
30 April 2020

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1. The Working Group on the Future of the International Coffee Agreement (WGFA) met for the sixth time on 30 April 2020. The Chair, Ms Stefanie Küng, of Switzerland, welcomed all participants and noted that this was the second virtual meeting using the GoToWebinar software due to the social distancing policy restrictions in place during the covid-19 pandemic.

2. The Executive Director noted that, following the success of the last meeting, the Secretariat had consulted Members on the holding of a virtual Council meeting in the first week of June. This proposal had been approved and the necessary requests for a Special Session of the Council had been received.

3. The Secretariat and Communications Officer presented the technical requirements for the meeting and highlighted the names of the delegations that were present.

4. Representatives of the following Members were virtually present using the GoToWebinar software: Plurinational State of Bolivia, Brazil, Colombia, Ethiopia, El Salvador, European Union, EU-Bulgaria, Indonesia, Japan, Kenya, Lithuania, Mexico, Nepal, Nicaragua, Papua New Guinea, Peru, Russian Federation, Switzerland and Zambia.

Item 1: Adoption of the Agenda

5. The agenda contained in WGFA-33/20 Rev. 2 was adopted.

Item 2: Report of the 5th meeting of the Working Group held on 3 April 2020

6. The Chair presented a summary of the work of the Working Group up to the present date, in particular the report of the last meeting contained in the document WGFA-32/20 Rev. 1.


Item 3: Proposals for change submitted by Members

8. The Chair commented that Brazil, Japan and Papua New Guinea had submitted proposals since the last meeting. She invited those Members to comment on their submissions.
9. The delegate for Brazil commented on Brazil’s proposal, contained in \textit{WGFA-36/20}. He stated that the Brazilian private sector and government representatives had recently met. Following this meeting, his office had received a letter from the Brazilian Council of Coffee Exporters, proposing an update of the Organization and the Agreement, which had been circulated to Members. The contents of this letter coincided with the views of the Brazilian government. He stated that Brazil was prepared to draft a substantive proposal to update the Agreement and to rethink the purpose and objectives of the ICO. The delegate for Brazil highlighted the need for time to make and debate substantive proposals, especially in light of the restrictions resulting from the covid-19 pandemic, thus the need for a one-year extension of the present agreement.

10. The Chair noted that the proposal from Japan \textit{WGFA-35/20} referred to Pillar C of the Agreement. The Chair proposed to come back to this at a later date. The delegate for Japan agreed.

11. The delegate for Papua New Guinea commented on their proposal, which was contained in \textit{WGFA-34/20}. The time was right to have a more fundamental discussion about the way the Agreement was structured. He considered that the resolutions of the World Coffee Producers Forum could be incorporated into the remit of the ICO. He noted that the current Agreement carried a lot of baggage from the past, especially the way in which the private sector was kept at arm’s length. He stated that, if a substantive engagement with the private sector was desired, then the private sector had to be given a meaningful voice. More resources were needed for the Promotion Fund, therefore the Organization needed the ability to get the resources it required for further promotion. He also highlighted the need for greater participation by international development agencies.

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

\textbf{Item 4: Purpose and mission of the ICO}

13. The delegate from the EU stated that he was interested in the proposals put forward by Papua New Guinea and Brazil. He noted that it was crucial to ensure that the ICO move on to make a difference and this should be done by partnering with the private sector. He saw a need to find the link between what the Secretariat could do and what the Members wanted the Secretariat to do. He noted that this was necessary in order to ensure the sustainability of the coffee sector. Strategically, as far as vision is concerned,
the EU was fully on board with the two proposals. However, Members needed to reflect on how to put these worthy ideas into practice. Considering the dramatic current context caused by covid-19, an issue of timing had arisen. Would the private sector be willing to put their money on the table? Regarding a one-year extension, for the EU the legislative process would require a tremendous amount of work and time. The extension would need to be submitted to the European Commission and then to the EU Parliament. This would be a very long process for just a one-year extension. He stated that, at this stage, the EU remained convinced that the text of the current Agreement did not prevent proposed changes to the Organization. He stated that waiting one more year was not possible because of the financial situation that the Secretariat was facing with regard to the Organization’s sustainability. Furthermore, he stated that answers needed to be found during the next Council in June, so that Members would be in a position to make the right decisions at the Council session in September.

14. The delegate for Nicaragua stated that his delegation understood the sentiments expressed by Papua New Guinea and Brazil while also understanding the concerns of the EU. Considering the gravity of the situation caused by the pandemic, his delegation wanted to consider the opportunity of extending the debate, especially bearing in mind the need to strengthen the presence of the private sector in the Organization. He was optimistic about sustainability of the Organization. Nicaragua agreed with an extension while emphasizing the importance of maintaining a timeline and revising and balancing efforts as the work of the WGFA progressed.

15. The delegate for Nepal noted the need for time to go through the Agreement, but that his delegation might not be in a position to agree with the proposal to extend the agreement for one year.

16. The delegate for Switzerland appreciated the point made by the EU regarding the financial constraints and sustainability of the Organization. She noted the importance of the recently established Coffee Private-Public Task Force (CPPTF), which was also working on the issue of integrating the private sector. Switzerland agreed with the substance of the proposal of Brazil and Papua New Guinea and considered them to be important additions to the discussion.

17. The Executive Director welcomed the comments from Members. He stated that these proposals needed to be translated into practical terms. An important instrument in this regard was the CPPTF, which was already integrating the private sector into the Organization to a certain extent. With regard to the extension of the Agreement, he noted
that, even if the WGFA were to reach a consensus on the text of a new Agreement tomorrow and this text was approved by the Council, then it would still need to go through internal legislative processes of each country, which was likely to take approximately four years. In the meantime, the Organization would need to be kept in existence; therefore, the extension of the Agreement was a necessity in order to move forward. The link between the continued existence of the Organization and its financial sustainability needed to be discussed in the upcoming Council meeting.

18. The delegate of the EU stated his appreciation of the proposal from Brazil to extend the current Agreement. He again highlighted that a one-year extension might impact the financial sustainability of the Organization. Members needed to recognize the context of covid-19 and how this would impact countries. Some countries might feel obliged to revise their budgets. Some Members questioned the purpose of the ICO and this affected their intention to pay contributions. The willingness of these Members to pay their contributions constituted a huge question mark. Out of respect for the staff of the Organization, Members should not take the risk of waiting one more year, at which time the situation might be even more complicated than today.

19. The Chair noted that the question of the extension was complex and that the upcoming session of the Council needed to address questions about the financial sustainability of the Organization as well as the extension of the Agreement.

Item 5: Consolidated proposals

Proposals from Member countries: Pillar (d) Areas of work [Chapters IX, X, XI and XII and Article 36 of ICA 2007] WGFA-27/20 Rev. 2

Excerpt 1 - page 1 - Chapter IX – Promotion and market development
Chapter X – Project activities of the Organization
Chapter XII – Statistical information, studies and surveys

20. The delegate for the EU proposed that Chapter IX (Promotion and Market Development), X (Projects), and XII (Statistics) should be merged into a single chapter: Economics.

21. The Chair noted that the Working Group agreed to defer discussion of the merger of these chapters to a later date.
Excerpt 2 - page 2 - Chapter IX – Promotion and market development - Article 24 - Removal of obstacles to trade and consumption - Title

22. The Executive Director suggested to rename to: Removal of tariff and non-tariff barriers to trade and obstacles to consumption.

23. The Chair noted that the Working Group agreed to rename the Article.

Excerpt 3 - page 3 - Article 24 - Removal of obstacles to trade and consumption
Proposed paragraph from the Working Group – paragraph (1)
(1) Members recognize the importance of the sustainable development of the coffee sector, the need to make the supply chain more efficient and of to remove current obstacles and avoidance of new obstacles which may hinder trade and consumption, while recognizing at the same time the right of Members to regulate, and to introduce new regulations, in order to meet national health, and environmental and living income policy objectives throughout the supply chain, consistent with their commitments and obligations under international agreements and consistent with the Sustainable Development Goals (SDGs), including those related to international trade.

24. The Chair noted that the Working Group proposed the above changes.

Excerpt 4 - page 4 - Article 24 - Removal of obstacles to trade and consumption – paragraph (2)
Proposed paragraph from the Working Group is the proposed paragraph from Costa Rica and Mexico:
(2) Members recognize that there are at present in effect measures which may to a greater or lesser extent hinder the increase in consumption of coffee, in particular:

(a) import arrangements applicable to coffee, including preferential and other tariffs, quotas, operations of government monopolies, national and transnational oligopolies and official purchasing agencies, and other administrative rules and commercial practices;

(b) export arrangements as regards direct or indirect subsidies and other administrative rules and commercial practices; and

(c) internal trade conditions and domestic and regional legal and administrative provisions which may affect consumption or render the supply chain inefficient.
25. The Chair noted that the Working Group agreed with the proposals from Mexico and Costa Rica. The Chair also noted that the delegates of Mexico and Colombia will propose wording for a new paragraph (d) to address the question of oligonies and their impact on the coffee sector.

Excerpt 5 - page 5 - Article 24 - Removal of obstacles to trade and consumption
Proposed paragraph from Costa Rica, Mexico and Panama – paragraph (3)
(3) Having regard to the objectives stated above and to the provisions of paragraph (4) of this Article, Members shall endeavour to pursue tariff reductions on coffee or to take other action to remove obstacles to increased consumption while improving their competitiveness.

26. The Chair noted that the Working Group agreed to the proposed wording from Costa Rica, Mexico and Panama.

Excerpt 6 - page 6 - Article 24 - Removal of obstacles to trade and consumption
Proposed paragraph from the Working Group – paragraph (4)
(4) Taking into account their mutual interest, Members undertake to seek ways and means by which the obstacles to increased trade and consumption referred to in paragraph (2) of this Article may be progressively reduced and eventually, wherever possible, eliminated, or by which the effects of such obstacles may be substantially diminished as well as mitigating price volatility through appropriate regulations on the participation of investment funds.

27. The Chair noted that the Working Group agreed to the above proposal.

Excerpt 7 - page 7 - Article 24 - Removal of obstacles to trade and consumption – paragraph (6)
Proposed paragraph from Costa Rica, Mexico and Panama:
(6) The Executive Director shall prepare and circulate to all Members, periodically and annually a survey of the obstacles to consumption, as well as of the market distortions causing price volatility and affecting fair income, in particular for producers, to be reviewed by the Council.

28. The Chair noted that the Working Group agreed to the proposal, adding wording from Colombia.
29. The delegate for Japan requested that the original wording be maintained.

30. The delegate for Papua New Guinea stated that his country reserved its position on wording pending discussions on the role of the private sector.

31. The Chair noted that the Working Group agreed to defer the discussion of this paragraph.

32. The delegate for Nicaragua commented that this mandate should be applied in a stricter way, preventing developed countries from adopting policies that would negatively affect developing countries.

33. The Chair noted that the Secretariat would keep Nicaragua’s comment in mind.

Proposed paragraph from Costa Rica, Mexico and Panama:

34. The delegate for Mexico commented that a reduction (before 5% vs 2% proposed) of the percentage of foreign matter allowed under the ICA is relevant since the Agreement was a reference for the coffee world. This would not only result in purer coffee but also improve the quality in all blends and a greater increase in coffee consumption would consequently be expected.

35. The Chair noted that the Working Group agreed to defer discussion of this article to a later stage.
Excerpt 11 - page 11 - Chapter II - Definitions - Article 2 - paragraph (1)
The following paragraphs from Article 2 and the Annex of the ICA (extracted from WGFA-26/20 Rev. 1) related to ‘premixed coffee’.

36. The Executive Director said that Article 2 needed to strike a difficult balance between promoting the purity of coffee while also recognizing the commercial practices that existed in the world.

37. The delegate for Indonesia noted that his country was conducting a survey on the issue and requested that the discussion of this paragraph and the title of the Annex be put on hold.

38. The Chair noted that the Working Group agreed to defer discussion on the paragraph and on the title of the Annex.

Excerpt 12 - page 12 - Chapter X - Project activities of the Organization - Article 28 - Development and funding of projects – paragraph (1)

39. The Executive Director commented that the proposed paragraph by Nicaragua was too restrictive in that it would only allow Members to propose projects – when donor organizations and other relevant bodies should be able to do so.

40. The delegate for Nicaragua agreed to withdraw their proposal.

41. The Chair noted that proposals from Indonesia will be submitted to the Secretariat for discussion at a future meeting.

Excerpt 13 - page 13 - Article 28 - Development and funding of projects – paragraph (2)
The Working Group agreed to keep this proposal

Proposed paragraph from Costa Rica, Honduras, Mexico and Panama:
(2) The Council shall establish and update procedures and mechanisms for submitting, appraising, approving, prioritizing and funding projects, as well as for their implementation, monitoring and evaluation, and wide dissemination of results.

42. The Chair noted that the Working Group agreed to adopt the proposal from Costa Rica, Honduras, Mexico and Panama.
Excerpt 14 - page 14 - Article 28 - Development and funding of projects – paragraph (4)

Proposed paragraph from Peru:

(4) A Committee on Projects shall be established. The Council shall determine its composition and mandate and will take measures to strengthen the status of the Committee within the governance of the Organization.

43. The delegate for Nicaragua stated that it was necessary to review the performance, results and the areas that need to be strengthened within the remit of the Projects Committee.

44. The Executive Director drew the attention of Members to proposals made to change the name of the Projects Committee contained in paragraph 3 of Article 6 of the Agreement (see below: extract and additional paragraphs proposed (WGFA-26/20 Rev. 1) to be reviewed at this meeting).

45. The Chair noted that the Working Group agreed with the proposal from Peru.

Chapter V – The International Coffee Organization - Article 6 - Seat and structure of the International Coffee Organization – paragraph (3)

(3) The highest authority of the Organization shall be the Council. The Council shall be assisted as appropriate by the Finance and Administration Committee, the Promotion and Market Development Committee and the Projects [Management and Implementation] Committee. The Council shall also be advised by the Private Sector Consultative Board, the World Coffee Conference and the Consultative Forum on Coffee Sector Finance.

46. The Chair noted that the Working Group agreed to defer to a later date the discussion on Chapter V – The International Coffee Organization - Article 6 - Seat and structure of the International Coffee Organization – Paragraph (3).

Excerpt 15 - page 15 - Article 28 - Development and funding of projects

47. The Chair noted that the Working Group agreed to defer to a later date discussion on Indonesia’s proposal for EXCERPT 15 - PAGE 15 - ARTICLE 28 - Development and funding of projects.
48. The delegate for Papua New Guinea proposed to submit wording for this Article. The Working Group agreed.

49. The delegate for the EU fully endorsed the concept behind the proposal to be put forward by Papua New Guinea.

50. The delegate for Colombia stated that further discussion was required on the status of the ICO.

51. The delegate for Brazil said that closer dialogue with the private sector was needed.

52. The delegate for Papua New Guinea welcomed further discussion of the status of the ICO as an intergovernmental Organization. He noted the proposal to include development agencies as members of the Projects Committee.

53. The delegate for Brazil stated that he agreed with the suggestions from Indonesia and Papua New Guinea for Article 28 and stated that this was the kind of change his delegation wanted to see to make the Organization more agile. The Organization needed to adapt to changing times in order to increase its relevance to the market as a whole.

54. The delegate for Colombia again commented that he supported the proposal from Brazil to extend the ICA for one year. He suggested the need to think out-of-the-box to make the Organization more dynamic and participative and to achieve greater involvement of the private sector.

55. The Chair noted that Panama was not present and the Working Group needed an explanation of their proposal; therefore, the Working Group agreed to postpone discussion on Panama’s proposal for the Article 29 – Paragraph (2) to a later date.
56. The Chair noted that the Working Group agreed to postpone discussion on Panama’s proposal for Article 29 – Paragraph (3) to a later date.

57. The delegate for Mexico commented that a comprehensive description of the four groups of coffee was desirable.

58. The Executive Director noted that this could be defined in a separate document to be submitted to the Council. The division into four groups had occurred more than 50 years ago; nowadays the reality was more complex. Some types of coffee, e.g. the pulped natural/semi-washed/"honey" type of preparation, could not be easily classified within the four existing categories. This article on the PSCB was the only one that mentioned the four types of coffee within the Agreement. This matter could be discussed elsewhere to take into account changes in the market and then be incorporated in a document approved by Council e.g. on indicator prices.

59. The Chair requested Mexico to draft wording. Mexico agreed to draft wording.

Proposed paragraph from Panama:

(5) The PSCB shall have a Chairman and a Vice-Chairman elected from among its members, for a period of one coffee year. These officers may be re-elected. The Chairman and the Vice-Chairman shall not be paid by the Organization. The Chairman shall be invited to participate in meetings of the Council as an observer.

60. The Chair noted that the Working Group agreed to the above proposal from Panama for Article 29 – Paragraph (5).

61. The Executive Director commented that the Council was unable to provide management support and suggested leaving the current wording unchanged.
62. The Chair noted the comment of the Executive Director and requested the Secretariat to seek clarification from Panama on their proposal for Article 30 – Paragraph (4).

**Excerpt 22 - page 23 - Article 31 - The Consultative Forum on Coffee Sector Finance**

63. The delegate for Peru commented that they supported the proposal from Costa Rica, Mexico and Panama, but that Nicaragua’s proposal of ‘once a year’ might be difficult for financial reasons.

64. The Working Group agreed to defer discussion of this until a later date.

**Excerpt 23 - page 24 - Chapter XII – Statistical information, studies and surveys - Article 32 - Statistical information – paragraph (1)**

Proposed paragraph from Costa Rica, Honduras, Panama and Mexico:

(1) The Organization shall acts as a centre for the collection, exchange and publication of:
   
   (a) statistical information on world production, prices, exports, imports and re-exports, distribution and consumption of coffee, including information on production, consumption, trade and prices for coffees in different market categories, where feasible by type of coffee and products containing coffee; and
   
   (b) in so far as is considered appropriate, technical information on the cultivation, production costs, processing and utilization of coffee.

65. The Chair noted that the Working Group agreed to support the above proposal by Costa Rica, Honduras, Panama and Mexico on Article 31 – paragraph (1).

**Excerpt 24 - page 25 - Article 32 - Statistical information – paragraph (3)**

66. The Chair noted that the Working Group agreed to defer discussion of Article 32 - Paragraph (3) to a later date.

**Excerpt 25 - page 26 - Article 33 - Certificates of Origin - paragraph (2)**

Proposed paragraph from Guatemala:

(2) Every export of coffee by an exporting Member shall be covered by a valid Certificate of Origin. Certificates of Origin shall be issued, in accordance with the rules established by the Council, by a qualified agency chosen by the Member and approved by the Organization. The Organization shall also periodically review the information contained in the Certificate in the light of changing conditions of consumption and international trade.
67. The Chair noted that the Working Group agreed to the above proposal from Guatemala for Article 33 – Paragraph (3).

**Excerpt 26 - page 27 - Article 33 - Certificates of Origin – paragraph (4)**

**Proposed paragraph from Nicaragua and Peru:**

(4) An exporting Member, on an exceptional basis and with proper justification, may submit, for approval by the Council, a request to allow data conveyed in Certificates of Origin concerning its exports of coffee to be transmitted to the Organization using an alternative method. The data should be made available to all Members in compliance with the principle of transparency.

68. The Executive Director commented that some of the fields of the Certificate of Origin contained information of a commercially sensitive nature. He was not in favour of information in these fields being shared.

69. The Chair noted that the Working Group agreed to defer discussion of this paragraph and that Nicaragua and Peru agreed to revert with comments.

**Excerpt 27 - page 28 - Article 34 - Studies, surveys and reports - paragraph (2)**

**Proposed paragraph from Costa Rica, Honduras, Mexico and Panama:**

(2) This may include work on information on the economics of coffee production and distribution, analysis of the coffee value chain, climate change, approaches to managing financial and other types of risks, the impact of governmental policies on the production and consumption of coffee, sustainability aspects of the coffee sector, links between coffee and health and the opportunities for expansion of coffee markets for traditional and possible new non-traditional uses.

**Proposed paragraph from Nicaragua and Peru:**

(2) This may include work on the economics of coffee production and distribution, analysis of the coffee value chain, climate change, approaches to managing financial and other risks, the impact of governmental measures on the production and consumption of coffee, sustainability aspects of the coffee sector, links between coffee and health and the opportunities for expansion of coffee markets for traditional and possible new uses.

70. The Executive Director suggested a merger of the two above proposals, to adopt entirely Costa Rica, Honduras, Mexico and Panama’s suggestions and include ‘climate change’ as proposed by Peru and Nicaragua.
71. The Chair noted that the Working Group agreed with the Executive Director to a merger of both of the above proposals.

**Excerpt 28 - page 29 - Article 34 - Studies, surveys and reports – paragraph (3)**

72. The Chair noted that the Working Group agreed to defer discussion of Article 34 – Paragraph (3) and that Nicaragua will consult their capital on the additional wording proposed.

**Excerpt 29 - page 30 - Article 34 - Studies, surveys and reports – paragraph (4)**

**Proposed paragraph from Peru:**

(4) In order to carry out the provisions of paragraph (1) of this Article, the Council shall adopt an annual work programme of studies, surveys and reports, with estimated resource requirements, paying special attention to small- and medium-scale producers. These activities shall be financed either from provisions within the Administrative Budget or from extrabudgetary sources.

73. The delegate for Nicaragua stressed the importance of the small and medium producers who need the most support. He noted that a compromise and good balance was Peru’s suggestion.

74. The Chair noted that the Working Group agreed to the proposed paragraph from Peru.

**Excerpt 30 - page 31 - Article 34 - Studies, surveys and reports – paragraph (5)**

**Proposed paragraph from Nicaragua:**

(5) The Organization shall place particular emphasis on facilitating access to information by small- and medium-scale coffee producers to assist them in improving their financial performance, including managing credit and risk.

75. The Chair noted that the Working Group agreed to the above proposal from Nicaragua for Article 34- Paragraph (5).
76. The delegate for Indonesia stated the rationale behind their proposal was to include ‘Economic, Social and Environmental’ elements in a balanced and integrated manner. He stated that Indonesia would like to rewording their proposal. Indonesia agreed to send by email new wording.

77. The delegate for the Russian Federation, with regard to the proposal from the EU, inquired as to the need to include a mention of the ‘Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020’ given that it we were already in 2020.

78. The delegate for the EU responded that the inclusion of the reference to the Istanbul Programme of Action was not necessary.

79. The Chair noted that the Working Group tentatively agreed to include the submission from Nicaragua, subject to submission of new wording.

80. The delegate of Japan requested that discussion this paragraph be deferred so as to enable internal discussion.

81. The Working Group agreed to defer discussion as per Japan’s request.

**Item 6: Next Steps**

82. No comments were proposed under this item.

**Item 7: Other business**

83. The Chair noted that there were no comments.

**Item 8: Date of next meeting**

84. The Executive Director noted that the Special Session of the 126th International Coffee Council would take place in the first week of June 2020. Since working in a virtual format would limit the time available for meetings of advisory bodies, he suggested that the next meeting of the Working Group be held at a later date. Meanwhile, the Chair would report on progress made by the WGFA to Council.
85. The delegate for Mexico requested further clarification on the status of discussions of Articles 38, 39 and 43.

86. The Executive Director responded that these articles would be discussed when Pillar C was next on the agenda of the WGFA.

87. The Chair noted that there a meeting of the Coffee Public-Private Task Force was scheduled for the week of June 15 to 19.

88. The Chair noted that the next meeting of this Working Group would, therefore, be on 24 June 2020.