with respect to the need for accurate data on consumption in producing countries, in addition to surveys, another option would be to obtain information on roastings from the coffee industry. Data for Mexico in the presentation would be corrected. The impact of coffee leaf rust and actions needed would be discussed during this Session and it would be reviewed again at the next Session.

13. The Council took note of this information and of the need for better data on consumption. The Council also took note of document WP-Council 233/13 containing the final official production data for the Brazilian coffee crop for 2012/13, together with the first production estimate for the 2013/14 crop.

Item 7: Studies, reports and seminars

Item 7.1: Studies and reports

14. The Chief Economist introduced documents ICC-110-4 and ICC-110-5 respectively containing a study on coffee re-exports by Germany and a study on world trade of soluble coffee. In discussions on these studies, in the case of the re-exports, the point was made that the document showed the impact of tariff barriers. It would be helpful to have data on re-exports not just to all destinations but also to each importing country, which would give a fuller picture of trade in soluble coffee. The point was also made that tariffs on soluble coffee in some importing Members discriminated against Brazilian soluble coffee and further efforts were needed to reduce obstacles to trade and thus help to add value and increase incomes in producing countries.

15. The Council took note of these studies and further noted that a study on coffee in China and a report on obstacles to consumption would be presented at the next meeting. Detailed comments on both documents could be sent in writing to the Secretariat after the meetings. The Council also requested the Secretariat to circulate studies and other documents requiring consideration at least two weeks before the Session to enable them to be analysed by Members prior to being discussed during the meetings. The Council further noted the request for the study on coffee in China to include other countries in the Asia region.

Item 7.2: Seminar on trends in new coffee consuming markets

16. The Chairperson of the Seminar, Mr Andrea Illy of EU-Italy, said that the ICO had held a Seminar on trends in new coffee consuming markets on 5 March 2013. A copy of the report on the Seminar was subsequently circulated as document ICC-110-15. The terms of reference and programme had been developed by a small working group and were contained in document ED-2150/13. The aim was to provide information to Members on trends in new coffee consuming markets and seven speakers had made presentations on different aspects of the Seminar topic. Growth in demand was mainly in developing countries and driven by three key drivers: rising incomes and middle-class growth, premiumization and emerging *café* culture in key countries. The Seminar indicated that there were significant opportunities for expansion in emerging markets, which had relatively low per capita consumption, and which were expected to account for 50% of worldwide consumption by 2020. With respect to the outlook for soluble coffee, there was great potential in retail markets in Asia, which had more than doubled in the last ten years. Members had highlighted the need to explore consumption in China in future seminars and studies, and had also suggested that the promotion of domestic consumption in Africa

could be covered in more depth in future seminars. Members also expressed the wish for the ICO to develop common definitions for a number of terms used in the Seminar such as consumption markets and emerging markets.

17. The Council took note of this report and expressed its appreciation to the Chairperson for his work and to the presenters for their informative presentations. The Council further noted that the issues which had been raised were important and should be followed up and considered at a future Session. Finally, the Council noted that the presentations and audio-recordings from the Seminar were available for downloading from the ICO website (<http://www.ico.org/seminar-consumption.asp>).

Item 8: Consultative Forum on Coffee Sector Finance

Item 8.1: Chairperson and Vice-Chairperson of the Forum and Core Group for 2012/13

18. The Council appointed Ms Mary Estelle Ryckman of the USA as the Chairperson and reappointed Mr Rodolfo Trampe of Mexico as the Vice-Chairperson of the Forum for 2012/13.

Item 8.2: 3rd Consultative Forum

19. The Chairperson of the Core Group, Ms Mary Estelle Ryckman of the USA, said that the Core Group had met on 5 March 2013. The report of this meeting was subsequently circulated as document CG-10/13. Members had discussed a number of matters including the arrangements for the 3rd Consultative Forum in Brazil in September 2013. A full day would be allocated to the Forum which would be on the topic of aggregation. The Group had recognized that well organized successful farmer groups could be a vehicle to managing risk and delivering benefits and aggregation could also help with other points in the value chain. The Forum would look at what worked well and what did not work, and a small working group would work intersessionally on the preparations for the event, including participants and financing. The representative of the World Bank had introduced document CG-7/13 outlining the proposed contents of three studies on risk management and finance, and had invited Members to send comments on these proposals together with details of contact persons in their countries who could be approached for more information, as well as copies of case studies, funding schemes and other information relevant to the preparation of the reports. Comments and information should be sent to the ICO Head of

Operations no later than **28 March 2013** (email: galindo@ico.org). Finally, the Chairperson reported that all four advisors to the Core Group for 2012/13 were willing to be reappointed for a further year in 2013/14.

Item 9: Programme of Activities for 2013/14

20. The Head of Operations introduced document WP-Council 232/12 containing a draft programme of proposed activities in coffee year 2013/14 which was based on the Strategic Action Plan (document ICC-105-19 Rev. 1). It was proposed that this document should be redrafted to prioritize activities and to include measurable indicators and benchmarks to evaluate the performance of the ICO. He invited interested Members to work with him on revising the programme to enable an updated document to be considered at the next Session.

21. In discussions on this topic, the Council noted that it would be helpful for Members to report to their capitals that ICO activities met certain benchmarks, and this could also encourage membership. A number of Members would be willing to assist the Secretariat with the task of redrafting the programme including Brazil, Costa Rica, the EU, Mexico and the USA. It was suggested that the document should look at the impact of activities as well as outputs. With respect to studies, the study on China should be expanded to include other Asian countries. In the case of Activity 7, the quality rather than quantity of studies should be an indicator. Given the importance of financing for projects, a seminar on alternative sources of finance should be included in revising the programme. Certification systems had been discussed at a Seminar on certification in 2012. More information on these would be useful and it was an area that the ICO could explore further. In the case of Activities 12 and 16 respectively, obtaining additional sources of finance for projects and identifying sources for technical cooperation could be included. Regarding Activity 5, information on membership should include benefits to Members. The Council noted that the Secretariat would follow up these suggestions, and would work intersessionally with interested Members to develop a revised document for consideration and approval by the Council in September 2013.

Item 10: Report by Chairpersons of ICO bodies

Item 10.1: Private Sector Consultative Board (PSCB)

22. The Vice-Chairperson of the PSCB, Mr Ric Rhinehart of the Specialty Coffee Association of America (SCAA), said that the PSCB had met on 6 March 2013. The report of this meeting was subsequently circulated as document PSCB-135/13. The Board had received four presentations, including a presentation on the German Coffee Day by the

representative of the European Coffee Federation. The representative of the Institute for Scientific Information on Coffee (ISIC) had reported on Coffee and Health and the representative of Rusteacoffee had made a presentation on coffee consumption in the Russian Federation. The representative of the National Coffee Association of the USA (NCA) had made a presentation on '101 things about associations we must change', which was relevant to associations and also a wider audience. The PSCB had suggested that as part of its programme of activities, the ICO could organize an International Coffee Day each year, with a very low budget, bringing together national initiatives to celebrate coffee worldwide on a specific day. The PSCB had also expressed concern that Maximum Residue Limits (MRLs) were too low (0.01mg or 0.05mg) and inconsistent. It suggested that the ICO should monitor this issue and advise on any developments in MRLs. With respect to coffee leaf rust, the Board had noted that this pest had caused significant damage in Central America and would have a considerable impact on small producers who would be unable to meet their financial commitments. There would also be long-term costs to the industry in terms of Washed Arabica availability, affecting all those in the value chain, and there was an urgent need for finance to tackle the spread. The Board wished to stress the significance of the problem to the Council, which could consider a declaration on this issue. Finally, he reminded Member Governments to designate PSCB representatives for the next two coffee years, as this issue would be considered in September 2013. The Council took note of this report and of suggestions by the PSCB.

Item 10.2: Statistics Committee

23. The Chairperson of the Statistics Committee, Mr Jawaid Akhtar of India, said that the Committee had met on 6 March 2013 and had elected him as Chairperson and Ms Mary Estelle Ryckman of USA as Vice-Chairperson for coffee year 2012/13. The report of this meeting was subsequently circulated as document SC-30/13. Members had noted that compliance with the provision of statistical data by exporting and importing Members of the ICA 2007 was satisfactory or better at nearly 74% and just under 100%, respectively, and had expressed appreciation to Indonesia for improvements in compliance. Members were concerned about the lack of compliance by Vietnam with its statistical obligations and had suggested that a formal letter be sent to this country stressing the importance of receiving data for the purposes of market transparency, and requesting information on production and exports of Arabica coffee. A similar letter would be sent to other exporting Members with poor compliance requesting them to send statistical data in accordance with the Rules. The Committee had noted that in the case of exports to exporting countries, only a few exporting Members had complied with the requirement under the 2007 Agreement to provide data on imports of coffee by origin. The electronic working group created in September 2012 would continue its efforts to obtain information on the use of imported

coffee. Members received a report on exports of organic and differentiated coffees and noted that the Secretariat would contact certifying agencies with a view to obtaining reliable statistics on certification programmes, and would include data from Peru, if available. The Committee also took note of reports on inventories of green coffee in major European ports and on US data on imports of coffee by type and trade of decaffeinated soluble coffee. In accordance with the Rules on Statistics – Indicator Prices which provided that the weighting of each group of coffee in the calculation of the ICO composite indicator price should be reviewed every two years, the Committee had recommended revisions to these weightings with effect from 1 October 2013. With respect to technical assistance, the production of an educational DVD was almost complete in English, and would serve as a permanent manual on compliance for exporting Members. In addition, progress had been made to adapt the Arabica and Robusta models developed as part of an EU funded project which would be used to calculate costs of production in exporting countries. The ICO would continue to cooperate with various international organizations and on the suggestion of the Committee, would approach the World Bank and other multilateral development banks which might be able to provide assistance on various ICO activities. Finally, the Chairperson said that the Committee would hold its next meeting in March 2014.

24. The Council took note of this information and further noted that Timor-Leste was currently included in the Brazilian Naturals group, and in view of the quantity of wet-processing of Arabica coffee in this country, would send a proposal to be reallocated to the Washed Arabicas Group (Other Milds). On the recommendation of the Statistics Committee, the Council decided to approve the revisions to the Rules on Indicator Prices contained in document SC-29/13, which would take effect on 1 October 2013 (see document ICC-105-17 Add. 1).

Item 10.3: Promotion and Market Development Committee

25. The Council noted that the Committee had met on 4 March 2013 and had re-elected Mr Andrea Illy of EU-Italy as Chairperson and Mr Rodolfo Trampe of Mexico as Vice-Chairperson for coffee year 2012/13. The report of this meeting was subsequently circulated as document PM-25/13. The Chairperson had reported on progress on implementing the Plan for Promotion and Market Development agreed in September 2012. The Committee had considered document PM-24/13 containing draft agreements with promotion agents and partners, and a list of potential agents; however Members had recommended a more streamlined approach to avoid potential constraints. Members had approved terms of reference for a Steering Group which would assist the Chairperson in implementing the Plan and had taken notes of updates on CoffeeClub, research and the coffee quality (see documents PM-22/13 and PM-23/13). Exporting Members were

potentially interested in using some of the Special Fund resources for promotion activities, on the basis that matching funds were provided by importing Members. ISIC had indicated that it was open to considering a proposal from exporting countries on coffee and health and providing matching funds. Exporting Members would hold further consultations on this and develop broader proposals, and an update would be given at the next meeting.

26. The Council took note of this information and expressed support for the idea of a small group which would work intersessionally on developing promotion and market development activities. Members of the Promotion and Market Development Committee would develop these activities initially and other countries interested in participating should advise the Executive Director of their interest.

Item 10.4: Projects Committee

Item 10.4.1: Projects for approval by the Council

27. The Chairperson of the Projects Committee, Mr Juan Diego Stacey Chiriboga of Ecuador, said that the Committee had met on 7 March 2013 and had elected him as Chairperson and Ms Anna Tofftén of the EU-Sweden as Vice-Chairperson for coffee year 2012/13. The report of this meeting was subsequently circulated as document PJ-49/13.

28. The Council noted that the Projects Committee had considered document PJ-47/13 containing the report and recommendations of the VSS on five proposals. Noting that the proposals would be revised, as relevant, to reflect comments by the VSS and the Committee, on the recommendation of the Committee the Council decided to approve the following four project proposals for submission to the CFC:

- Promoting coffee sustainability through increases in productivity, with particular focus on the participation of young people and women in Cameroon and the Central African Republic (document PJ-36/12 Rev. 2)
- Promoting a sustainable coffee sector in Burundi (document PJ-43/13)
- Quality, sustainability and networking to improve the competitiveness of the Veracruz coffee sector in Mexico (document PJ-44/13)
- Empowering women in Brazilian coffee cooperatives to improve coffee quality (document PJ-45/13)

29. In the case of the project 'Valorization of Ethiopian coffee origins through the European Protected Geographical Identification label (PGI label)', this project would be reformulated and considered at the next meeting.

30. The Chairperson reported that the Managing Director a.i. of the Common Fund for Commodities (CFC) had given an update on operating principles for financing projects. At least 50% of the project cost needed to come from co-financing or counterpart funding, of which 50% needed to be in cash. Use of loan financing had increased, and the grants portfolio was up to 20% of annual CFC support for projects. Applications for projects were received through an open call for proposals from all interested parties, including International Commodity Bodies. Priority areas for funding included diversification, risk management, improving competitiveness and new technologies, and expansion of processing of primary products.

31. The Committee had noted that there were currently 27 projects in the pipeline, and that given the changes in the operations of the CFC, many would need to be reformulated. Members expressed concern about this situation and stressed the need to avoid adding more projects to the pipeline and to find a way forward. It would be important to seek alternative sources of funding and to inform potential donors about the added value that the ICO brought to projects. It was suggested that the ICO should look at donors who had funded projects in the past and organize a seminar on finance for projects, in which potential donors could participate. Members were requested to suggest possible sources of finance and to provide information on their national coffee strategies to assist the ICO in preparing a fundraising strategy for consideration at the next meeting. The Committee had considered proposals for revisions to wording on gender in the assessment document for projects contained in document PJ-17/11 Rev. 2 and had agreed that option A would be most appropriate. In the case of the Memorandum of Understanding between the Organization and the Brazilian Agency for Cooperation (ABC), the Committee had noted that this was an innovative mechanism and the representative of Brazil would report on this at the next meeting. With respect to the VSS, there was a vacancy for an importing Member on the Subcommittee, and importing Members were invited to consider nominating a new Member.

32. The Council took note of this report. In discussions on this item Members stressed the need to tackle the number of projects in the pipeline as this had a negative impact on the proponents who had worked hard to develop the proposals, and could also affect the credibility of the ICO. It was important to make every effort to find alternative sources of financing for projects. One option would be to look at the other sources of finance for the projects in the pipeline and develop a shortlist of potential partners and have initial contacts with them before the Seminar. The Council also noted that the 11th EU Development Fund was currently being negotiated, which would include three priority areas for intervention. Countries were being invited to make suggestions for priority areas, and Members interested in developing coffee projects should work with EU delegates in their countries to

introduce topics such as agricultural development which would enable coffee projects to benefit from finance available under the Fund. In the case of the project 'Improving African coffee processing and market access' the Council noted that a number of donors were potentially interested in this project, however more information was needed from the participating countries.

33. The Council noted that the Secretariat would follow up these suggestions including reviewing projects in the pipeline and exploring which proposals might be eligible for other donors, and the Seminar on alternative sources of finance for projects could potentially take place in March 2014.

Item 10.4.2: Projects being implemented and concluded projects

34. The Council took note of document PJ-48/13 containing a summary of progress reports submitted by the Project Executing Agencies (PEAs) on projects currently being implemented, and also took note of a report by UNCTAD on the final appraisal for the project 'Economic Crises and Commodity dependent LDCs: Mapping the exposure to market volatility and building resilience to future crises' (see document ICC-110-12).

Item 11: Food safety

35. The Head of Operations said that as requested at the last Session, the Executive Director had written to the European Union to request more information about the implications for exporting Members of Regulation (EU) No. 1169/2011 published in November 2011 which dealt with labelling of origin which was due to come into force in 2014. The representative of the EU had subsequently contacted DG Sanco to invite a representative to report on this matter to the Council; however this had not proved possible because of limited resources. He introduced document ICC-110-3 Rev. 2 containing a report on information received from Members on Maximum Residue Limits (MRLs) for pesticides used in the coffee production process and the methodology used for calculating these. The report consolidated this information to provide a database of 504 chemicals, showing the MRLs in each country where such information was available. The Secretariat would continue to inform Members of updates and requested Members who had not yet done so, to send information to enable a revised version to be considered at a future meeting. Regarding quality standards, information had been received from a number of Members as listed in document ED-2143/12. Members who had not yet provided information on national coffee quality standards in their countries, including grading and classification systems, were requested to send this to the Executive Director as soon as possible to enable a report to be

prepared for the next Session. Finally, he said that the ICO had received two replies to a request from the International Jute Study Group (IJSG) for information on food grade jute bags (see document ED-2140/12), and these had been forwarded to the IJSG.

36. With respect to the EU Regulation, Members noted that the EU and the Executive Director would discuss this further with a view to finding a way forward. Ideally it would be helpful to receive a presentation on the impact of the regulation, but if this was not possible a document about the impact of this and other EC Regulations such as 441/12, 899/12 and 897/12 should be provided. It was also suggested that, to avoid duplication of efforts, the Secretariat could collaborate with other international organizations on this topic, such as with the World Trade Organization which collected information on standards and whose Members were required to provide this, and Codex Alimentarius. There was a need to establish a channel of communication so that when Members needed information on food safety issues such as Proposition 65, this could be obtained. The Council took note of these suggestions which would be followed up by the Secretariat.

Item 12: Cooperation with other agencies

37. The Executive Director reported that he had attended the 24th International Conference on Coffee Science (ASIC). The Conference took place in Costa Rica in November 2012, chaired by Mr Andrea Illy of illycaffè, and was attended by over 500 scientists from 42 countries. The Executive Director had also attended a Forum on the ‘Sustainability and competitiveness of African Robusta’ and the 2nd General Assembly of the African and Malagasy Robusta Coffee Agency (AMRCA) in Gabon in January 2013. With respect to the International Trade Centre UNCTAD/WTO (ITC), copies of the newly printed Coffee Exporter’s Guide were available at this Session together with flyers on ordering the Guide and accessing it online.

Coffee and climate toolbox

38. Mr Michael Opitz of Hanns R. Neumann Stiftung made a presentation on a coffee and climate toolbox initiative developed in collaboration with CABI. The next steps and challenges included replicating it more widely, harmonization with standard initiatives and developing a long-term structure. A copy of his presentation is available on the technical presentations section of the ICO website (<http://www.ico.org/presents/1213/march-climatechange.pdf>).

39. The Council took note of information and presentations under this item and further noted that in the case of the coffee and climate toolbox, it would be very useful to include early warning on climate change, which would be of great assistance to Members.

Item 13: World Coffee Conference

40. Article 30 of the 2007 Agreement provides that the Council shall appoint the Chairperson of the World Coffee Conference, and decide on the form, title, subject matter and timing of the Conference, in consultation with the Private Sector Consultative Board. The previous three Conferences had taken place in London (2001), Brazil (2005) and Guatemala (2010).

41. In discussions on this topic Members expressed support for holding a 4th World Coffee Conference and noted that a number of countries were potentially interested in hosting it, including Honduras and Kenya. The need to consider the periodicity of the Conference was raised. Members noted that it could take place in 2015 and that it could be appropriate to hold it in a region that had not yet hosted this event. Members noted that Africa was particularly interested in the possibility of holding it in this region. Members were invited to consult their Governments on this matter to enable proposals for the venue for the 4th Conference to be considered at the next Session.

Item 14: 50th anniversary of the ICO

42. Mr Elmiro Alves do Nascimento, Secretary of State for Agriculture for Minas Gerais made a presentation on the preparations to hold the 50th anniversary meetings of the ICO in Belo Horizonte, Minas Gerais, during the week of 9 to 13 September 2013. The meetings would take place at Expominas and an international coffee fair would be held as part of an international coffee week to mark the occasion. Members were requested to arrive in Belo Horizonte in time to attend a meeting with the Governor of the State of Minas Gerais on 8 September. The programme for the week would include a cultural event, social events such as cocktail receptions and a 50th anniversary banquet, as well as opportunities for tours and technical visits. The official website would be available in April and the handbook with information for ICO delegates would be ready in May.

43. The Executive Director invited all Members to send him statements of support from high-level representatives in their countries in support of the contribution of the ICO to international cooperation on coffee since 1963, which could be published on the ICO website and circulated in a document. He also requested Members to send him photos of past ICO events and to share their experiences of ICO activities during the last 50 years.

44. The Council took note of this information and further noted that ICO Members were requested to send the Secretariat the name and full contact details of their Ministers for Foreign Affairs and other Ministers and high-level contacts responsible for dealing with coffee-related issues in their countries to enable the Executive Director to send them invitations to attend the 50th anniversary meetings.

Item 15: National coffee policies

Coffee leaf rust

45. The Council took note of a statement by the representative of PROMECAFE countries and considered document WP-Council 236 Rev. 1 containing a draft Resolution on the critical situation in Central America caused by the outbreak of coffee leaf rust in this region. The Council further took note of a statement on the impact of coffee leaf rust on coffee growers in El Salvador (see document ICC-110-11). Members noted that this was a global problem and highlighted the importance of sharing knowledge and experiences in dealing with it by different countries, such as Colombia, and encouraging institutions to provide financial support and expertise. The draft Resolution called on Members to support national and regional actions to combat coffee leaf rust, and to assist countries affected by sharing technical knowledge, exchanging expertise and best practices, and providing varieties of coffee resistant to it, and for the Secretariat to support the countries affected to address the crisis. Following some small revisions, the Council agreed to adopt this Resolution, which became Resolution 451, a copy of which is attached to these Decisions.

Tanzania

46. The representative of Tanzania introduced the national development strategy for Tanzania (see document ICC-110-9). A copy of his presentation is available on the technical presentations section of the ICO website (<http://www.ico.org/presents/1213/march-tanzania.pdf>).

InterAfrican Coffee Organisation (IACO)

47. The representative of the InterAfrican Coffee Organisation made a statement to the Council (see document ICC-110-8). The Council noted that a proposal for seating arrangements for IACO Members would be considered at a future meeting.

Gabon

48. The Council took note of document ICC-110-10, containing changes to the national coffee policy of Gabon.

African and Malagasy Robusta Coffee Agency (AMRCA)

49. The Council took note of document ICC-110-7 containing Resolutions adopted at the 2nd General Assembly of AMRCA.

Côte d'Ivoire

50. The Council noted that a report on the rehabilitation of the coffee sector of Côte d'Ivoire would be made at the next meeting.

Item 16: Financial and administrative matters

Item 16.1: Finance and Administration Committee

51. The Chairperson of the Finance and Administration Committee (FAC), Ms Ina Grohmann of EU-Germany, said that the Committee had met on 4 March 2013 and had elected her as Chairperson and Mr Aly Touré of Côte d'Ivoire as Vice-Chairperson for 2012/13. The Committee had received a report on the financial situation as at 31 January 2013 (see document FA-59/13) and had noted that this was satisfactory. Members had also reviewed the draft Budget for 2013/14 and a cost analysis summary (documents FA-57/13 and 58/13, respectively). The draft Budget proposed no increase in contributions but was based on the assumption that a sub-tenant for the second floor would be secured who would pay rent for the whole of 2013/14. In view of the importance of this assumption in the context of the draft Budget, Members had agreed to review the status of the premises and the draft Budget at an intersessional meeting. The Committee had considered documents FA-53/12 and FA-60/13, respectively proposing an increase of 1.9% in salary scales and the basis for contributions to the Provident Fund for General Services staff and an increase of 1.9% for the basis for contributions to the Provident Fund for staff in the Professional and higher categories. The cost of implementing these revisions could be met from within the Budget for 2012/13 (see document ICC-109-10). The Committee decided to recommend that these proposals should be approved for the current financial year. With respect to outstanding contributions, Gabon, Peru and Zambia had repaid their outstanding arrears, and the Democratic Republic of Congo had repaid its arrears and was well in advance of future contributions. The Committee had decided to recommend that a proposal from Sierra Leone to repay its arrears over the next 18 months should be approved and had also agreed to recommend that, in the event that both the Chairperson and Vice-Chairperson of a Committee were absent, the Executive Director should be asked to chair the meeting, in accordance with the Rules of the Organization.

52. In discussions on this item, Members welcomed the efforts of the Executive Director to maintain activities without increasing contributions. Concern was expressed about implications for the Budget and contributions in the event there was a delay in finding a subtenant for the second floor. Further information was needed before the draft Budget could be approved. The Executive Director should explore all possible options including appointing new estate agents, and make every effort to ensure that a tenant was secured as

soon as possible. The point was also made that the alternative scenario of retaining both floors, which had been rejected by the Council in 2011/12, would also have entailed an increase in contributions.

53. The Council took note of this report and further noted that there was still a vacancy for a fourth consuming Member of the FAC for 2012/13. On the recommendation of the Committee, the Council decided to approve the proposals for revisions to salary scales and the basis for contributions to the Provident Fund for staff in the General Service category contained in document FA-53/13, and the proposals for revisions to the basis for contributions to the Provident Fund for staff in the Professional and higher categories contained in document FA-60/13. In the case of the draft Budget, the Committee noted that this would be considered at an intersessional meeting of the Committee and the Executive Director would keep Members informed of any new developments with respect to a tenant. Finally, the Council decided to adopt Resolution 450 restoring the voting rights of Sierra Leone, a copy of which is attached to these Decisions.

**Item 16.2: Administrative Accounts of the Organization for
the financial year 2011/12 and Report of the Auditors**

54. On the recommendation of the FAC, the Council decided to approve the Administrative Accounts of the Organization for the financial year 2011/12 and the Report of the Auditors contained in document FA-54/13.

55. The Chairperson of the FAC said that the Committee had recommended that the Accounts of the Special Fund and Report of the Auditors for the financial year 2011/12 contained in document FA-55/12 should be approved by exporting Members and had noted that, as decided in September 2010, the Accounts of the Promotion Fund (document FA-56/13) had not been audited but were circulated for information. The Council took note of this information and further noted that exporting Members approved the Accounts of the Special Fund and Report of the Auditors for the financial year 2011/12 contained in document FA-55/12, and took note of the Accounts of the Promotion Fund contained in document FA-56/13.

Item 17: Other business

Mr David Braun of Switzerland

56. Members noted that this would be the last meeting attended by Mr Braun who was leaving to take up a new post. The Council expressed its appreciation to Mr Braun for his excellent contribution to the work of the ICO, including chairing the Council at this Session and the Seminar on certification in September 2012.

Mr Morten Scholer of the International Trade Centre UNCTAD/WTO (ITC)

57. The Council noted that Mr Morten Scholer would retire at the end of March 2013 and expressed its appreciation to him for his excellent service to the world coffee sector which included developing initiatives such as the ITC Coffee Exporter's Guide.

Coffee

58. The Council expressed its appreciation to Angola, Cameroon, Côte d'Ivoire, Ethiopia, Kenya, Mexico and the Philippines for providing coffee from their countries for Members during these meetings.

Item 18: Future meetings

59. The Council took note of document WP-Council 231/12 containing the dates of meetings in 2013/14 and 2014/15 and noted that its next Session would take place in Belo Horizonte, Brazil from 9 to 12 September 2013.



International Coffee Council

110th Session

4 – 8 March 2013

London, United Kingdom

Resolution number 450

APPROVED AT THE THIRD PLENARY MEETING,
8 MARCH 2013

RESTORATION OF VOTING RIGHTS OF SIERRA LEONE

WHEREAS:

Paragraph (2) of Article 21 of the International Coffee Agreement 2007 provides that, If any Member fails to pay its full contribution to the Administrative Budget within six months of the date on which the contribution is due, its voting rights and its right to participate in meetings of specialized committees shall be suspended until its contribution has been paid in full. However, unless the Council so decides, such Member shall not be deprived of any of its other rights nor relieved of any of its obligations under this Agreement;

As at 7 March 2013 Sierra Leone had outstanding contributions amounting to £25,469 for 2012/13 and previous years;

Sierra Leone has paid an amount of £8,650 on 19 November 2012 and has submitted a proposal for the payment of its arrears as shown in document FA-61/13 (attached); and

In recognition of the commitment by Sierra Leone to pay the arrears in accordance with the instalment scheme shown in document FA-61/13, it is deemed appropriate to restore its voting rights,

THE INTERNATIONAL COFFEE COUNCIL

RESOLVES:

1. To permit Sierra Leone to pay its outstanding contributions to the Administrative Budget for 2012/13 and previous years in 8 instalments of £3,161 each, payable every two months from May 2013.
2. To restore with immediate effect the voting rights of Sierra Leone for as long as the above payment plan is maintained and future contributions are paid in accordance with the provisions of Article 21 of the 2007 Agreement.
3. That this Resolution shall not constitute a precedent in respect of the waiver of obligations relating to contributions under the provisions of Article 21 of the 2007 Agreement.
4. To request the Executive Director to inform the Finance and Administration Committee of Sierra Leone's compliance with its obligations under paragraph 1 of this Resolution.



INTERNATIONAL COFFEE ORGANIZATION
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
ORGANIZAÇÃO INTERNACIONAL DO CAFÉ
ORGANISATION INTERNATIONALE DU CAFÉ

FA 61/13

1 March 2013
Original: English

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Finance and Administration Committee
11th Meeting
4 March 2013
London, United Kingdom

Sierra Leone
**Payment of arrears in contributions
to the Administrative Budget**

RESTRICTED

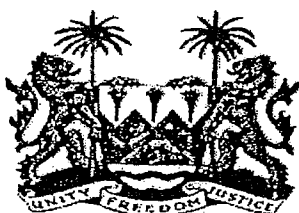
Background

1. As indicated in the document concerning the situation of outstanding contributions affecting voting rights (document ICC-110-1), Sierra Leone has outstanding arrears of £25,469 as at 1 March 2013.
2. An amount of £8,650 was received from Sierra Leone on 19 November 2012 which, at the request of Sierra Leone, was applied towards the current year's contribution due of £8,826.
3. The Commodity Market Monitoring Unit of Sierra Leone has submitted letters dated 31 October 2012 and 10 January 2013 requesting the ICO to consider ways of repaying its arrears (see attached Annex).

Action

The Committee is requested to consider whether this proposal is acceptable as a means of settling the arrears of Sierra Leone, and to make a recommendation to the Council in connection with the votes of Sierra Leone in view of efforts being made to repay its outstanding contributions

26 FEB 2013



CMMU COMMODITY MARKET MONITORING UNIT

10 Lightfoot Boston Street, Freetown

Tel: 224665/224726, Email: commoditymarketmonitoring@yahoo.com

ICO/1/1/13

10th January 2013

Mr. David Moorhouse
Head of Finance and Administration
International Coffee Organization
22 Berness Street
London W1T 3DD
United Kingdom

Dear Mr. Moorhouse,

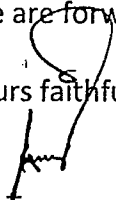
We write with reference to your letters of the 22nd November 2012 in which you stated that the £8,650.00 (Eight Thousand, Six Hundred and Fifty Pounds) paid should go towards payment of outstanding and not the current subscription.

If you refer to our letters of 11th September and 31st October 2012 in response to the Operations Manager's letter of 22nd August 2012, we did make an undertaking to pay the current contribution 2012/13 and the outstanding by installment and a schedule of payment was indicated in the letter.

Although the Council has not approved this proposal, we would like to plea that you accept this payment as the current amount due for 2012/13.

We are forwarding this letters for ease of reference.

Yours faithfully,


I.K. Turay
Executive Secretary
Commodity Market Monitoring Unit



CMMU COMMODITY MARKET MONITORING UNIT

10 Lightfoot Boston Street, Freetown

Tel: 224665/224726, Email: commoditymarketmonitoring@yahoo.com

ICO/9/12

31st October 2012

Mr. José Settè
Head of Operations
International Coffee Organizations
22 Berners Street
London W1T 3DD
United Kingdom

Dear Mr. Settè,

I am writing in response to your letter of the 22nd October 2012 reminding us of the outstanding payment of our contribution £25,293.95 and the current amount of £8,682.00

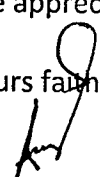
As mentioned in our letter of 11th September, we will honour the commitment to pay the current amount of £8,682.00 by 15th November 2012.

Regarding the outstanding of £25,293.95, we would like to revised the proposed payment plan as follows:

					£25,293.95
15 th December	2012	-	3,161.74	-	22,122.21
15 th February	2013	-	3,161.74	-	18,970.21
15 th May	2013	-	3,161.79	-	15,809.21
15 th September	2013	-	3,161.79	-	12,647.05
15 th November	2013	-	3,161.79	-	9,486.12
15 th January	2014	-	3,161.74	-	6,324.38
15 th March	2014	-	3,161.74	-	3,161.64
15 th May	2014	-	3,162.64	-	----

We appreciate your usual understanding.

Yours faithfully,


I.K. Turay
Executive Secretary

Cc: The Permanent Secretary - MTI
The Chief Director & Professional Head – MTI



International Coffee Council

110th Session

4 – 8 March 2013

London, United Kingdom

Resolution number 451

APPROVED AT THE THIRD PLENARY MEETING,
8 MARCH 2013

**CRITICAL SITUATION IN CENTRAL AMERICA
CAUSED BY COFFEE LEAF RUST OUTBREAK**

WHEREAS:

The representatives of the Central American Members of the International Coffee Organization (ICO) meeting in London have expressed their concern regarding the coffee leaf rust epidemic affecting Central America and its impact there, and have reiterated the appeal by Heads of State in the region to join forces with international bodies in order to support national and regional strategies to combat this infestation;

The current epidemic of coffee leaf rust affecting all countries of the region with a 53% incidence is the worst seen since this pest appeared in Central America in 1976, and has led some of the countries affected to declare a phytosanitary emergency and thus trigger the necessary national measures to combat coffee leaf rust;

Given the importance of coffee growing in the region, which has more than 351,000 coffee growers and directly provides a livelihood for more than two million Central Americans, this epidemic is expected to have a profound impact on Central American societies and economies. It has been estimated that there will be a loss of approximately 437,000 jobs in rural areas for the 2012/13 crop and even more for the 2013/14 crop;

According to preliminary figures, it is estimated that 2.5 million bags of the region's coffee production have already been lost as a result of coffee leaf rust in coffee year 2012/13, and this will bring about a systematic reduction in the region's production as from coffee year 2013/14; and

Governments and the private coffee sector in the region, together with Mexico and the Caribbean, are making joint efforts to address this crisis and the Ministers of Agriculture are currently working on a regional plan of action to be approved in Panama on 19 March 2013,

THE INTERNATIONAL COFFEE COUNCIL

RESOLVES:

1. That ICO Members show leadership in addressing this important issue and support for national and regional actions which Central American Members are undertaking in order to combat coffee leaf rust.
2. To call on Members of the international community, through the relevant cooperation mechanisms, to offer assistance to the affected countries by, among other things, technical knowledge, exchange of information and best practices and the provision of varieties of coffee resistant to coffee leaf rust.
3. To ask the ICO Secretariat to support countries affected to address the crisis caused by the coffee leaf rust.