Decisions and Resolutions adopted at the 120th Session of the International Coffee Council
28 – 29 September 2017

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1. In the absence of the Chair, Ms Tanya Menchi of the United States of America, the International Coffee Council was chaired by Mr Aly Touré of the Côte d’Ivoire. The Session took place in Yamoussoukro, Côte d’Ivoire from 28 to 29 September 2017. Condolences were extended to the many Members who had experienced natural disasters in their countries this year, including Colombia, Costa Rica, Cuba, the Democratic Republic of the Congo, India, Mexico, Nepal, Peru, Puerto Rico and the United States. Due to the recent tragic loss of life in Mexico, a statement from the Mexican Government was read out to delegates. On behalf of the Council, the Chair pledged international solidarity for Mexico.

Item 1: Adoption of the Agenda

2. The Council adopted the draft Agenda contained in document ICC-120-0 Rev. 1.

3. Before moving on to Council business, Mr José Sette made a brief opening statement to Members at his first meeting of the International Coffee Council since assuming the post of Executive Director.

4. The Council noted the remarks from the Executive Director (published in document ICC-120-10).

Item 2: Admission of observers

5. The Executive Director introduced document ICC-120-3 containing details of the observers approved by the Council in September 2016 for admission to Sessions in 2016/17 who had advised that they wished to attend the 120th Session of the Council (Annex I).

6. Annex II of document ICC-120-3 also contained a list of observers to be approved for admittance to the sessions in April and September 2018.

7. The Council approved the admission of observers and list of observers for admission to sessions in 2017/18.

8. The Council agreed that items relating to finance and administration on the Agenda would not be open to observers.

Item 3: Votes and credentials

Item 3.1: Votes for coffee year 2016/17

9. The Council took note of the situation of outstanding payments affecting voting rights as at 26 September 2017 contained in document ICC-120-1 Rev. 1. Members were reminded to pay their contributions promptly.

Item 3.2 Initial distribution of votes for coffee year 2017/18

10. Paragraph (6) of Article 12 of the ICA 2007 provides that the distribution of votes shall be determined by the Council at the beginning of each coffee year. Under the provisions of
Article 12, the votes of exporting and importing Members are based on their exports and imports respectively in the preceding four calendar years. Document ED-2246/17 Rev. 1 contained the statistical basis for the proposed distribution of votes. The Council took note of this information and approved the initial distribution of votes for 2017/18 contained in document ICC-120-2.

**Item 3.3  Credentials**

11. The Executive Director informed the Council that the credentials received from Members had been examined and found to be in good and due form. The Council approved the verbal report on credentials.

**Item 4: International Coffee Agreement (ICA) 2007**

**Item 4.1  Report on membership of the ICA 2007**

12. The Executive Director reported that, since the 119th Session of the Council in London, Nepal had joined the Organization.

13. Document ICC-120-4 contained a report on the status of the ICA 2007. To date, 43 exporting Members and 7 importing Members had ratified, accepted, approved or acceded to the Agreement.

14. The Council took note of this information and approved the report on membership contained in document ICC-120-4.

**Item 4.2  Extension for the deposit of instruments**

15. Document WP-Council 282/17 contained a draft Resolution to extend to 28 September 2018 the time limit for the deposit of instruments of ratification, acceptance, approval or accession to the ICA 2007. The Chairman urged Members who had not yet ratified the Agreement to do so as soon as possible. With that in mind, the Council approved the draft Resolution which became Resolution 461, a copy of which is attached to these Decisions.

16. In response to an intervention from a Member, the Council agreed that all Governments that had yet to complete membership formalities for the 2007 Agreement should be urged to make every effort to accelerate the procedures required. With the support of the Council, the Secretariat would actively engage with relevant Governments to facilitate this.

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1 The report was subsequently circulated, together with the List of Delegations, as document ICC-120-15.
Item 5: Coffee market situation

17. The Head of Operations a.i. gave a presentation on the current coffee market outlook. He explained that coffee prices had been going down over the last two years, and currently (as of 27 September 2017) the ICO composite indicator price stood at 124.68 US cents/lb, down from an average of 138.22 cents during September 2016.

18. In terms of coffee production, the ICO estimated that the total production in crop year 2016/17 would be 153.9 million bags, which was slightly higher than last year. Arabica production would go up by 10.2%, while total Robusta output would decrease by 10.6%. This reflected record production levels.

19. Looking at the top 10 producers worldwide, there was a decline in production for Vietnam over recent years, while Brazil had bounced back. The output in other major producing countries had generally been stable or positive, with Peru starting to show recovery from coffee leaf rust, although Mexico and El Salvador were still suffering. In Brazil, a significant recovery in the 2017/18 crop to around 50.5 million bags was predicted. In Colombia, production had been increasing steadily over the last four years, including a 5.9% increase in exports over October to July in the current coffee year compared to last year. Furthermore, inventories in importing countries had been well replenished. As of June 2017, inventories in the EU, USA and Japan were seen at around 25 million bags, which represented their highest level in recent years. This left the market well supplied with available coffee, and made it hard for prices to mount any significant rally.

20. Turning to world consumption, the ICO estimated that this was around 151 million bags for coffee year 2016/17, representing a marginal decrease of 0.3% compared to last year. There was, however, ongoing potential for growth in emerging markets and coffee-producing countries compared to traditional import markets.

21. The Head of Operations a.i. concluded that the coffee market was in deficit for the third consecutive year in 2016/17, however prices had not been able to increase significantly due to the transfer of stocks from exporting to importing countries. This had given roasters a buffer against any short-term supply constraints. Robusta production was also expected to rebound in coffee year 2017/18.

Item 6: Studies and reports

22. The Senior Economist presented the study contained in document ICC-120-7 entitled ‘Value addition in the African Coffee Sector’.
23. Economic growth in Sub-Saharan Africa was expected to rebound to 2.6% in 2017 after a sharp decline the year before, according to a recent World Bank publication. The growth forecast remained positive for the 2018/19 period, mainly due to a recovery of commodity prices from their low in 2016. In view of the positive direction the overall economy was taking, this study examined the prospects for the African coffee sector, which had largely stagnated in recent years.

24. The aim of the study was to review the development of production and consumption patterns since the liberalization of the global coffee market. Specific emphasis was placed on an assessment of the level of value addition in the African coffee sector compared to other producing regions. Constraints to increasing value addition were also identified and investment requirements highlighted.

25. Since the dismantling of the quota system in 1989, global coffee production had increased by almost 60%, from 95.4 million bags on average in the first half of the 1990s to 151.6 million bags estimated for 2016/17. Global growth in demand, which to a large degree was the result of increased domestic consumption in coffee-producing countries and emerging economies, had provided additional markets for growers. However, not all producing countries had benefitted to the same degree.

26. Major producers like Brazil, for example, managed to increase production broadly at the rate of global output. As a result, Brazil maintained a market share of around 30% over the past two decades. Other countries, such as Vietnam, had increased their production at a rate higher than growth in global supply, leading to Vietnam steadily increasing its share in global output to more than 15% and establishing itself as the second largest producer. Over the same period, coffee production in Africa had lost traction. The continent’s share in global output had decreased from 17.6% in 1990 to 10.8% in 2016 as production had stagnated for two decades. Africa’s share in the total value of global exports fell by a greater proportion, from 21% in 1990 to only 9.4% in 2016.

27. Looking at the development of coffee in the 10 largest producing countries on the African continent, the majority experienced a sharp decline in production of around 50%. Output decreased in the early 1990s and remained at low levels in Burundi, Cameroon, the Democratic Republic of the Congo and Rwanda. In Tanzania the initial drop in production was less pronounced and the level of output today was similar to that achieved in 1990/91. Nevertheless, coffee remained economically significant.

28. In 2015 the share of coffee in GDP still remained above 1%, except for Rwanda with an estimated share of 0.8%. Coffee was an important cash crop for rural households. It was estimated that the cultivation of coffee provided a livelihood and employment for approximately 7 million households in Africa, most of which were smallholders.
29. In 1990 coffee was by far the most important export commodity in many African countries, making up more than three quarters of total exports (by value) in Uganda, Burundi, Ethiopia and Rwanda. The share had since decreased significantly as exports diversified. However, dependence on coffee in earning foreign exchange remained high, and thus, a potential concern for Burundi, Uganda and Ethiopia was exposure to a notoriously volatile market with strong price fluctuations.

30. Compared to other world regions, Africa contributed only modestly to global demand for coffee. In 2015/16, around 10 million bags were consumed across African countries. Accordingly, the share of both exporting and importing countries on the continent amounted to 6.8% of global demand.

31. The post-harvest process had a significant impact on the prices farmers could expect to receive. Wet-processed or washed coffee fetched a significant premium on the world market. In the case of Ethiopia an empirical study had found that washed coffee was sold at prices 20% above dry-processed coffees.

32. In conclusion, while coffee production on the African continent as a whole had stagnated over the past years, some countries had successfully revived their domestic coffee industries. The value addition retained in producing countries could be increased by improving the quality of green coffee for export, building processing infrastructure to supply domestic markets, and better integrating domestic coffee producers into regional and international markets. This required an enabling environment.

Item 7: Country Coffee Profiles

33. The Head of Operations a.i. introduced the Coffee Profile of Italy set out in document ICC-120-6. This study had been conducted by the Comitato Italiano del Caffè, with the support of the University of Turin and in collaboration with the ICO Secretariat.

34. The representative from Cameroon gave a presentation on developments in Cameroon. This followed the structure of the Coffee Profile on Cameroon set out in document ICC-120-5, conducted by the National Cocoa and Coffee Board and in collaboration with the ICO Secretariat.

35. The Council noted the details of both Coffee Profiles.

Item 8: Strategic Review of the ICO

36. The Chair of the Working Group on the Strategic Review reported on the outcomes of the process, the objective of which was to focus existing resources, strengthen operations, establish agreement around intended goals and outcomes, and assess and adjust the Organization's direction in response to a changing environment.
37. A Working Group had been established by Resolution 457 of the Council in September 2015, consisting of Members and chaired by Mr Aly Touré. Since then the Group had met on numerous occasions.

38. In addition to establishing terms of reference for the Group, a consultant had been appointed to conduct a full review of the work of the Organization to assist the Group in its work. This review included engagement with Members and staff, along with a workshop in July 2016. As a result of this work, three Strategic Goals of the Organization had been proposed:

i. Delivering world-class data, analysis and information to the industry and policy-makers

ii. Using the Organization’s convening power to provide a forum for dialogue between and within the public and private sectors

iii. Facilitating the development of projects and promotion programmes through public-private partnerships.

39. At its meeting in September 2016, the Group endorsed the recommendations of the consultant (document WP-Council 269/16 Rev. 2). In June 2017 the then newly-appointed Executive Director presented a draft ‘Five-Year Action Plan’ of the ICO based on the recommendations of the Strategic Review. The Group subsequently met in July and August 2017 to recommend for Council approval the draft Five-Year Action Plan (document WG-22/17 Rev. 3) and the Programme of Activities for the Organization for coffee year 2017/18 (document WG-25/17 Rev. 1).

40. On behalf of Members of the Working Group, the Chair thanked the Executive Director and the staff for their assistance. Thanks were also extended to Members of the Working Group, along with all stakeholders who had contributed to the Strategic Review.

41. The Council noted the report.

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2 Subsequently circulated as document ICC-117-15
3 Subsequently circulated as document ICC-120-11.
4 Subsequently circulated as document ICC-120-12.
Item 9: Five-Year Action Plan

42. The Executive Director presented the proposed Five-Year Action Plan contained in document WP-Council 280/17 Rev. 1.

43. The aim of the Action Plan was to set out the overall direction, priorities and key performance indicators (KPIs) of the Organization for the next five years in order to address the increasing challenges faced by the coffee sector. The draft Five-Year Action Plan also provided the context for the development of an annual programmes of activities, which would prioritize and allocate relevant resources.

44. The Action Plan was composed of three sections. The first section presented an overview of the challenges faced by the world coffee sector. The second section outlined the strategic goals and proposed actions for the Organization. The final section provided KPIs as an indicative approach for Member countries to monitor and evaluate the actions taken.


Item 10: Programme of Activities for coffee year 2017/18

46. The Head of Operations a.i. presented the proposed Programme of Activities for the Organization for coffee year 2017/18 as contained within document WP-Council 281/17 Rev. 1.

47. Based on the Five-Year Action Plan, the Programme of Activities were grouped under the three Strategic Goals of the Organization. Although not exhaustive, the Head of Operations highlighted the following areas of focus for coffee year 2017/18:

- Improving raw data collection, storage and handling.
- Disseminating statistical data and analytics.
- Strengthening Membership engagement.
- Strengthening engagement with the private and public sectors.
- Facilitating coffee sector development projects.
- Facilitating promotion programmes through public-private partnerships.


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5 Subsequently circulated as document ICC-120-11.
6 Subsequently circulated as document ICC-120-12.
Item 11: International Coffee Day

49. The Executive Director reported on preparations for the third annual International Coffee Day.

50. The ICO Secretariat had worked hard to encourage coffee lovers around the world, as well as stakeholders to organize their own events to celebrate coffee, using social media and the dedicated International Coffee Day website. The theme of this year’s event was ‘Coffee for you and me’, building on the capacity of coffee to bring families and friends together, and was chosen to emphasize the importance of coffee to both producers and consumers. The Council then viewed the International Coffee Day video produced as part of this year’s campaign, and which was warmly received by Members.

51. Many promotional activities at coffee spots and other events would be held all over the world. At the time, the Secretariat had news of events in more than 30 countries, a sign that recognition of International Coffee Day was growing.

52. This year’s event also included a photo competition with cash prizes, the winners of which were announced at the Council Session.

53. On behalf of the ICO, the Executive Director expressed his gratitude for the financial backing of the All Japan Coffee Association (AJCA) and the logistical support from the Mexican Government which had made the event possible.

54. The Council took note of the report.

Item 12: World Coffee Conference

55. The representative of the India Coffee Trust gave a presentation on preparations for the Fifth World Coffee Conference in Bengaluru, India in April 2020. At its 119th Session, the Council had approved India’s bid to host the next World Coffee Conference in 2020.

56. The Council noted that India was the fifth largest coffee exporter, as well as an emerging and major coffee consuming country. The Government of India also had a strong focus on increasing coffee plantations. Bengaluru, as a location, was the coffee capital of India. The State of Karnataka, in which Bengaluru was situated, produced nearly 70% of India’s coffee. Bengaluru also had ideal transport links with an international exhibition centre.

57. The proposed theme of the conference was ‘Sustainability through Consumption’. As world coffee production was increasing with a negative impact on prices, this could potentially be offset by increasing consumption.
58. An invitation was also extended to Members to attend the International India Coffee Festival in January 2018. The Executive Director confirmed he would be attending the Festival next year and would take the opportunity to discuss in more detail the plans for the forthcoming World Coffee Conference.

**Item 13: National coffee policies**

59. The representative from Mexico gave a presentation on the history of coffee in her country and an update on changes in national coffee policy.

60. In terms of the history of production, coffee had been introduced in Mexico in 1870, with a National Commission established in 1949 to address the challenges facing the industry. At that time production was 1.1 million bags. In 1962 the Mexican Coffee Institute – a government regulatory agency – was created to provide technical assistance, administer Mexican export quotas of coffee, and keep coffee prices high and stable in the market. Production was 5.5 million bags at the time of the recession in 1982, but after the end of quotas in 1989, the revenue of farmers fell then unfortunately, with the consequent fall of production to 4.1 million bags in 1993.

61. This led to the creation of the Integral Coffee Assistance Project, set up in September 2015, to increase productivity in the coffee-producing regions of Mexico in a competitive and sustainable manner. The ambitious goal of the Project was to produce 4.5 million bags in 2018/19 and 15 million bags by 2030 with the following objectives:

- Strengthen the production chain.
- Implement a model of management to provide specialist technical assistance and technology transfer.
- Work in collaboration with SENASICA (National Service of Health, Safety and Agrifood Quality) to prevent and control pests and diseases affecting coffee.
- Facilitate investment in smaller growers, with support from SAGARPA (Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food).
- Promote the production, distribution and consumption of a sustainable coffee sector in Mexico.

62. In Mexico there were around 500,000 coffee growers, with 80% of the coffee grown in indigenous areas of the country where Spanish was not the first language. While increased production was the goal, it was important at the same time to care for the environment and focus on sustainable production.
63. The sector was actively working with technical experts, research institutes, banks, Government bodies and the private sector to promote coffee production and national and international consumption. Activities included attending specialist fairs, organizing cupping events and creating coffee profiles on all the coffee-producing regions in Mexico.

64. In conclusion:

- The role of SAGARPA was to serve as a facilitator, but with a high sense of urgency to address the challenges facing the coffee sector in Mexico.
- The focus was on maintaining the ecological processes necessary for the quality and productivity of the crop.
- Technical Assistance was required with emphasis on Good Practice and Green Technology Transfer. This was also the focus for investment.
- Strengthening coffee communities and industry could also help to address climate change.
- Public policies were designed to prioritize the needs of producers and maintain the sustainability of the landscape, including social cohesion.
- Innovation and global collaboration was part of Mexico’s current and future agenda.

65. Concern was raised by some Members about the potential impact on prices with the planned increase in production to 15 million bags by 2030. It was suggested that other countries who had similar ambitions should share their national plans with each other.

66. The Council noted the report, which is available on the Technical Presentations area of the ICO website.

**Item 14. Cooperation with other agencies**

67. The Executive Director presented an update on ICO activities in cooperation with other agencies.

*Memorandum of Understanding with the Global Coffee Platform*

68. Annex I of document WP-Council 283/17 Rev. 1 contained a draft Memorandum of Understanding (MoU) between the International Coffee Organization and the Global Coffee Platform to continue and expand public-private collaboration in the coffee sector towards a sustainable, thriving coffee community at the same time as contributing to the Sustainable Development Goals. Annex II explained in greater detail the background and practical implications of this collaboration. This collaboration would be known as ‘Cooperation for Vision 2030’. The draft Memorandum of Understanding updated and replaced the MoU
approved by the International Coffee Council at its 114th Session in March 2015 between the International Coffee Organization, the 4C Association and IDH The Sustainable Trade Initiative.

69. Informed by the Sustainable Development Goals, the Executive Director of the Global Coffee Platform, Ms Annette Pensel, explained that this was an example of positive collective action between the private and public sectors.

70. The Council approved the Memorandum of Understanding between the International Coffee Organization and the Global Coffee Platform. Ms Pensel was then invited to sign the MoU with the Executive Director.

Memorandum of Understanding with the African Fine Coffees Association

71. The Executive Director reported that the Council had approved the draft of a Memorandum of Understanding between the ICO and African Fine Coffees Association (AFCA) at its 119th Session in March 2017. The purpose of this collaboration had been to promote both technical and scientific cooperation in African coffee-producing countries, but had yet to be formally signed.

72. The Chairman of the AFCA Executive Board, Mr Ishak Lukenge, was invited to sign the MoU along with the Executive Director.

Sustainable Coffee Challenge

73. The Council noted that the ICO Secretariat has been in contact with Conservation International, the organization responsible for launching the Sustainable Coffee Challenge (SCC). This initiative, which had begun in December 2015, sought to create a dynamic and diverse coalition in the belief that it was both possible and essential to make coffee the world’s first sustainable agricultural product. The coalition brought together more than 75 partners, including industry players – ranging from mainstream to specialty – as well as NGOs, universities, donor agencies and certification bodies. Three ICO Members (Costa Rica, Mexico and Rwanda) had also joined. The SCC wanted to enter into a partnership with the ICO, in recognition of the key role played by the public sector in promoting sustainability. The Council decided that the Executive Director should explore further collaboration with the SCC in alignment with Vision 2030.

7 The MoU was subsequently published as document ICC-120-14.
Global Adaptation Plan

74. The Council noted that the Global Adaptation Plan (GAP) had been presented to the Private Sector Consultative Board members in March 2017 by Mr Andrea Illy. Its purpose was to ensure long-term coffee supply (quality and productivity), especially by making the world coffee sector more climate-resilient. At that time, the Council recommended that the Secretariat followed up on potential next steps. Accordingly, the Executive Director and the Head of Operations a.i. had attended the initial meeting of the GAP task force, which was composed of representatives from the private and public sectors, as well as civil society, and was set up to turn the proposal into concrete actions.

75. Initial proposals showed a significant potential for ICO involvement. For example, one of the pressing needs identified was the insufficient or unequal data availability among countries, which obscured where the most-pressing Sustainable Development Goal funding needs may lie. The ICO was uniquely placed to contribute to this debate. The task force would meet again the first week of October 2017 in Geneva to discuss proposals and decide on next steps.

76. If there were no objections, the Secretariat would continue to work closely with the GAP. No objections were raised.

United Nations Conference on Trade and Development (UNCTAD) and International Trade Centre (ITC)

77. The Council noted that during his trip to Geneva for the first meeting of the Global Adaptation Plan in May 2017, the Executive Director and the Head of Operations a.i. had visited the United Nations Conference on Trade and Development (UNCTAD) and International Trade Centre (ITC) in order to discuss possible areas of mutual collaboration.

CeCafé – Coffee Dinner and Summit

78. The Council noted that in May 2017, the Executive Director gave a presentation on ‘Challenges to Supply and the World Coffee Trade’ at the Coffee Dinner and Summit, in São Paulo, Brazil, an event organized by CeCafé – the Brazilian Coffee Exporters Council.

Latin America Coffee Summit and V Convention of the International Women’s Coffee Alliance (Puebla, Mexico)

79. The Council noted that in August 2017, the Executive Director had attended the Latin America Coffee Summit and V Convention of the International Women’s Coffee Alliance. Held in Puebla, Mexico he had made a speech as part of the Opening Ceremony on the importance of gender empowerment for the sustainability of the world coffee sector.
Inter-African Coffee Organization (IACO)

80. The Council also noted the presentation of a video of the new IACO headquarters in Abidjan.

Item 15: Report by the Chairpersons of ICO bodies

Item 15.1: Private Sector Consultative Board (PSCB)

81. The Executive Director provided a report on the meeting of the PSCB which took place on 26 September 2017. The report of this meeting was subsequently circulated as document PSCB-154/17. He had chaired the meeting in the absence of the Chair and Vice-Chair.

82. The Council noted that the Executive Director had introduced the proposed Five-Year Action Plan contained in document WP-Council 280/17. He explained that there were three main strategic objectives which would enable the ICO to encourage the development of a sustainable and inclusive global coffee sector and contribute to the achievement of the Sustainable Development Goals. Specifically, the Strategic Review recommended that the ICO should focus on (i) delivering world-class data, analysis and information to inform both policy makers and the industry, (ii) provide a forum for dialogue between and within the public and private sectors, and (iii) facilitate development projects and programmes through public-private partnerships and other means. The Executive Director pointed out that the Five-Year Action Plan related closely to the work of the PSCB as it emphasized the forming of partnerships with the private sector. The Executive Director expressed the hope to see increased interaction with all members of the PSCB in this area.

83. The Executive Director also gave an update on the Global Adaptation Plan (GAP) that had been presented by Mr Andrea Illy to PSCB members at its previous meeting. The purpose of the GAP was to ensure the supply of quality coffee in the long-term, especially by increasing the world coffee sector’s resilience to the impact of climate change.

84. The Executive Director closed the update by noting that in his view the initial proposals showed significant potential for ICO involvement. For example, one of the pressing needs that have been identified is the limited availability of statistical data in coffee producing countries, which obscures where the funding needs may lie. He added that the ICO was uniquely placed to contribute to this debate. The task force would meet again on 5 October 2017 in Geneva to discuss the proposals of the working groups and decide on the next steps. Subject to approval by the Council, the Secretariat would continue to work closely with the GAP.

85. The Executive Director also introduced the Secretariat’s preparations for the International Coffee Day (ICD) 2017. The theme of this year’s event was ‘Coffee for you and me’, building on the ability of coffee to bring together families and friends, and was chosen to emphasize the importance of coffee to both producers and consumers.
86. As in previous years, the campaign for the third edition of ICD included a social media campaign comprising a dedicated website to register events, a promotional video, and for the first time a photo competition. The ICD 2017 video was screened and was received positively by the PSCB. Financial backing from the All Japan Coffee Association and the logistical support from SAGARPA (Mexico) was gratefully acknowledged by the Executive Director.

87. Looking at coffee consumption, the PSCB received a presentation from the China Coffee Association and the Baoshan Municipal Coffee Association on the coffee industry in China. The first presentation focused on the development of coffee consumption in China and provided newly available results of market research in one of the fastest growing markets in the world. One of the key findings was that the consumption of fresh coffee was growing quickly in China’s top tier cities, while demand for soluble coffee showed higher growth rates in less populous locations. The second presentation provided information about the development of coffee production in China. Both presentations were well received by Members and are available on the Technical Presentations area of the ICO website.

88. The Council noted the report.

**Item 15.2: Promotion and Market Development Committee**

89. The chair of the Promotion and Market Development Committee provided a report on the meeting that took place on 26 September 2017. The report of this meeting was subsequently circulated as document PM-54/17.

90. The Council noted that the Executive Director had reported that during the past coffee year, the Working Group on the Strategic Review, chaired by Mr Aly Touré of Côte d’Ivoire, had met several times in order to transform the recommendations of the Strategic Review into a Five-Year Action Plan. The Action Plan provided practical guidance to the work of the ICO and contained a series of ‘Priority actions to stimulate promotion programmes through public-private partnerships’, including providing effective promotion of International Coffee Day, thereby reinforcing the ICO’s status as the leading intergovernmental organization for coffee; encouraging actions related to the promotion and consumption of coffee; and strengthening partnerships with the private sector to host relevant coffee events. The Executive Director thanked all the Members of the Working Group for their hard work.

91. The Council took note that the Chair had reminded the Committee that one of the objectives of the Committee was to promote coffee consumption thus increasing demand. She said consumption has been increasing mainly in traditional markets, but a growth in producing countries could also be noticed.
92. The representative from Mexico, also the Chair of the Committee, had presented some infographics on the consumption of soluble and roasted coffee, containing the current trends in consumption in her country, which was on the increase. The surge in coffee shops was of major importance. Also, 90% of the coffee sold to those shops was grown in Mexico. The presentation also looked at the country’s promotion of the health benefits of coffee based on scientific studies, to eradicate the myth that coffee could be harmful. The aim of the campaign was to educate people that drinking coffee in moderation was beneficial. The Council noted that one Member had reminded the Committee that the positive effects of coffee to maintain good health had been validated through studies carried out by the World Health Organization (WHO) and that Members should take advantage of this confirmation by the WHO and use it as much as possible to spread the good news.

93. The Executive Director mentioned that he had recently had the opportunity of witnessing first-hand the vigour of the coffee market in Mexico, congratulated Mexico on increasing its domestic consumption and looked forward to further growth in Mexico’s domestic consumption. This was something the ICO championed, as a key factor in stabilizing the coffee market.

94. The Council noted that the Mexican representative had explained that her country was usually influenced by its neighbour, the USA, where coffee shops had become very popular. Eventually that caught on in Mexico City, where Starbucks and Juan Valdez shops had competed for key spots in the city. Also, having a coffee at a shop had become a new trend, which had also helped independent coffee shops to flourish and a Mexican chain called ‘Cielito Querido Café’ had opened several shops in the city. The Chair added that Mexicans were very proud of all their products, including coffee, and she had reminded the Committee that Mexico had no Coffee Board and therefore it was the industry and businessmen who were behind coffee promotion, organizing events and more. The National Plan for Mexican Coffee was helping growers to add value, by increasing domestic consumption. She highlighted two basic strategies, which had added value to national coffee farmers: increased exports by improving quality of Robusta as well as of soluble coffee; and the fact that Mexican consumers sought high quality Mexican coffee. Prices were competitive and many producers preferred to sell their coffee on the domestic market, as they could get greater returns by selling directly to roasters in the country. This was a strategy proven to benefit small-scale farmers, particularly now when one can observe an international coffee prices crisis. Also, having information on the source of the coffee one drinks had proven to be very effective in Mexico.

95. The Council noted that the delegate from Uganda had informed the Committee that on 22 September 2017 the Uganda Coffee Development Authority had launched a

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8 The infographics on the health benefits of coffee are available on the Technical Presentations area of the ICO website.
communications strategy that disseminated coffee information to all stakeholders, in order to increase domestic consumption in his country. He requested that the information about coffee and health presented by Mexico be shared with all Members, so that the material could be used in all countries. All Members were urged to promote coffee consumption in their countries through campaigns promoting the positive aspects of coffee and end the stigma that coffee was bad for you.

96. The Executive Director took the opportunity to remind Members that for many years the ICO has been emphasizing the importance of increasing domestic consumption in producing countries. The best example of this was the Step-by-Step Guide to Promote Coffee Consumption, which was very comprehensive and still valid, and was an excellent starting point to any campaign to increase domestic consumption.

97. The Executive Director had also reported on preparations for International Coffee Day.

98. The Council noted the report.

**Item 15.3: Statistics Committee**

99. The Council noted that the Vice-Chair had chaired the 13th meeting of the Statistics Committee on 26 September 2017 in the absence of the Chair. The report of this meeting was subsequently circulated as document SC-78/17.

100. Members noted that the Executive Director introduced the Five-Year Action Plan contained in document WP-Council 280/17, stating that there were two broad areas of activities for statistics in order to meet the strategic goal of delivering world-class data, analysis and information to inform both policy makers and the industry. The first area was to improve raw data collection, storage and handling and the second to disseminate statistical data and analysis. The Committee had agreed with the request of the Secretariat that (as happens in other international commodity bodies, such as the International Cocoa Organization and International Cotton Advisory Committee) ICO statistics be supplemented and complemented by data from other sources when information received from Members was incomplete, delayed or inconsistent. The Vice-Chair reported that the Committee had discussed the Action Plan, noting that some importers no longer required certificates of origin and had requested that the Secretariat find out which countries no longer required certificates of origin.

101. The Council noted that the Statistical Workshop was chaired by the Head of Operations a.i. and took place on 25 September 2017 in Yamoussoukro, Côte d’Ivoire. The report of this workshop was subsequently circulated as document SC-77/17. The workshop discussed the Rules on Certificates, Rules on Statistical Reports, and compliance with these Rules. The Committee discussed the challenges exporting Members faced in complying with
these rules, including potential underreporting of exports when coffee is traded informally across land borders, the lack of resources (both in terms of personnel and finance) due to weaker government institutions and organizations, and disruptions to or untimeliness of data submission due to changes in personnel or the need to coordinate with other agencies. The Council took note that several Members suggested holding regional training events to improve compliance. The Committee discussed the presentation by the Senior Economist on the application and benefits of data, recommending that the ICO should take advantage of new technology to improve data collection and emphasizing the importance of data for decision-making.

102. The Committee had taken note of a review, contained in document SC-75/17, introduced by the Senior Economist of two economic studies that modelled the impact of climate change on coffee production. The review covered issues such as the impact of rising temperatures and changing rainfall patterns on the suitability of land currently used for coffee production at the global level and country level. The conclusions of this review noted that climate change would likely lead to the migration of coffee production to more suitable areas and that adaptations to the negative impact of climate change on coffee production required long lead times. However, support from international and regional development banks could support implementation of climate smart agriculture.

103. The Vice-Chair reported that the Committee had considered document SC-76/17, which contained a report on compliance by Members and noted that this document had been presented at the Statistical Workshop. The Committee had urged the representatives of all Members not in full compliance to make efforts to improve their performance, since accurate statistics were essential to well-informed decision-making in the coffee sector.

104. The Council noted that the Statistics Roundtable met at the ICO on two occasions, 16 June and 6 September 2017. The Roundtable consisted of volunteer expert analysts from the coffee sector and represented more than 50% of the world coffee trade. The Roundtable discussed coffee statistics for the top six producing countries and recommended that the ICO be able to publish independent estimates for all countries where data provided by Members is incomplete, delayed, or demonstrably inconsistent and that consistency between data parameters should be improved. The next Statistics Roundtable would take place in December 2017.

105. The Council took note of this report and approved the recommendation of the Secretariat that ICO statistics be supplemented and complemented by data from other sources when information received from Members was incomplete, delayed or inconsistent.
Item 15.4: Projects Committee

106. The Chair of the Projects Committee reported on the meeting of 26 September 2017. The report of this meeting was subsequently circulated as document PJ-117/17.

107. The Council noted that the Executive Director had presented document WP-Council 280/17, setting out the proposed Five-Year Action Plan of the International Coffee Organization. Themes related to the responsibilities of the Projects Committee were dealt with under Strategic Goal 3: Facilitating development projects and programmes through public-private partnerships and other means, in particular assisting in the preparation of coffee sector development project proposals, and identifying and mobilizing funds for coffee sector development projects.

108. The Head of Operations a.i. had introduced two documents PJ-115/17 and PJ-116/17. Document PJ-115/17 provided an update on the status of projects sponsored by the ICO. These included projects under implementation/to be started, projects endorsed by the International Coffee Council and those seeking funds for implementation and projects concluded. Document PJ-116/17 covered progress on two projects:

   i. The first project involved promoting a sustainable coffee sector in Burundi, which following successful implementation was then expanded to Rwanda and Uganda with financial support from various donors, including Sucafina S.A., GIZ, IDH, Starbucks, USAID, Nestle and individuals. A supervisory mission of the ICO was expected in mid-2018.

   ii. The second project, funded mainly by the Common Fund for Commodities, focused on the qualitative and quantitative rehabilitation of coffee with the aim of improving living conditions of coffee farmers afflicted and displaced by war in the Democratic Republic of the Congo. Launched in March 2014, this project was expected to end in February 2018.

109. In response to questions about the effectiveness of projects, it was recognized that some projects would be more successful than others. It was crucial for the ICO to help create an enabling environment to support the sector and scale up initiatives that would have a localized and global impact. Clearly there were opportunities for the private sector to play an important role, and these should be further explored.
Africa Coffee Facility

110. The Council noted that the Head of Operations a.i. had introduced document **PJ-97/16 Rev. 1** summarizing the Concept Note submitted by the Inter-African Organisation (IACO), to set up a coffee sector development fund known as the ‘Africa Coffee Facility’. The Secretary General of IACO was then invited to give an update on the Africa Coffee Facility.

111. Following the submission of the concept note, the African Development Bank had organized a workshop of all stakeholders to address the various issues confronting the African coffee sector. The lifecycle of the African Coffee Facility was 10 years, with a five-year financing target of US$150 million. It was expected to cover all coffee-producing countries in Africa, currently 25 in number, with the beneficiaries being primarily smallholder farmers. The Africa Coffee Facility was an initiative of the Inter-African Coffee Organization, and the ICO Secretariat had provided technical assistance. Hosted by the African Development Bank, the overall purpose of the Facility was to mobilize and apply resources to the coffee sector, in particular to ensure improvements that lead to poverty reduction and better livelihoods for coffee farmers.

112. Under Other business, a proposal was raised to consider the value of reviewing the ICO’s governance structure, and whether the current structure best suited the purpose of the ICO’s new strategy. The comment was made that some of the Agendas during the week had contained overlapping items for discussion, and there could therefore be value in simplifying the way decisions were made, at the same time as maintaining the substance of the work of the ICO. There was concern that the current International Coffee Agreement provided for the existence of certain committees; however, it was important for the ICO to be as effective and innovative whatever its structure. The Committee agreed to refer this matter to the Council.

113. The Council noted the report.

### Item 16: Consultative Forum on Private Sector Finance

114. The Chair of the Consultative Forum reported on the 7th Forum held on 27 September 2017. The report of this meeting was subsequently circulated as document CF-17/17.

115. The theme of this year’s Forum had been ‘Creating an Enabling Environment for High Productivity in Coffee Farming’, given the need to help achieve sustainability of coffee production by increasing the productivity of land already under cultivation. The purpose of the day had been to share best practice and learn lessons from other countries that had successfully created an enabling environment for high productivity in coffee farming.
116. Country case presentations were received from Brazil, Colombia, Honduras and Côte d’Ivoire, in addition to a report on the conclusions from the World Coffee Producers Forum in July 2017. Consultative Forum presentations are available on the Technical Presentations area of the ICO website.

117. As the Forum had developed its remit beyond purely financial matters, to include sustainability issues for example, the Chair of the Consultative Forum suggested to the Council that the name of the Forum could be broadened to reflect the wider value chain.

**Item 17: Financial and Administrative matters**

**Item 17.1: Finance and Administration Committee**

118. The Chair of the Finance and Administration Committee reported on the meeting of the Committee held on 25 September. The report of this meeting was subsequently circulated as document FA-163/17.

119. The Executive Director had given a presentation on the new Five-Year Action Plan for the ICO contained in document WP-Council 280/17 within which the Finance and Administration Committee would be expected to play a key role, especially in handling financial implications and in evaluating progress towards the attainment of the Key Performance Indicators.

120. While welcoming the Plan and the vision it set out, Members had felt that further consideration should be given to the economic challenges facing today’s coffee sector, such as the impact of low prices and the need to replace ageing coffee trees. Reference was made to the fundamental need to have access to technology while sources of funding and investment were also needed. The proposed Memorandum of Understanding between the ICO and the Global Coffee Platform, to be considered by the Council, was an example of positive collaboration between the public and private sector.

121. The Head of Finance and Administration had introduced document FA-160/17 which set out the unaudited management accounts of the Organization at 31 August 2017. The net result was an overall surplus of £31,172 above what might have been expected from the Budget.

122. The Head of Finance and Administration had introduced the revised draft Budget for the financial year 2017/18 contained in document FA-154/17 Rev. 2. The proposed contribution for 2017/18 remained unchanged, at £1,471 per vote, representing a 0% increase on last year. The Committee had then agreed to recommend approval of the draft Administrative Budget contained in document FA-154/17 Rev. 2 to the Council.
123. The Head of Finance and Administration had reported on the current situation of outstanding contributions and provided an analysis of contributions received to date (Table 3 of document FA-160/17). Some Members were in a persistent state of arrears and others were making payments much later in the year. This had a negative effect on cash-flow and, among other consequences, prevented the Organization from placing longer-term deposits and, in turn, receiving higher interest rates.

124. The Committee had discussed possible actions that could and should be taken to address the fact that Members were not paying their contributions on time or in some instances, not at all. Following a proposal by the European Union, it was agreed that the presentation of the accounts would henceforth be altered to reflect better the situation of outstanding contributions. It was also agreed that the Finance and Administration Committee would sit as a technical committee to deal with this crucial topic.

125. The Head of Finance and Administration had introduced document FA-162/17 relating to salaries and the basis for contributions to the Provident Fund for staff in the General Service category. The scales had been revised by the IMO on recommendations made by the International Civil Service Commission and involved an increase of 2% on salaries. The Committee agreed to recommend approval of the revised salary scales and the basis for contributions to the Provident Fund contained in document FA-162/17 to the Council.

126. The Committee had reviewed document FA-161/17 on the proposal to increase the number of banks with which the ICO may keep funds. They agreed to the proposal, while requesting that all banks with which the Organization operated had a minimum grading of A. The Committee agreed to recommend the proposal to increase the number of banks with which the ICO may keep funds as contained in document FA-161/17 to the Council.

127. With regard to the representation allowance of the Executive Director, the Committee had agreed that this should remain unchanged from that received by the previous Executive Director, as provided for in the 2017/18 Budget. The Committee agreed to recommend the amount for approval by the Council.

128. The Head of Finance and Administration had updated Members on the completion of the Staff Regulations and Staff Rules of the Organization. Outstanding questions from the European Union had been addressed and the new Staff Regulations and Staff Rules were now in force.

129. As the newest Member of the ICO and in view of his inability to attend the Council Session, the Head of the Delegation of Nepal had made a statement to the Committee under Other business.
130. The Council took note of this report and on the recommendation of the Committee approved the proposed revised salary scales and the basis for contributions to the Provident Fund for staff in the General Service category contained in document FA-162/17 and the proposal to increase the list of banks contained in document FA-161/17 and that all banks with which the ICO operates had a minimum grading of A. The Council also approved the representation allowance of the Executive Director.

Item 17.2: Draft Administrative Budget for 2017/18

131. On the recommendation of the Finance and Administration Committee, the Council approved the draft Administrative Budget contained in document FA-154/17 Rev. 2.

Item 18: Special Fund

132. The producers’ spokesperson reported on the Special Fund which had initially been created during the time of quotas. Here funding had been allocated to promote domestic consumption in producing countries, however for a number of years the Fund had been frozen and had only recently been ‘unlocked’. The Fund consisted of a total sum of US$1.3 million, to be divided among the three regions (Africa, Asia and Latin America) with Côte D’Ivoire, Indonesia and Brazil chosen as representatives to speak on behalf of the regions respectively. It was, however, up to the countries in each region to agree how the money would be spent.

133. As an early recipient of support from the Special Fund, the Council noted an update from the representative from PROMECAFE – which was responsible for managing an initiative to promote coffee consumption in Mexico, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Puerto Rico and Jamaica. PROMECAFE was now working on a three-year action plan. This involved an analysis of the state of play in each country, with targeted projects developed and implemented. Currently annual domestic consumption was at 2kg per capita, and the intention was to increase this by 30%. Initial activities were starting in October 2017 with workshops and a further progress report could be shared with Members at the next Council session in 2018. The Executive Director also explained that he would be visiting Central America the following month and looked forward to discovering more about the progress made with the PROMECAFE initiative.

134. Members emphasized that it was important that the resources of the Special Fund were now being used. It was agreed that funds should be allocated also to the two remaining regions as soon as possible.

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135. The Council noted the report on the Special Fund.

Item 19: Office holders and committees

Item 19.1: Composition of committees

136. The Council decided that the composition of the Committees in 2017/18 should be the following:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Exporting Members</th>
<th>Importing Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects Committee</td>
<td>Brazil, Colombia, Côte d’Ivoire, El Salvador, Honduras, India, Indonesia, Tanzania</td>
<td>EU, Switzerland</td>
</tr>
<tr>
<td>Promotion and Market Development Committee</td>
<td>Brazil, Cameroon, Colombia, Costa Rica, Guatemala, India, Nepal, Togo</td>
<td>Japan, Switzerland</td>
</tr>
<tr>
<td>Finance and Administration Committee</td>
<td>Brazil, Colombia, India, Indonesia, Mexico, Uganda</td>
<td>EU, Japan, Russian Federation, Switzerland</td>
</tr>
<tr>
<td>Statistics Committee</td>
<td>Brazil, Colombia, Democratic Republic of the Congo, Ghana, India, Indonesia, Nicaragua, Panama</td>
<td>EU, Switzerland</td>
</tr>
<tr>
<td>Core Group for the Consultative Forum on Coffee Sector Finance</td>
<td>Brazil, Colombia, Côte d’Ivoire, Peru, Tanzania, Uganda</td>
<td>EU, Russian Federation, Switzerland</td>
</tr>
</tbody>
</table>

137. In terms of membership of the Private Sector Consultative Board, the Council agreed to the nominations set out in document WP-Council 286/17 and to include the India Coffee Trust as an alternate under the Other Milds category.

Item 19.2: Chair and Vice-Chair of Council

138. In accordance with the procedures provided for in Article 10 of the 2007 Agreement, the Council elected the following office holders for the Council for 2017/18:

Chair: Mr Aly Touré (Côte d’Ivoire)

Vice-Chair: Mr Michel de Knoop (European Union)

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10 As not all representatives from the importing Members were in attendance, only two representatives were nominated for the Projects, Promotion and Market Development, and Statistics Committees. The third nominee from the importing Members to these Committees would follow shortly. Similarly, only four representatives were nominated for the Finance and Administration Committee. The fifth nominee to this Committee from the importing Members would follow shortly.
Item 19.3: Chair and Vice-Chair of the Committees for 2017/18

139. The Council approved the following office holders nominated by the importing Members:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Chair</th>
<th>Vice-Chair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects Committee</td>
<td>Exporting Member to be nominated in April 2018</td>
<td>Ms Ina Grohmann (EU-Germany)</td>
</tr>
<tr>
<td>Promotion and Market Development Committee:</td>
<td>Mr Takashi Hiranaka (Japan)</td>
<td>Exporting Member to be nominated in April 2018</td>
</tr>
<tr>
<td>Finance and Administration Committee</td>
<td>Ms Stefanie Küng (Switzerland)</td>
<td>Exporting Member to be nominated in April 2018</td>
</tr>
<tr>
<td>Statistics Committee</td>
<td>Exporting Member to be nominated in April 2018</td>
<td>Ms Ina Grohmann (EU-Germany)</td>
</tr>
</tbody>
</table>

140. As exporting Members wished to nominate office holders at the next Council Session, the Council agreed to postpone approval until April 2018.

Item 19.4: Chair and Vice-Chair of the Forum and Core Group for 2017/18

141. The Council elected the following office holders of the Forum:

Chair: Mr Kirill Matrenichev (Russian Federation)

Vice-Chair: To be appointed in April 2018

142. The Council elected the following three of the four advisors to the Core Group:

- Mr Silas Brasileiro, National Coffee Council of Brazil (CNC)
- Ms Nancy Cheruyiot, Finance Alliance for Sustainable Trade (FAST)
- Mr Nicolas Tamari, Sucafina S.A.

143. The Council agreed that the Chair and Vice-Chair of the Forum and elected Core Group Members would consider possible nominees for the fourth advisor to the Core Group.
Item 20: Other business

144. The representative from China Coffee Association thanked Members for their support for China to be represented on the Private Sector Consultative Board. In response, the Chair hoped that this collaboration would encourage the Government of China to become a Member of the International Coffee Organization under the ICA 2007.

145. On behalf of the Council, the Chair gave a vote of thanks to the Government of Côte d’Ivoire for hosting the 120th Session of the International Coffee Council and other ICO meetings. As a national of the country, he had been proud to host the event.

146. The Council then noted some closing remarks from Mr Narcisse Sepy Yessoh, Chief of Staff at the Ministry of Commerce in Côte d’Ivoire and Chair of the Organizing Committee of the 120th Session.

Item 21: Future meetings

147. The Council approved document WP-Council 284/17 containing the dates of meetings in coffee years 2017/18 and 2018/19.

148. The Council also noted that in terms of location, Mexico was willing to host the next Council session in the first half of 2018 and a letter from the Foreign Ministry had been read to the Council by the representative of Mexico. While concern was raised that more information was needed before making such a decision, the Council approved the invitation from Mexico, subject to further consultation between the host country and the Secretariat.
Extension of the time limit for ratification, acceptance, approval or accession

WHEREAS:

Paragraph (3) of Article 40 of the International Coffee Agreement 2007 stipulates that the Council may decide to grant extensions of time to signatory Governments that are unable to deposit their instruments by 30 September 2008;

Under the terms of paragraph 1 of Resolution 458 the period for the deposit of instruments of ratification, acceptance or approval of the International Coffee Agreement 2007 is further extended to 29 September 2017;

Under the terms of paragraph 2 of Resolution 458, Governments eligible for membership in accordance with Article 43 of the Agreement may accede by depositing an instrument of accession with the Organization no later than 29 September 2017 or such other time as the Council may decide; and

A number of Governments have indicated that they require additional time to deposit the required instruments,
THE INTERNATIONAL COFFEE COUNCIL

RESOLVES:

1. To extend the period for the deposit of instruments of ratification, acceptance or approval of the International Coffee Agreement 2007 with the Depositary under the provisions of Article 40 of the Agreement and of Resolution 458 from 29 September 2017 to 28 September 2018.

2. To extend the period for the deposit of instruments of accession to the International Coffee Agreement 2007 with the Depositary under the provisions of Article 43 of the Agreement and of Resolution 458 from 29 September 2017 to 28 September 2018 or such other time as the Council may decide.