



Organización Internacional del Café
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**Report on the workshop on electronic
commerce and coffee held at the
International Coffee Organization
on 2 October 2001**

Background

A workshop on e-commerce was held at the headquarters of the Organization on 2 October 2001, chaired by the Executive Director, Mr. Celsius A. Lodder. The workshop was organized in cooperation with the International Trade Centre/UNCTAD/WTO, with the aim of informing Members about the different systems which were available and potential benefits for the coffee sector. This document briefly outlines the presentations made at the workshop, copies of which are available on the ICO Website (www.ico.org).

Action

The Executive Board is requested to take note of this report.

E-commerce workshop presentations on 2 October 2001

1. The Head of Operations, Mr. Pablo Dubois, opened the workshop by describing how the increasing trend for trading electronically takes varying forms, in the case of coffee mostly taking the form of business-to-consumer (B2C) and business-to-business (B2B) trade, for instance between importers and roasters, and which is only expected to grow. It has been estimated that, by 2003, some 9 percent of all world business transactions will be electronic. The benefits are that e-commerce offers claimed transaction cost reductions of up to 75 percent, a better balance between buyers and sellers, shorter timetables, better information than that available on physical markets, and full transaction audits.
2. Mr. Morten Scholer, Senior Market Development Adviser of the ITC, spoke on the theme of export promotion of coffee and e-commerce, and outlined the experience of on-line auctions initiated in Brazil as part of the three-year ICO/CFC gourmet coffee project. Three hundred estates participated in a competition which resulted in the selection of 900 bags of coffee auctioned in December 1999, with some of these finally changing hands at US\$2.60 a pound. Other competitions and e-auctions have followed this experience.
3. Mr. Trevor LaFleche, Manager for Global Industry Solutions for bolero.net, described how his company is working to create a global community to rationalise transactions within the trade chains for commodities such as coffee. According to one study, a trade can reduce the paper process by 5 - 10 days by implementing a Bolero solution; in extreme cases, where the paper process lasts 20 - 23 days, this can be reduced to 3 business days.
4. In the case of Comdaq (the Commodity Dealers Automated Quotations Network (www.comdaq.net)), Mr. Clive Furness, Director, described the company as an independent and neutral Internet exchange for trading physical commodities. Coffee is one of 15 (soon to be 20) products traded on this on-line exchange, which functions as a neutral broker offering a central exchange for anonymous trading, open or closed auctions for sellers and tenders for buyers. However, electronic trading volume in coffee is still tiny.
5. Mr. Michael Corcoran, Executive Vice-President, Business Development, spoke about InterCommercial markets (www.intercommercial.com), which describes itself as the Internet's complete news, trading and communications centre for the global green coffee trade. Like Comdaq, this solution offers powerful green coffee trading features.
6. Finally, Mr. Roger Alexander Sandoval, IT Manager of ANACAFE in Guatemala, and Mr. Paul Wilkes, Director of Complete Coffee Limited in the U.K., respectively addressed the experience with e-commerce in coffee producing and consuming countries. While much work needs to be carried out, both pointed positively to lower supply chain costs, greater collaboration and gains for all participants.
7. There was a general consensus that, while electronic commerce in coffee is still in its infancy, the situation was likely to evolve and should continue to be monitored by the ICO.