



International Coffee Organization
Organización Internacional del Café
Organização Internacional do Café
Organisation Internationale du Café

EB 3901/05 Rev. 1

19 April 2006
Original: English

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Executive Board/
International Coffee Council
22 – 25 May 2006
London, England

**Review of themes raised in the
2nd World Coffee Conference presentations**
Report of the Executive Director

Background

1. All presentations to the 2nd World Coffee Conference are now available on the ICO website. In addition document ICC-94-13 contains the preliminary summary report on the Conference by the Chairman of the Conference, Mr. Roberto Rodrigues, Minister of Agriculture, Livestock and Food Supply of Brazil. The Conference took place in Salvador, Brazil from 23 to 25 September 2005 and the preliminary summary report was introduced to the Council at its 94th Session by the representative of Brazil on behalf of the Chairman of the Conference.

2. The following document looks at the presentations in order to identify common themes and innovative ideas. Paragraphs I.2 and I.4 have been revised to take account of comments made during the Executive Board meeting from 30 January to 1 February 2006. It may be assumed that the common themes represent a measure of mainstream thinking with respect to the coffee economy and thus areas which will regularly command a degree of support in terms of projects or programmes. Innovative ideas will clearly require further discussion by Members, with a view to determining in what way they could or indeed should be further pursued. The next step might be to hold an internal brainstorming meeting to consider how some or all of these ideas could be further taken up or investigated by the ICO and to establish priorities, as well as to identify suitable partners and the development of projects or programmes.

Action

The Executive Board and International Coffee Council are invited to provide guidance on priorities and possible future action.

REVIEW OF THEMES RAISED IN THE 2ND WORLD COFFEE CONFERENCE PRESENTATIONS

I. Common themes

1. Need to look at coffee as an integral part of national economies as a whole with policies raised at the appropriate level.
2. Removal of tariffs and other trade barriers particularly affecting processed coffee, including those in coffee producing countries themselves.
Obviously the removal of tariff barriers to imports into producing countries may cause problems. Removal of barriers should be scheduled into an integrated programme taking into account all national coffee interests. The aim of adding value, mainly by processing coffee in countries of origin, should be highlighted, since prices of processed products are more stable than those of raw materials.
3. Removal of trade barriers to products of interest in the context of diversification.
It would be desirable for the ICO to conduct a study to identify specific cases, which would strengthen arguments to secure this objective.
4. Endorsement of policies to develop coffee markets in producing countries, emerging markets and traditional markets.
The ICO should pursue this with the Common Fund for Commodities (CFC) and other donors but also consult the industry.
5. Promotion of quality.
More could be done to promote the target standards of Resolution number 420: website, Codex Alimentarius, LIFFE, NYBOT, sustainability programmes, domestic consumption and other promotion projects, etc.
6. Effective use of Internet auctions.
A study on the Cup of Excellence, Q-auctions and others could be conducted, contrasted with attempts which have been made to conduct reverse auctions.
7. Public policies to discourage production if likely to cause oversupply, with appropriate monitoring.
This is a matter of national policy, but the importance of such measures should continue to be emphasised.

8. Addition of value; encouragement of niche market products and additional processing in countries of origin.
Processing of roast coffee in countries of origin is becoming more technically feasible with temperature controlled containers. Marketing requires addressing the consumers and above all the retailers. The experience of Fair Trade coffee in obtaining retail shelf space could be relevant, and could be incorporated into an ICO study.
9. Encouragement of micro credit schemes for small farmers
This could be pursued with donors on a project basis.
10. Development of price risk management schemes.
One project under way with the CFC in East Africa. Experience of Brazil should be widely disseminated by the ICO.
11. Development of new technology to lower costs.
Review of global research network concept to facilitate transfer of technology. Possible seminars with FAO.
12. Enhance representation of small farmers at the ICO.
Reconsider Sustainability Committee concept or invite representation through the Sustainable Coffee Partnership (SCP).
13. Capacity building to develop organizations or associations of small producers.
Disseminate guidelines developed by the Twin project; explore new projects with donors.
14. Acknowledgement of the need for priority to be given to economic sustainability.
15. Analysis of exchange rates in evaluating economic sustainability
16. Need for market transparency and objective estimates of fundamentals.
17. Promote cooperation between all stakeholders within the framework of the ICO.

II. Innovative ideas

1. Usefulness of identifying positive externalities in coffee production (this could be complemented by an analysis of negative externalities caused by crisis conditions).
Positive externalities include carbon sequestration and maintenance of social stability; negative externalities include crime control costs where narcotics are planted, costs of migration to urban areas, etc.

2. Develop greater consumer awareness of country of origins as already done in Japan, making use where appropriate of International Geographic Origin (IGO) denominations, at WTO and EU as well as national level.
Disseminate EU and WTO rules; describe Japanese practice.
3. Give more emphasis to education for consumers and study effect on retailers' policies.
Targeting of food journalists.
4. Develop sales of processed coffee with appropriate marketing to large retailers or establishment of retail outlets (see also I.8).
Need to contract specialists with food retail sector experience. Review technical issues such as temperature-controlled containers. Consider initial marketing for local consumption.
5. More extensive use of opportunities using the Brazilian CPR (*Cédula do Produto Rural*) model (options-based) for risk management.
Disseminate details of scheme and compare with World Bank risk management projects.
6. Expand risk management tools to include weather as well as price risk.
Discuss with World Bank.
7. Establishing funds for futures operations.
Investigate Colombian project.
8. Consider licensing growing areas in the same way as mining is licensed to safeguard quality and avoid overproduction.
Study mining licence legislation and evaluate options.
9. Develop projects to make use of the Clean Development Mechanism (CDM) of the Kyoto Protocol.
Carry out Study identified with the United Nations Environment Programme (UNEP).
10. Support the Sustainable Coffee Partnership particularly with respect to its capacity to bring together all stakeholders including representatives of small farmers and NGOs.
Reconsider the optimum relationship between the ICO and the SCP; reconsider the idea of a Sustainability Committee.