



**Report on the 4th Meeting of the
Working Group on the Future of the
International Coffee Agreement
27 February 2020**

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1. The Chair, Ms Stefanie Küng, of Switzerland, welcomed all participants to the fourth meeting of the Working Group on the Future of the International Coffee Agreement (WGFA).

2. Representatives of the following Members were present, in person or by teleconference call: Brazil, Burundi, Colombia (telephone), European Union (telephone), Kenya, Japan (in person and telephone), Madagascar, Mexico, Panama, Papua New Guinea, Peru, Russian Federation, Switzerland, Tanzania, Uganda and Zimbabwe.

3. The Working Group on the Future of the International Coffee Agreement met for the fourth time on 27 February and considered the various proposals received from Members under Pillar (a). The Group deliberated and reached agreements on several of the proposals as contained in document [WGFA-24/20](#). Text highlighted in red denoted the proposed changes.

Item 1: Adoption of the Agenda

4. The agenda contained in [WGFA-14/20 Rev. 1](#) was adopted.

**Item 2: Report of the 3rd meeting of the Working Group held
on 10 December 2019**

5. The Chair presented a summary of the work of the Working Group up to the present date. She explained that options concerning the future of the International Coffee Agreement 2007 (ICA 2007) had been put before Members in the previous meeting, namely:

- a) Extension of the ICA 2007, with or without amendments
- b) Negotiation of a new ICA
- c) Termination of the Agreement.

6. The Group took note of the report.

7. The Chair informed delegates that, when examining the articles of the Agreement, they should take into account that the Finance Committee Intersessional Meeting held on 13 February 2020 made recommendations to the Council with regards to Members in persistent arrears and Article 21 of the ICA 2007.

Item 3: Consolidated proposals – to consider

8. The Chair noted that in the last meeting Members' were asked to submit their proposals for changes to the Agreement. Proposals had been received from the following Members:

- | | |
|------------------|----------------------------|
| • Nicaragua | WGFA-7/19 |
| • European Union | WGFA-11/19 |
| • Peru | WGFA-12/19 |
| • Ethiopia | WGFA-15/19 |
| • Indonesia | WGFA-16/19 |
| • Switzerland | WGFA-17/19 |
| • Panama | WGFA-18/19 |
| • Costa Rica | WGFA-19/19 |
| • Guatemala | WGFA-20/19 |
| • Mexico | WGFA-21/19 |
| • Honduras | WGFA-22/19 |
| • El Salvador | WGFA-23/19 |
| • Japan | WGFA-28/19 |

9. The Chair invited the Members who had presented proposals for change that were present at the meeting at that time, namely the European Union, Mexico, Panama, Peru, Switzerland, Japan to explain their suggestions.

10. The delegate from Japan presented the proposals contained in document [WGFA-28/19](#), highlighting that the issue of persistent arrears was an important issue, and requested that the Council take immediate action. He also highlighted that concerns remained about the financial sustainability of the ICO. He stated that Japan was considering Article 49 of the Agreement, to be discussed in the next meeting of the Working Group.

11. The delegate from Switzerland explained their proposals and highlighted that they would like to see an increase in the participation of the private sector.

12. The Chair noted that there were no further comments.

Item 4: Consolidated proposals – *to consider*

13. The Chair confirmed that Pillars (c) and (d) would be discussed at a future date and the Working Group would focus only on Pillars (a) and (b) during the current meeting.

14. The Chair introduced the proposals under Pillar (a) contained in document [WGFA-24/20](#). The Group deliberated the following:

Preamble – Recital 3:

15. All Members agreed on the need to change Millennium Development Goals to Sustainable Development Goals (SDGs).

16. The delegate from Uganda stated that SDG 17 on global partnership was missing. Either all 17 SDGs should be included or none.

17. The Executive Director stated that the ICO had identified that, of the 17 SDGs, 11 related to coffee and to the work of the ICO more strongly, especially SDG 17.

18. The delegate from Colombia stated that the paragraph should be more explicit about the question of living income. One of the goals/objectives of the ICA should be to seek a living income for farmers. The objective should not be to just escape poverty but go beyond poverty. Pursuing living income was one of the biggest challenges that the value chain faced today.

19. The Executive Director stated that living income was already covered on paragraph (12) of page 13 of document [WGFA-24/20](#), but that it could still be added to this section of the Agreement. The Executive Director also noted that Recital 4 contemplated the idea of living income and that the concept could possibly be explicitly incorporated into that Recital.

20. The delegate of Colombia stated that they would submit a proposal on the term living income to be added to the preamble of the ICA.

21. The Chair noted that there were no further comments by Members on this proposal, and the suggestions would be noted in [red square brackets.]

Preamble – Recital 3:

Consolidated proposed paragraph from the Working Group:

Recognizing the contribution of a sustainable coffee sector to the achievement of internationally agreed development goals, including the Sustainable Development Goals (SDGs), in particular with respect to poverty eradication; [zero hunger; health & wellbeing; gender equality; reduction of inequality; climate change; development of terrestrial ecosystems; peace, justice and strong institutions].

Preamble – Recital 4:

22. With regard to the proposals received for Recital 4 and Recital 7, the Executive Director stated that they seemed to be quite similar. He suggested moving the red text from Recital 4 to Recital 7. The Group agreed with the Executive Director's suggestion.

23. The delegate from Papua New Guinea stressed the importance of price volatility and stated that this should be stressed in Recital 7.

Preamble – Recital 4:

Consolidated proposed paragraph from the Working Group:

Recognizing the need to foster the sustainable development of the coffee sector, leading to enhanced employment and income, and better living standards and working conditions in Member countries; ~~[for which market transparency in the supply chain and mitigation of price volatility are essential;]~~

* *Text highlighted with strikethrough is merged into Recital 7.*

Preamble – Recital 7:

24. Members agreed to a suggestion of the delegate of the European Union that the wording of proposed amendments to Recital 7 should be changed from [restrictions] to [appropriate regulations].

25. The delegate from Papua New Guinea suggested reconsidering the wording in the proposal from Costa Rica, Mexico and Panama for Recital 7 [Sustainable expansion based on physical coffee]. The delegate from the Papua New Guinea also requested that the term price volatility be stressed.

26. The Chair noted that the proposals were validated for Recital 7.

Preamble – Recital 7

Consolidated proposed paragraph from the Working Group:

Recognizing that increased access to coffee-related information and market-based risk management strategies, [for which market transparency in the supply chain and mitigation of price volatility are essential, as well as maintaining a physical market for coffee with appropriate regulations on the participation of investment funds,] can help avoid imbalances in the production and consumption of coffee that may give rise to pronounced market volatility which is harmful to both producers and consumers; and

**Incorporated text highlighted in green is moved from Recital 4 into Recital 7.*

Article 1 – Objectives

27. The delegate from Uganda suggested that, for proposals relating to (Chapter 1 – Objectives, page 3, of document [WGFA-24/20](#)), the words [economically, socially and environmentally] be inserted in brackets, since those are a description of the word sustainable. This will be further discussed at the next meeting.

28. The Chair noted that [a market-based environment] [an environment based on the market for physical coffee], are different terms and required further discussion.

29. The Chair noted that Members agreed to change the word [expansion] to [development].

Article 1 – Objectives

Consolidated proposed paragraph from the Working Group:

The objective of this Agreement is to strengthen the global coffee sector and promote its [economically, socially and environmentally] sustainable development in [a market-based environment] [an environment based on the market for physical coffee] for the betterment of all participants in the sector, by:

Article 1 – paragraph 1

30. The Chair noted that delegates agreed that for (Chapter I – Objectives, Article 1, paragraph (1), the term [Member country] will be replaced with [Member]. However, the other proposals will be discussed when Nicaragua is present.

31. The Executive Director suggested keeping the following text in square brackets [reducing the technological gaps between countries and continents] [paying special attention to coffee-producing developing countries].

32. The delegate for Mexico stated that it was important to retain the wording [technological gaps], as technology was a tool to provide relevant information.

Article 1 – paragraph (1)

Consolidated proposed paragraph from the Working Group:

(1) promoting international cooperation on coffee matters for the development of all coffee-growing areas, taking into account the needs of Members and thus [reducing the technological gaps between countries and continents] [paying special attention to coffee-producing developing countries];

Article 1 – paragraph (2)

33. The Executive Director suggested that the proposed amendment to (Chapter I – Objectives, Article 1, paragraph (2)) [in order to strengthen and promote transparency in the world coffee trade] would be better placed in paragraph (5).

34. The delegate for Papua New Guinea commented on the use of the word [facilitating] and stated that it was a more active word with a wider context than [providing]. He stressed that the word [facilitating] should remain.

35. The Executive Director suggested rewording the sentence to possibly [facilitating consultations on coffee].

36. The Chair suggested keeping both words in square brackets since Nicaragua was not present at the meeting.

Article 1 – paragraph (2)

Consolidated proposed paragraph from the Working Group:

(2) [providing a forum for consultations] [facilitating consultations] and [facilitating engagement at the national, regional and global levels] on coffee matters among Members and the private sector;

Article 1 – paragraph (4)

37. The delegate for the European Union suggested again replacing the word [restrict] with [regulate] for (Chapter I – Objectives, Article 1, paragraph (4)).

38. The delegate for Kenya proposed [and result in prices fair and equitable to both consumers and to producers].

39. The delegate for Papua New Guinea suggested changing the word [mitigate] as the ICO did not have the means to enforce such measures.

40. The delegate for Switzerland suggested using a 'softer' term such as [look at the futures market], since the ICO already did this.

41. The delegate for Papua New Guinea suggested maybe using [exploring ways to mitigate].

42. The Executive Director suggested deleting the word [quality].

Article 1 – paragraph (4)

Consolidated proposed paragraph from the Working Group:

(4) providing a forum for consultations seeking understanding with regard to the structural conditions in international markets and long-term trends in production and consumption that balance supply and demand, [exploring ways to mitigate] [mitigate] and partially regulate the intervention of investment funds, and result in [quality and] prices fair [and equitable] to both consumers and to producers;

Article 1 – paragraph 5

43. The Executive Director suggested changing the wording in (Chapter I – Objectives, Article 1, paragraph (5)) from [international trade] to [markets].

44. The Executive Director suggested specifying [tariff and non-tariff barriers].

45. The delegate for Colombia suggested keeping trade barriers as a change of wording could limit the meaning (remove technical).

46. The delegate from the Russian Federation proposed adding [promoting cooperation with other international organizations (including WTO) and individual countries to eliminate trade barriers]. They have offered to send the proposal in writing.

47. The delegate for Kenya commented that the issue of transparency is important and suggested drafting language to say that the ICO collaborates with other organizations.

48. The delegate for Colombia agreed with the concept but not the wording 'distortions in the price of coffee', the language should be changed.

Article 1 – paragraph (5)

Consolidated proposed paragraph from the Working Group:

(5) [facilitating access to] [facilitating the expansion] and transparency of international markets in all types and forms of coffee, and similarly [promoting cooperation with other international organizations (including WTO) and individual countries to eliminate] [promoting the elimination of] [technical] trade barriers and [distortions in the price of coffee] in order to strengthen and promote transparency in the world coffee trade;

*Text in green is from paragraph (2).

Article 1 – paragraph (6)

49. The delegate for Papua New Guinea suggested that the wording [up-to-date] could be restrictive and was unnecessary in the proposal for (Chapter I – Objectives, Article 1, paragraph (6)).

50. The delegate for Colombia suggested adding [in a timely manner].

51. The Executive Director stated that Article 32 already contained wording encouraging countries to send their comments in an accurate and timely manner.

52. The Chair suggested seeking clarification from Guatemala on their proposal.

Article 1 – paragraph (6)

Consolidated proposed paragraph from the Working Group:

(6) collecting, disseminating and publishing [in a timely manner] [up-to-date] economic, technical and scientific information, statistics and studies, as well as the results of research and development in coffee matters;

Article 1 – paragraph (7)

53. The Executive Director suggested that for (Chapter I – Objectives, Article 1, paragraph (7)) add [emerging markets], Mexico and Panama agreed.

Article 1 – paragraph (7)

Proposed paragraph from the Working Group:

(7) promoting the development of consumption and markets for all types and forms of coffee, including in coffee-producing countries and emerging markets;

Article 1 – paragraph (8)

54. Members and the Secretariat discussed the role of the ICO regarding development projects in regards to proposals for Chapter I – Objectives, Article 1, paragraph (8).

55. The delegate for Papua New Guinea mentioned that the idea that the ICO should be a project execution agency had been rejected by most of the membership during the negotiations of the previous Agreement.

56. The Executive Director suggested that this idea could be revisited and resources would need to be allocated.

Article 1 – paragraph (8)

Consolidated proposed paragraph from the Working Group:

(8) developing projects and [supporting the management of financial resources for initiatives] [managing finance for projects] that benefit Members and the world coffee economy;

Article 1 – paragraph (10)

57. The Executive Director suggested that (Chapter I – Objectives, Article 1, paragraph (10)) separating ‘price management’ from ‘food safety’ as they were two different concepts. Members agreed.

58. Members agreed with the suggestion of the Executive Director of retaining the wording proposed by Panama: encouraging [the development and implementation of].

Article 1 – paragraph (10)

Proposed paragraph from the Working Group:

(10) encouraging the development and implementation of appropriate food safety procedures in the coffee sector in Member countries.

59. The group agreed on the possible addition of the following paragraph on price management:

[(xx) encouraging Members to develop appropriate price management procedures in the coffee sector;]

Article 1 – paragraph (11)

60. The Executive Director suggested keeping the wording [technology relevant to coffee] as it already implies innovative, new and competitive.

61. The Head of Operations suggested the wording [innovation and technology]

Article 1 – paragraph (11)

Consolidated proposed paragraph from the Working Group:

(11) promoting training and information programmes designed to assist the transfer to Members of innovation and technology relevant to coffee;

Article 1 – paragraph (12)

62. The delegate for Panama preferred [encouraging and supporting] rather than [motivating and incentivising]. The Group agreed.

63. The delegate for Uganda suggested [poverty eradication] instead of [poverty alleviation].

64. The Chair noted that Members agreed with the change [increase the resilience] and to delete [enhance the capacity]. The Chair noted that [small- and medium-scale farmers] needed to be further discussed as the delegate from Papua New Guinea preferred the general term [farmers].

Article 1 – paragraph (12)

Consolidated proposed paragraph from the Working Group:

(12) encouraging and supporting Members to develop and implement strategies to increase the resilience of local communities and coffee farmers, [in particular small-scale growers], to enable them to benefit from coffee production and trade, which can contribute to poverty eradication through a living income for families; and

Article 1 – paragraph (13)

65. The Executive Director suggested deleting [price hedging, multi-year agricultural insurance against catastrophic events] in order to keep the text more general. Members agreed.

66. The Executive Director suggested removing ‘development and implementation of projects’ as it was already covered in paragraph (8). Members agreed.

67. The Chair noted that the proposal for Guatemala would need to be discussed at the next meeting.

Article 1 – paragraph (13)

Proposed paragraph from the Working Group:

(13) facilitating the availability of information, **in particular**, on financial tools and services that can assist coffee **farmers** in Member countries to access credit and risk management instruments, allowing for greater financial inclusiveness and risk management, while also taking into account climate change.

68. The Chair stated that the comments from Costa Rica, El Salvador, Honduras, Mexico, Nicaragua and Panama on Chapter I – Objectives, Article 1, page 15 of document WGFA-24/20 would be discussed at the next meeting.

69. The Chair moved on to Pillar (b) of the proposals from Member countries contained in document [WGFA-25/20](#).

Article 4 – paragraph (3)

70. The Chair noted that for all proposals the term [Community] would be replaced with [Union].

71. The Chair noted that Members approved the proposal from the European Union to add at the end of the paragraph: [and represents all its Members].

Article 4 – paragraph (3)

Consolidated proposed paragraph from the Working Group:

(3) **It is understood that the European Union and any intergovernmental organization that has exclusive competence in respect of the negotiation, conclusion and application of this Agreement, will have the status of a Government within the International Coffee Organization, and represents all its Members.**

Article 5

72. The delegate for the European Union suggested the addition of [including financial obligations] to Article 5.

Article 5

Consolidated proposed paragraph from the Working Group:

Two or more Contracting Parties may **participate in the Organization as a Member group**, by appropriate notification to the Council and to the Depositary, which will take effect on a date to be specified by the Contracting Parties concerned and on conditions agreed by the Council, **including financial obligations**.

Article 8 – Title and paragraph 1

73. The Chair noted the suggestion rewording the title of Article 8 to: Composition of the Council. The Chair also noted the suggestion deleting [International Coffee] in paragraph (1) of Article 8 of the ICA 2007.

Article 8 – title

Consolidated proposed title from the Working Group:

Composition of the **Council**

Article 8 – paragraph (1)

Consolidated proposed paragraph from the Working Group:

(1) The **Council** shall consist of all the Members of the Organization.

Article 9 – paragraph (4)

74. The Chair noted that Panama's proposal to delete [on a regular basis] from paragraph (4) of Article 9 was not accepted. The Group agreed replacing [including priorities for] with [relating to] and at the request of the delegate of Uganda to add [and Budget] to the paragraph.

Article 9 – paragraph (4)

Consolidated proposed paragraph from the Working Group:

(4) The Council shall establish on a regular basis a strategic action plan to guide its work and identify priorities **relating to** project activities undertaken pursuant to Article 28 and studies, surveys and reports undertaken pursuant to Article 34. Priorities identified in the action plan shall be reflected in the annual work programmes **and Budget** approved by the Council.

Article 9 – additional paragraph

75. The delegate for the European Union approved the additional paragraph – however without the word [administrative].

76. The Executive Director suggested that the additional paragraph was unnecessary as it was already mentioned in Article 20. However, Members stated that they would like to include this additional paragraph.

77. The Chair noted that Members agreed on the importance of retaining the additional paragraph and requested that it should be put in square brackets for discussion at a later meeting.

Article 9 – Additional paragraph

Additional paragraph proposed by the Working Group:

[(6) Approve the Budget of the ICO.]

78. The Chair noted that for paragraph (3) of Article 10, the proposal from Panama was not to be pursued and the original wording was retained.

Article 10 – paragraph (3)

79. The Group agreed with the Executive Director's comment to retain the original wording for this paragraph,

Article 10

80. With respect to the comment from El Salvador, the delegate of Papua New Guinea suggested that this comment should be discussed further under Article 13. The group agreed to discuss this issue further at a later date.

81. The delegate for Uganda suggested that the ICO should look at procedures in other Organizations. In principle, Uganda agreed with Papua New Guinea.

Article 10 – paragraph (3) (retain original paragraph)

Consolidated proposed paragraph from the Working Group:

(3) Neither the Chairman nor the Vice-Chairman acting as Chairman shall have the right to vote. His or her alternate will in such case exercise the voting rights of the Member.

Article 11 – paragraph (1)

82. For Article 11, Sessions of the Council, the delegate for Papua New Guinea suggested the use of [calendar days] as data would be easier to collect. The Group approved [Calendar days].

Article 11 – paragraph (1)

Consolidated proposed paragraph from the Working Group:

(1) The Council shall hold two regular sessions a year and special sessions should it so decide. It may hold special sessions at the request of any ten Members. Notice of sessions shall be given at least 30 **calendar** days in advance except in cases of emergency when such notice shall be given at least 10 **calendar** days in advance.

Article 11 – paragraph (2)

Consolidated proposed paragraph from the Working Group:

(2) Sessions shall be held at the seat of the Organization, **or at an alternative seat as may be designated by the Council. If any Member country spontaneously offers their territory as the seat of a session,** and the Council agrees, the additional costs to the Organization involved above those incurred when the session is held at the seat shall be borne by that Member.

Article 12 – paragraph (1)

83. The Chair noted that for Article 12, Members agreed to the deletion of [**– that is, exporting and importing Members, respectively**]

Article 12 –paragraph (1)

Consolidated proposed paragraph from the Working Group:

(1) The exporting Members shall together hold 1,000 votes and the importing Members shall together hold 1,000 votes, distributed within each category of as provided for in the following paragraphs of this Article.

Article 12 – paragraphs (3) and (4)

84. The Executive Director explained that for paragraphs (3) and (4) of Article 12, calendar years contained more up-to-date information.

85. The delegate for Papua New Guinea stated that data for imports were harder to obtain on a coffee year basis.

86. The Chair suggested that both alternatives should be kept in square brackets for the time being.

Article 12 – paragraph (3)

Consolidated proposed paragraph from the Working Group:

(3) The remaining votes of exporting Members shall be divided among such Members in proportion to the average volume of their respective exports of coffee to **any destination** in the preceding four [calendar] **[coffee]** years.

Article 12 – paragraph (4)

Consolidated proposed paragraph from the Working Group:

(4) The remaining votes of importing Members shall be divided among such Members in proportion to the average volume of their respective imports of coffee in the preceding four [calendar] **[coffee]** years.

Article 12 – paragraph (5)

87. The Chair noted that for paragraph (5) of Article 12 the proposal was approved.

88. In reply to a question contained in the submission of Mexico on Article 12 (Votes) the Executive Director explained that, for purposes of the Agreement, an exporting Member was defined as a country whose exports exceeds its imports and an importing Member was a country whose imports exceeds its exports. For purposes of the calculation of votes, Article 12 of the ICA 2007 looks at the exports or imports of the Members of each category.

Article 12 – paragraph (5)

Consolidated proposed paragraph the Working Group:

(5) The European **Union** or any intergovernmental organization as defined in paragraph (3) of Article 4 shall hold votes as a single Member; it shall have five basic votes and additional votes in proportion to the average volume of its imports or exports of coffee, in the preceding [calendar] **[coffee]** years.

Article 13 – paragraph (1)

89. The Executive Director suggested retaining the original wording of paragraph (1) of Article 13. Peru suggested retaining the sentence with a strikethrough until they have consulted further with the Peruvian authorities.

90. The Chair stated that the text should be kept in square brackets.

91. The delegate from the Russian Federation asked what were the current mechanisms used by other international organizations to deal with outstanding contributions? He stated that the text of the future ICA should include the relevant mechanisms. If a Member does not pay, should they lose their voting rights?

92. The Executive Director noted that this question fell under Pillar (c).

Article 13 – paragraph (1)

Consolidated proposed paragraph from the Working Group:

(1) Each Member shall be entitled to cast the number of votes it holds and shall not be entitled to divide its votes. [However, a Member may cast differently any votes which it holds under the provisions of paragraph (2) of this Article.]

Article 13 – paragraph (2)

93. The Group agreed to retain the original paragraph.

Article 13 – paragraph (2) – retain original paragraph

Consolidated proposed paragraph from the Working Group:

(2) Any exporting Member may authorize in writing any other exporting Member, and any importing Member may authorize in writing any other importing Member, to represent its interests and to exercise its right to vote at any meeting or meetings of the Council.

Article 15 – paragraph (1)

94. The Chair noted that Members agreed with the suggested change for paragraph (1) of Article 15.

Article 15 – paragraph (1)

Consolidated proposed paragraph from the Working Group:

(1) The Council may make arrangements for consultation and cooperation with the United Nations and its specialized agencies; other appropriate intergovernmental organizations; and relevant international and regional organizations. It shall take full advantage of **the various** sources of funding. Such arrangements may include financial arrangements which the Council considers appropriate for achieving the objectives of this Agreement. However, in respect of the implementation of any project under such arrangements the Organization shall not incur any financial obligations for guarantees given by individual Members or other entities. No Member shall be responsible by reason of its membership of the Organization for any liability arising from borrowing or lending by any other Member or entity in connection with such projects.

95. The Chair stated that comments from Costa Rica, Mexico, Honduras and El Salvador had been noted.

Item 5: Next steps

96. The Chair noted that Pillars (c) and (d) would be discussed in the next meeting. As decided in the previous meeting, the Working Group would now meet on a monthly basis. The Committee would have a meeting during the April Session of the International Coffee Council with a larger contingent of delegates.

97. The Chair noted that Members were invited to consider the submitted proposals with a view to agreeing on any recommendations for consideration during the 126th Session of the International Coffee Council from 27 April to 1 May 2020 in London.

Item 6: Other business

98. The Executive Director informed that the Chair of the Working Group, Ambassador Hermano Telles Ribeiro, was moving to a new post and would no longer be taking part in the Working Group. Therefore, the delegates should consider his replacement as Chair in future meetings.

99. The delegate for Brazil commented that Brazil would soon contribute their proposals. Brazil welcomes all of the current proposals but did not currently see that any of them would justify major changes and trigger the necessary internal legislative procedures in their country.

Item 7: Date of next meeting

100. The next meeting will be held on the 3 April 2020.