



INTERNATIONAL COFFEE ORGANIZATION  
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ  
ORGANIZAÇÃO INTERNACIONAL DO CAFÉ  
ORGANISATION INTERNATIONALE DU CAFÉ

**ICC 107-22**

13 October 2011  
Original: English

**E**

**Decisions and Resolutions adopted  
at the 107<sup>th</sup> Session of the  
International Coffee Council**

**26 – 30 September 2011**

1. The International Coffee Council, chaired by Mr Ewald Wermuth (European Union – Netherlands) met in London from 26 to 30 September 2011.

**Item 1: Adoption of the Agenda and schedule of meetings**

2. The Council adopted the draft Agenda contained in document ICC-107-0 Rev. 1 and took note of the schedule of meetings.

**Item 2: Admission of observers**

3. Rule 5 of the Rules of the Organization provides that at the start of each Session, the Council shall decide on the acceptance of observers and designate the items on the Agenda open to accepted observers. The Executive Director a.i. introduced document ICC-107-9 Rev. 1 containing a list of observers approved by the Council in March 2011 for admission to the current Session, who had advised the Executive Director a.i. of their attendance and the meetings they wished to attend. With a view to streamlining the process of accepting observers, a list of observers who could be admitted to Sessions in coffee year 2011/12 was contained in Annex II. Any additional observers would need to submit requests for observer status in writing at least 45 days prior to the Session.

4. The Council took note of this information and approved the observers listed in Annex I of document ICC-107-9 Rev. 1 for admission to the 107<sup>th</sup> Session, and further approved the admission of the presenters participating in the first Consultative Forum on Coffee Sector Finance on 27 September 2011.

5. The Council noted that agenda items relating to Finance and Administration and the post of Executive Director should be restricted to Members only at this Session. Finally, the Council approved the list of observers contained in Annex II of document ICC-107-9 Rev. 1 for admission to Council Sessions in coffee year 2011/12.

**Item 3: Votes and credentials**

**Item 3.1: Votes in the Council for coffee year 2010/11**

6. The Council took note of the situation of outstanding payments affecting voting rights as at 23 September 2011 and approved the redistribution of votes in the Council for coffee year 2010/11 contained in document ICC-107-6. The Council noted that Sierra Leone, which had recently rejoined the ICO, had outstanding contributions from previous coffee years but was making efforts to settle these. It decided that its voting rights should be restored for the time being, with the matter to be kept under review and considered again at the next meeting. The Council further noted that Liberia, which had recently rejoined the ICO, also had outstanding contributions from previous coffee years but was making efforts to settle these. Its voting rights had been restored in March 2011, with the matter to be kept under review and considered again at the next meeting. The Council decided that the voting rights of Liberia should continue to be restored for the time being, and that this issue should be considered again at the next meeting.

**Item 3.2: Initial distribution of votes in the Council for coffee year 2011/12**

7. Paragraph (6) of Article 12 of the 2007 Agreement 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 Members and of importing Members are based on their exports and imports respectively in the preceding four calendar years. The Secretary said that document ED-2114/11 Rev. 1 contained the latest information on the basis for the distribution of votes among exporting and importing Members for coffee year 2011/12 and introduced document ICC-107-12 showing the initial distribution of votes for coffee year 2011/12. The Council took note of this information and approved the initial distribution of votes for coffee year 2011/12, which would be used as the basis for assessing contributions.

**Item 3.3:                    Credentials**

8.        The Council noted that the Secretariat had examined the credentials received from Members and had advised the Chairman of the Council that they had been found to be in good and due form. The Council decided to approve the report on credentials which was subsequently circulated, together with the List of Delegations, as document ICC-107-21.

**Item 4:                      Membership of the ICA 2007**

9.        The Executive Director a.i. introduced document ICC-107-5 containing a report on the status of membership of the ICA 2007. As at 26 September 2011, there were 33 exporting Members and 6 importing Members, and a further 11 exporting Members had signed the Agreement. He had circulated document DN-101/11 Rev. 1 notifying Members of the opportunity to sign the 2007 Agreement and deposit instruments of ratification, acceptance, approval or accession during the 107<sup>th</sup> Session, and had also written to countries listed in Sections B and C of Annex I of the report to remind them of the need to complete membership procedures as soon as possible. Since the previous Session, Sierra Leone had deposited an instrument of accession on 5 May 2011, Zambia had deposited an instrument of ratification on 3 August 2011, and Bolivia had signed the Agreement on 16 June 2011. A number of countries had informed him of progress on membership including Cameroon, Republic of Congo, Dominican Republic, Jamaica, Guinea and Rwanda. Colombia and Papua New Guinea were still applying the Agreement provisionally. With respect to non-members, the Russian Federation and Nepal had expressed interest in membership and were represented at this meeting.

10.      The Executive Director a.i. noted that the deadline for signature of the 2007 Agreement and the deposit of instruments of ratification, acceptance or approval expired on 28 September 2011. He introduced document WP-Council 216/11 containing a draft Resolution proposing establishing 30 September 2012 as the new deadline for deposit of instruments of ratification, acceptance or approval, and said that although the deadline for signature would not be extended, the 2007 Agreement would remain open for accession by non-signatory Governments until 30 September 2012.

11.      The Council took note of this information and expressed a warm welcome to the representatives of Turkey, which became a Member of the 2007 Agreement on 28 March 2011, and to Sierra Leone which became a Member on 5 May 2011. The Council also approved the draft Resolution contained in document WP-Council 216/11 which

became Resolution 448, a copy of which is attached to these Decisions. Finally, the Council urged countries which had not yet done so to expedite the necessary formalities for membership. The procedures for membership contained in ED-2033/08 Rev. 6, including a model instrument, should be closely followed to avoid any difficulties.

**Item 5: Post of Executive Director**

12. The Council noted that procedures for the appointment of the post of the Executive Director were established in document ICC-106-15 Rev. 1, and terms of reference for the post were contained in document ICC-105-22. The names of four candidates had been submitted by the deadline of 15 March 2011 by the Governments of Brazil (Mr Robério Oliveira Silva); Gabon (Mr Christian Ruffin Silvère Ngoua); India (Mr G.V. Krishna Rau) and Mexico (Mr Rodolfo Trampe Taubert); and their curricula vitae had been circulated in documents ICC-106-9, ICC-106-13, ICC-106-14, and ICC-106-10, respectively. Written submissions had been received from the candidates of Brazil, India and Mexico and were respectively contained in documents ICC-107-1, ICC-107-2 and ICC-107-3 Rev. 1. Neither Gabon nor its candidate were represented at the meeting, indicating that Gabon was not pursuing its candidacy further. Document WP-Council 220/11 outlined voting procedures in the event that a vote was necessary.

13. The candidates of India, Brazil and Mexico made their presentations in the order selected at random by the Chairman as provided for in document ICC-106-15 Rev. 1, followed by questions from Members. The Council took note of these presentations, copies of which were circulated as documents ICC-107-14, ICC-107-16 and ICC-107-15.

14. The Chairman highlighted the need to reach a decision by consensus, as provided for in the 2007 Agreement, and to ensure that the selected candidate was broadly endorsed by Members. He appointed Colombia and the USA as 'Friends of the Chair' and invited them to assist him in holding informal consultations with Members during the week. Meetings also took place with individual countries to ascertain their views. Following consultations and informal meetings, the Council noted that the Governments of India and Mexico had decided to withdraw their candidates so that a consensus could be reached.

15. The representatives of exporting and importing Members noted that the candidates of India and Mexico both had outstanding personal and professional qualities and paid tribute to their generosity in withdrawing which enabled a decision to be reached by consensus. The Council then decided to appoint by acclamation Mr Robério Oliveira Silva of Brazil as Executive Director, noting that he would take up his post for a five-year term on 1 November 2011. The Council further authorized the Chairman to sign his contract on

the same terms that had been applicable to the previous incumbent, and agreed that Mr José Sette should continue to act as Executive Director a.i. until 31 October 2011 and thereafter should act as Head of Operations for a transitional period which would end no later than 31 December 2012. Finally, the Council placed on record its warm appreciation for the efforts of the Chairman who had worked tirelessly and impartially to achieve this outcome, and acknowledged the great contribution of the Executive Director a.i. during the past coffee year.

**Item 6: Coffee market situation**

16. The Executive Director a.i. introduced his report on the market situation (contained in the Monthly Coffee Market Report – August 2011). A copy of his presentation on the outlook for the world coffee market is available on the technical presentations section of the ICO website (<http://dev.ico.org/presents/presentation1011.htm>). He said that while the ICO composite indicator price was currently high in terms of the monthly average from 1965 to 2011, prices, in deflated terms, were well below averages seen from the 1960s to 1980s. Colombian Milds, Other Milds and Brazilian Naturals had seen the greatest increases in prices and volatility in the last 18 months because of the relative scarcity of Arabicas. The New York ICE futures settlement prices on 27 September 2011 showed prices climbing in 2012, indicating that the market expected the shortage in Arabicas to continue until May 2012. World production was estimated at 133.6 million bags in 2010/11 falling to 129.5 million bags in 2011/12. Production in Indonesia had fallen by 19.4%, but had increased by as much as 20% in Honduras and 21.9% in Brazil among others. Production of Washed Arabicas in 2011/12 in Colombia was estimated at 10.3 million bags and 30.4 million bags for all other Washed Arabicas, and production of Natural Arabicas and Robustas was estimated at 38.4 million bags and 51 million bags respectively in the same period. Opening stocks in exporting countries for crop year 2010/11 stood at 18.5 million bags, the lowest level ever recorded, while stocks in importing countries at end 2010 amounted to 18.3 million bags, a decrease of 4 million bags in 2009, although levels had recovered to 23 million bags as at June 2011. Stocks continued to be very tight with the overall ratio of world stocks to consumption showing a steady decline between 1964 and 2010. Exports by group and type of coffee in 2010/11 had increased by 14.1% due to higher prices for coffee and the value of coffee exports was estimated at a record US\$16.7 billion in 2010 and could reach US\$23 billion in 2011. World coffee consumption had increased by an average of 2.4% between 2000-2010, with the greatest growth seen in producing countries (4.3%) and emerging markets (3.8%), indicating the importance of these markets. The USA was the world's largest consumer closely followed by Brazil where consumption was increasing by 3.8% a year. Other producing countries experiencing strong annual growth rates included Indonesia, Ethiopia, Mexico and India while emerging markets with high

annual growth rates included the Russian Federation (7%), Ukraine (23.6%) and Turkey (7.7%) among others. In conclusion, the pressure on supply seemed to have eased, and stocks had been rebuilt; however, the stocks/consumption ratio was tight and would help to support prices.

17. In response to the suggestion that data on the retail prices of roasted coffee in producing countries should be collected, the Executive Director a.i. said that exporting Members would henceforth be required to provide this information under the provisions of the 2007 Agreement. The Council took note of this information and of document WP-Council 215/11 Rev. 1 containing the latest official estimates for the Brazilian coffee crop.

**Item 7: Studies and reports**

18. The Chief Economist introduced document ICC-107-11 containing a study on coffee drinking patterns in selected importing countries, document ICC-107-4 containing a study on the relationship between prices of coffee on the physical and futures markets, document ICC-107-10 containing a study on the volatility of prices paid to coffee growers in selected exporting countries, document ICC-107-7 containing a study on the effects of tariffs on the coffee trade and document ICC-107-8 containing a report on obstacles to trade and consumption. No updates had been received from Members since the previous report on mixtures and substitutes was published in August 2010 (document ICC-105-8). The Council took note of these studies and further noted that Members were invited to send the Secretariat their comments on them in writing.

**Item 8: Consultative Forum on Coffee Sector Finance**

19. In March 2011, the Council decided to establish an Ad Hoc Working Group to assist with revising terms of reference for a core group for the purpose of organizing and promoting the work of the Forum, and refining the topic and methodology for a Consultative Forum meeting on the topic of 'Managing the risk of green coffee price volatility'. The group was chaired by Mr Mick Wheeler of Papua New Guinea and included Brazil, Cameroon, Colombia, Côte d'Ivoire, Ecuador, Kenya, Mexico and Papua New Guinea as exporting Members, and the European Union and the USA as importing Members. The Chairman of the PSCB also participated in it.

20. Mr Wheeler reported that following consultations by the group, revised draft terms of reference for the Core Group had been circulated in document WP-Council 218/11 Rev. 1. The Council took note of this information and expressed its appreciation to the Ad Hoc

Working Group and its Chairman for their work. The Council decided to approve the revised draft terms of reference for the Core Group, amended to read 'All interested Members may also participate'. The final version was circulated as document ICC-107-18.

21. Mr Wheeler said that the group had also finalized a statement of the problem and methodology for the theme of the first Consultative Forum on Coffee Sector Finance which was 'Managing the risk of green coffee price volatility' (see documents ED-2118/11 and ED-2121/11). Four presenters had participated in the Forum which had met on 27 September. The report of this meeting was subsequently circulated as document CF-1/11. Members expressed their appreciation for this event which had been very successful. It was suggested that it could take place again in March 2012, and that it could look at the role that governments in coffee producing countries, producer associations and other institutions play in helping small- and medium-sized producers access risk management tools and other financing mechanisms. The Core Group could work on the preparations for the next Forum intersessionally, including recommending advisors to be appointed by the Council. The point was made that it was a dynamic institution which was still evolving, and might take a different format in the future. The need to monitor follow-up from each event was highlighted. As experts were involved, this would be something that would be facilitated by regular meetings. It was suggested that the Forum could be held in September 2012 as well as March 2012 to maintain momentum and that Members could consider this further at the next Session.

22. The Council took note of this information and decided that the Forum should meet in March 2012 and appointed the following to serve on the Core Group of the Consultative Forum on Coffee Sector Finance:

Chairperson: Ms Amy Karpel (USA)  
Vice-chairman: Mr Rodolfo Trampe (Mexico)  
Exporting Members: Brazil, Colombia, Côte d'Ivoire and Mexico  
Importing Members: European Union, Switzerland and the USA

**Item 9: Programme of Activities for 2011/12**

23. The Executive Director a.i. said that document WP-Council 210/11 Rev. 1 contained a revised programme of proposed activities in coffee year 2011/12. The programme had been introduced in March 2011 and Members had been requested to send any comments in writing to the ICO by 1 August. No comments had been received by that deadline. The programme included two estimates of the cost of specific activities contained in Annex I (£37,500) and Annex II (£20,000) reflecting the alternative Budget scenarios contained in

the draft Administrative Budget (document FA-7/11 Rev. 1). Following discussions by the Finance and Administration Committee this week, the programme would be based on the costs provided for in Annex II (£20,000) and activities highlighted in grey would be revised in the final document. He invited Members to make suggestions for a topic for the seminar in 2011/12 (Activity 19). Possible topics included climate change, germplasm, coffee finance and carbon and water footprint.

24. The Council took note of this information. It decided to approve the Programme of Activities for 2011/12 contained in document WP-Council 210/11 Rev. 1<sup>1</sup> and requested Members to send suggestions for a topic for the seminar in writing to the Secretariat by 1 January 2012.

**Item 10: Report by Chairmen of ICO bodies**

**Item 10.1: Private Sector Consultative Board (PSCB)**

25. The Chairman of the PSCB, Mr Robert Nelson of the National Coffee Association of the USA (NCA), said that the PSCB had met on 28 September 2011. The report of this meeting was subsequently circulated as document PSCB-129/11. The PSCB had received six presentations, including on the Global Coffee Quality Research Initiative (GCQRI), a global programme aimed at increasing volumes of quality coffee through collaborative production and coffee quality research which was expected to be underway in 2012. The representative of NYSE Liffe had informed the PSCB about developments in the Robusta coffee futures contract, including a project on pre-grading and controlled storage in Vietnam. The PSCB also received an update on educational programmes on coffee and health which focussed on health care professionals, and noted that good progress had been made in a number of countries including Denmark, Finland, Germany, Italy, Spain and the United Kingdom. The All Japan Coffee Association (AJCA) had provided information on consumption of coffee in Japan, where consumption remained strong but there was a need to encourage consumption by younger people. The NCA had made a presentation on single cup brewing systems, which accounted for 7% of the market, an increase of 3% on the previous year, and was expected to continue to grow. The representative of the Rusteacoffee Association had reported on the coffee market in the Russian Federation, and expressed the wish to collaborate on research and information with other coffee sector associations and the ICO, and supported membership by his Government of the ICO. The results of a survey on the PSCB had been considered, which indicated that economic, regulatory and environmental forces were among the key concerns of members, with the economic crisis, stagnant production and engaging the younger generation seen as priorities. The PSCB had

---

<sup>1</sup> *Subsequently distributed as ICC-105-19.*



discussed the outcome of the Consultative Forum on Coffee Sector Finance and appreciated the excellent presentations and value of this event. The Forum should continue to be a dynamic institution, which could be enhanced by adopting an appropriate methodology and taking into account the input of the PSCB in identifying topics and presenters. Finally, the PSCB had considered updates on food safety legislation including the issue of furan and acrylamide in the EU, and acrylamide in the USA, and nominations for the PSCB for the next two coffee years. The Council took note of this report.

**Item 10.2:                    Statistics Committee**

26.     The Chairperson of the Statistics Committee, Ms Marcela Urueña of Colombia, said that the Committee had met on 29 September 2011. The report of this meeting was subsequently circulated as document SC-8/11. Members had noted that compliance with the provision of statistical data by exporting and importing Members of the ICA 2007 was satisfactory or better at nearly 68% and 98%, respectively and efforts would continue in order to improve performance by Indonesia and Vietnam with the provision of statistics. The Committee had acknowledged the growing trend of exports to exporting countries and had noted that data on volumes traded in this segment would be enhanced by the new Rules on Statistics – Monthly Reports (document ICC-102-10) which required exporting Members to provide reports on their monthly imports by origin, form and type of coffee as from February 2012. In the case of exports of organic coffee, data on this segment would also improve with the implementation of new Rules under the ICA 2007 with the exception of data on Peru, a non-member with significant exports of organic coffee. Cuba had advised that it would be providing data on its exports on organic coffee in 2005 and 2009. Regarding inventories of green coffee the Secretariat would work with the European Coffee Federation (ECF) to clarify discrepancies on data posted by the ECF on inventories held in German ports, and to discuss what actions should be taken to resume the collection of data on inventories in the port of Barcelona. The Committee had noted that a statistical workshop would be jointly organized with the InterAfrican Coffee Organisation (IACO) during its annual meeting in Nairobi, Kenya in November 2011. Finally, the Chairperson reported that the Committee had agreed, in consultation with the PSCB, to recommend that the Council should approve conversion factors of 1.25 and 2.73 to convert roasted decaffeinated and soluble decaffeinated coffee into green bean equivalent, respectively. The ICO would monitor the trade of this segment based on the data available and prepare reports accordingly.

27.     The Council took note of this information and, on the recommendation of the Statistics Committee, decided to approve the introduction of conversion factors of 1.25 and 2.73 to convert decaffeinated roasted and decaffeinated soluble coffee into green bean equivalent, respectively, with effect from 1 October 2011.

**Item 10.3: Promotion and Market Development Committee**

28. The Chairman of the Promotion and Market Development Committee, Mr Henry Ngabirano of Uganda, said that the Committee had met on 30 September 2011. The report of this meeting was subsequently circulated as document PM-10/11. The Committee had received a report on the ICO CoffeeClub which had been relaunched and had encouraged all Members to promote this initiative by including links to it on their websites. The consultant had made a presentation on coffee consumption trends in traditional, producing and emerging markets including innovations in equipment and beverages. During discussions, Members had noted that it would be useful to look at methodology for enhancing data on coffee consumption, and that there was potential for cooperation with the Projects and Statistics Committees on promotion and market development issues. The Committee had also received reports on coffee and health, the implementation of the Coffee Quality Improvement Programme and gradings for Arabica and Robusta coffees for calendar years 2005 to 2010 and January to June 2011. It had noted that some 23 of the 33 Members under the ICA 2007 were fully implementing Resolution 420, accounting for around 67.4% of world exports in the period 2005 to 2010. In response to document ED-2111/11 requesting information on national coffee quality standards, responses had been received from six countries. Members which had not yet done so were urged to send this information to the ICO. The Committee had also considered phytosanitary matters, and had noted the need for Members to send the ICO details of Maximum Residue Levels (MRLs) for pesticides used in the coffee production process. With regard to forthcoming EU legislation on acrylamide, the Committee had reiterated its request to the Secretariat to invite the representative of the EU to attend the next meeting to clarify and report on new EU directives on food safety, including whether these were scientifically based, and their implications for producing countries. Finally, the Committee had noted that the Promotion Fund was almost exhausted, and had urged Members to discuss ways of funding activities to promote consumption, which was a priority under the 2007 Agreement. The Council took note of this information.

**Item 10.4: Projects Committee**

29. The Chairman of the Projects Committee, H.E. Mr José Ángel López Camposeco of Guatemala, said that the Committee had met on 29 September 2011. The report of this meeting was subsequently circulated as document PJ-18/11. The Committee had received a progress report on projects and had decided to recommend approval of a revised proposal entitled 'Adaptation to climate change in three PROMECAFE member countries (Guatemala, Honduras and Costa Rica)' contained in document PJ-3/11 Rev. 1, on the understanding that the proponents would take into account comments made by the Virtual Screening

Subcommittee (VSS). In the case of a number of projects under consideration or already approved by the Common Fund for Commodities (CFC), the Committee had encouraged the representatives of the participating countries to meet the representative of the CFC during the week to clarify CFC requirements and contributions which might be available or aspects which need to be followed up. The Committee had also noted that the CFC Consultative Committee had approved in principle a proposal entitled '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 Congo', which would be considered by the CFC Executive Board in October 2011. Updates on projects currently being implemented had been provided (see also document PJ-13/11).

30. Concerning project procedures, the Committee had decided to recommend that the Council should approve the draft assessment document contained in document PJ-17/11 and, noting that the VSS added value to the work of the ICO, should extend the operation of the VSS for a further interim temporary period until arrangements for the technical screening of projects under the 2007 Agreement had been finalized. The Committee had considered the issue of alternative sources of financing for proposals in the pipeline and had noted that public-private initiatives were often supported by governments. The Secretariat should consider this and develop a strategy to ensure that the appropriate organizations and correct contacts were approached and identify alternative sources of finance for projects. All Members were encouraged to communicate to their Governments the importance of continuing to fund the CFC and to send suggestions for sources of finance to the Secretariat.

31. The Committee had considered presentations to the Council by the representatives of the CFC and the United Nations Development Programme (UNDP) Green Commodities Facility, and in the case of the latter had invited Members to inform the ICO about their national development plans and strategies for coffee and sustainability, so that the Secretariat could liaise with the UNDP on possible future cooperation. Regarding the International Coffee Genome Network (ICGN), the Committee had taken note of document PJ-14/11 Rev. 1 containing responses received from Members on data and research on the coffee genome and had noted that interested Members who had not yet responded to document ED-2105/10 should do so as soon as possible and also send the ICO suggestions regarding the best way of developing a long-term project.

32. The Council took note of this information, and on the recommendation of the Projects Committee, decided to approve the draft assessment document for project proposals contained in PJ-17/11 and, noting that the VSS worked well, decided that it should continue to operate for a further interim temporary period.

**Item 10.4.1: Projects for approval by the Council**

33. The Council noted that the Projects Committee had considered document PJ-16/11 containing the report and recommendation of the VSS on a revised proposal contained in document PJ-3/11 Rev. 1 entitled 'Adaptation to climate change in three PROMECAFE member countries (Guatemala, Honduras and Costa Rica)'. Noting that the proposal would be revised to reflect comments by the VSS and the Committee, on the recommendation of the Committee the Council decided to approve this proposal for submission to the CFC. Finally, the Council noted that new and revised project proposals for consideration in March 2012 should reach the ICO by 16 December 2011.

**Item 10.4.2: Concluded projects**

34. The representative of the Project Executing Agency made a presentation on the concluded project entitled 'Enhancing the potential of gourmet coffee production in Central American countries'. The Council took note of this information, and noted that the project had had a successful outcome and could be replicated in other countries. The Council also took note of document ICC-107-13 containing the Executive Summaries of final reports for the following four concluded projects: 'Pilot rehabilitation of the coffee sectors in Honduras and Nicaragua', 'Diversification of production in marginal areas in the State of Veracruz, Mexico', 'Enhancing the potential of gourmet coffee production in Central American countries' and 'Enhancing competitiveness of African coffee through a value chain analysis'.

**Item 11: Cooperation with other agencies**

35. Mr Parvinder Singh, Chief, Policy, Programme Management and Evaluation Unit of the Common Fund for Commodities made a presentation on the future role and mandate of the Common Fund for Commodities. A copy of his presentation and background information was circulated as document ICC-107-17.

36. Mr Andrew Bovarnick, Global Head, Green Commodities Facility, United Nations Development Programme, made a presentation on sustainable coffee projects. A copy of this presentation is available on the technical presentations section of the ICO website (<http://dev.ico.org/presents/presentation1011.htm>).

37. The Council took note of these presentations, both of which would be considered by the Projects Committee at its meeting on 29 September 2011. In the case of the UNDP the Council noted that its approach of involving a range of partners and sources of funding was timely and effective.

38. Finally, the Council noted that the Executive Director a.i. had represented the ICO at the Annual Conference of the Forum on Agricultural Risk Management in Development (FARMD), which took place in Zurich, Switzerland on 9 and 10 June 2011. The theme of the Conference was 'Price volatility and climate change – implications for the Ag-Risk management agenda' and a copy of Mr Sette's presentation at this event on the multiple dimensions of risk in coffee was available on the ICO website. More information about FARMD was available on its website (<http://www.agriskmanagementforum.org/farmd/>).

**Item 12: 50<sup>th</sup> anniversary of the ICO**

39. The Executive Director a.i. said that the ICO was established in 1963 when the first International Coffee Agreement entered into force in 1962 and it would commemorate its 50<sup>th</sup> anniversary in 2013. The 40<sup>th</sup> anniversary in 2003 was celebrated by holding the Council Session in Cartagena, Colombia, at the invitation of the Government of Colombia. The Council agreed that the anniversary should be commemorated however, given the current financial situation, the costs of activities should be restricted. It was also suggested that the event could be combined with a Council Session, which could be extended for an extra day. All Members were invited to contribute suggestions to mark the 50<sup>th</sup> anniversary and to send these to the Executive Director.

**Item 13: National coffee policies**

40. There was no additional information to report under this item.

**Item 14: Financial and administrative matters**

**Item 14.1: Finance and Administration Committee**

41. The Chairman of the Finance and Administration Committee, Mr Damon DuBord of USA, said that the Finance Committee had met on three occasions during the week of 26 September 2011. The Committee had received a report on the financial situation as at 31 August 2011 (see document FA-17/11) and had noted that this was satisfactory.

42. The Committee had also considered the issue of banks with which the ICO could place deposits and transact business and had decided that, as further time was needed to consider this, this question would be reviewed again at the next meeting in March 2012. In the case of document FA-15/11 Rev. 1 concerning research into salary remuneration systems, the document would be revised to include suggestions from Members and considered again at the next meeting. The Committee had also considered the appointment

of registered auditors, in accordance with the provisions of Rule 14 of the Financial Rules and Regulations which requires the Executive Director to appoint registered auditors annually in consultation with the Committee and the Council, and had decided to recommend that Smith Williamson should be reappointed as the auditors for the financial year 2011/12. With respect to proposals for the basis for contributions for staff in the Professional and higher categories the Committee had considered document FA-18/11 containing proposals to revise the scale of pensionable remuneration with effect from 1 August 2011, representing an increase of approximately 2.67%, and had decided to recommend that the Council should approve them, noting that the costs could be met from within the budget for 2010/11 (£680) and 2011/12 (£4,800). Finally, the Committee had considered an update on outstanding contributions, and had noted that Nicaragua was behind the schedule established in Resolution 437. In the case of the Democratic Republic of Congo, this country had made some regular monthly payments but was behind the schedule established in Resolution 430, however it had recently sent a communication to say that payment in full was being made.

43. The Council took note of this information and on the recommendation of the Committee decided that the Executive Director a.i. should appoint Smith Williamson as auditors for the financial year 2011/12, and approved the proposals to revise the basis for contributions for staff in the Professional and higher categories contained in document FA-18/11.

**Item 14.2: Draft Administrative Budget for the financial year 2011/12**

44. The Chairman of the Finance and Administration Committee said that following discussions at its meetings in March 2011 and during the week of 26 to 30 September 2011, the Committee had decided to recommend to the Council that it should approve the draft Administrative Budget for 2011/12 contained in document WP-Finance 77/11 Rev. 2. Based on overall expenditure of £3,185,000 and estimated revenue from external sources of £291,000, the potential contribution per vote would be £1,447, representing an increase of 4% compared with the financial year 2010/11. The Council took note of this information and decided to approve the draft Administrative Budget for 2011/12 contained in document FA-7/11 Rev. 2<sup>2</sup>.

---

<sup>2</sup> Subsequently distributed as document ICC-107-20.

**Item 14.3: Premises**

45. The Chairman of the Finance and Administration Committee said that the Committee had considered document FA-14/11 containing potential alternatives for the use of the premises at 22 Berners Street, which included sub-letting the ground floor, sub-letting part of the second floor or sub-letting the entire second floor. Following further discussions, the Committee had considered that the third option was most practical, involving leasing the entire second floor to the International Cocoa Organization (ICCO) or a commercial tenant. Refurbishment costs would be around £360,000 which could come from the Reserve Fund. The investment could, given certain timing scenarios, be repaid by 2012/13 in the best case, or 2013/14 in less favourable cases, and result in significant savings thereafter per annum. He introduced document FA-20/11 containing a proposal on premises to the Council. On the recommendation of the Committee the Council decided to instruct the Secretariat to perform a comprehensive analysis of the costs and risks associated with the decision to refurbish, noting that before any refurbishments could begin, the Secretariat must secure the landlord's consent on subletting the second floor of the premises, and obtain a written agreement with the landlord defining the percentage of refurbishment costs to be borne by the landlord and the rate of profits shared with the landlord above the ICO's lease rate; begin actively marketing the office space of the second floor; obtain a minimum of two quotes by independent contractors on the refurbishment costs; obtain a minimum of two opinions from independent surveyors assessing the marketability of the premises over a series of lease prices; and undertake a cash flow analysis at different rental rates based on the independent surveyors' assessments. If the analysis concluded that total refurbishment costs contributed by the ICO would not exceed £360,000, as outlined in Option 3 of document FA-14/11, and the independent surveyors assigned a high probability of renting the premises within the first 12 months after completion of the refurbishment of the first and second floors, then the Secretariat could initiate the refurbishment on the recommendation of an intersessional meeting of the Finance and Administration Committee. After meeting all conditions, up to £360,000 could be withdrawn from the Reserve Fund, on the understanding that future rental income generated would first be used to replenish the Reserve Fund to current levels.

**Item 15: Office-holders and Committees**

**Item 15.1: Chairman and Vice-Chairman of the Council**

46. In accordance with the procedures provided for in Article 10 of the 2007 Agreement, the Council elected the following office-holders in the Council for coffee year 2011/12:

Chairman: Mr Henry Ngabirano (Uganda)

Vice-Chairman: Mr David Braun (Switzerland)

**Item 15.2: Composition of Committees**

47. The Council noted that the term of office for members of the PSCB expired on 30 September 2011. The Executive Director a.i had circulated document ED-2112/11 and its revision to all Members, requesting them to inform him of nominations for representatives and alternates for the next two coffee years. The Council designated the members of the PSCB for the next two coffee years as listed in document WP-Council 219/11, amended to include AMECAFE as a representative in the Other Milds category and a private sector association from Indonesia in the Robustas category, the name of which would be confirmed after the meeting. There remained a vacancy for a representative in the Robustas category, and in the consuming members category.

48. The Council further decided that the composition of Committees in 2011/12 should be as follows:

**Promotion and Market Development Committee**

Exporting Members: Brazil, Colombia, Honduras, India, Indonesia, Kenya, Mexico and Uganda

Importing Members: European Union, Switzerland and the USA

**Projects Committee**

Exporting Members: Brazil, Colombia, Côte d'Ivoire, Ecuador, Guatemala, India, Indonesia and Tanzania

Importing Members: European Union, Turkey (to be confirmed) and the USA



### **Finance and Administration Committee**

Exporting Members: Brazil, Colombia, El Salvador, Ghana, India and Vietnam

Importing Members: European Union, Switzerland, Turkey (to be confirmed) and the USA

### **Statistics Committee**

Exporting Members: Angola, Brazil, Colombia, Costa Rica, Côte d'Ivoire, Panama,  
India and Indonesia

Importing Members: European Union, Switzerland and the USA

49. In the case of the Project and Finance and Administration Committees, the Council noted that if Turkey were not available, it would be replaced by Switzerland.

### **Item 16: Other business**

*Mr Enzo Barattini of the European Union*

50. The Council noted that this would be the last meeting to be attended by Mr Barattini who had been involved with the ICO since 1991 and expressed its warm appreciation for his commitment and support of the Organization during this time.

*Coffee from Member countries*

51. The Council expressed its appreciation to the Governments of Cameroon, Côte d'Ivoire, Ethiopia, Indonesia, Kenya and Mexico who had provided coffee during these meetings.

### **Item 17: Future meetings**

52. The Council noted that its next Session would take place in London from 5 to 9 March 2012 instead of 19 to 23 March 2012 as originally scheduled.