



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

ICC 108-10

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**Decisions and Resolutions adopted  
at the 108<sup>th</sup> Session of the  
International Coffee Council**

**5 – 8 March 2012**

1. The International Coffee Council, chaired by Mr Henry Ngabirano of Uganda met in London from 5 to 8 March 2012.
2. The Council took note of opening remarks made by Mr Robério Oliveira Silva who was attending his first Council Session since taking up office as Executive Director on 1 November 2011 (circulated in document ICC-108-2).

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

3. The Council adopted the draft Agenda contained in document ICC-108-0 Rev. 2 and took note of the schedule of meetings.

**Item 2: Admission of observers**

4. 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 Secretary introduced document ICC-108-6 containing a list of observers approved by the Council in September 2011 for admission to Sessions in 2011/12, who had advised the Executive Director of their attendance and the meetings they wished to attend. The list included presenters participating in the 2<sup>nd</sup> Consultative Forum on Coffee Sector Finance.
5. The Council took note of this information and decided that the observers listed in Annex I of document ICC-108-6 should be accepted for admission to the 108<sup>th</sup> Session and to Committees which were open to observers, except for items relating to Finance and Administration which should be restricted to Members only.

**Item 3:                   Votes and credentials**

**Item 3.1:                Votes in the Council for coffee year 2011/12**

6.       The Council took note of the situation of outstanding payments affecting voting rights as at 2 March 2012 and approved the redistribution of votes in the Council for coffee year 2011/12 contained in document ICC-108-4. The Council noted that Liberia and Sierra Leone, which had rejoined the ICO in 2011, had outstanding contributions from previous coffee years but were making efforts to settle these. Liberia's voting rights had been restored in March and September 2011, and Sierra Leone's voting rights had been restored in September 2011. The Council decided that the voting rights of both Members should continue to be restored for the time being, and that this issue should be considered again at the next meeting.

7.       The Council also noted that the Democratic Republic of Congo had settled all its outstanding contributions, and its votes would be restored once it had completed the procedures for membership; and that Nicaragua had also paid its outstanding contributions and its votes had been restored. The Council expressed its appreciation to both countries for their efforts in clearing their arrears and noted the need for all Members to pay their contributions by 31 March 2012 in order to retain their voting rights and their right to participate in meetings of specialized committees.

**Item 3.2                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-108-9.

**Item 4:                   Membership of the International Coffee Agreement 2007**

9.       The Executive Director introduced document ICC-108-5 containing a report on the status of membership of the ICA 2007. As at 5 March 2012, there were 33 exporting Members and 6 importing Members, and a further 11 exporting Members had signed the Agreement. He had circulated document DN-105/11 notifying Members of the opportunity to sign the 2007 Agreement and deposit instruments of ratification, acceptance, approval or accession during the 108<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. A number of countries were making progress on membership including

the Plurinational State of Bolivia, which was expected to deposit a notification of provisional application shortly, Cameroon, Democratic Republic of Congo, Republic of Congo, Haiti, Jamaica and Rwanda. Colombia and Papua New Guinea were still applying the Agreement provisionally. With respect to non-members, the Russian Federation and Peru had expressed interest in membership. He reminded Members the deadline for the deposit of instruments of ratification, acceptance, approval or accession was 30 September 2012. The Council took note of this information and of document ICC-108-5, and further noted that the InterAfrican Coffee Organisation (IACO) had previously indicated its interest in applying for group membership under Article 5<sup>1</sup>, and was considering a number of practical matters, following which the matter would be considered by the Council.

**Item 5: Annual Review 2010/11**

10. The Executive Director introduced the Annual Review 2010/11 which contained a report on the activities of the Organization during the last coffee year. Highlights included the entry into force of the 2007 Agreement on 2 February 2011 with six new Members including Liberia, Sierra Leone, Timor-Leste, Tunisia, Turkey and Yemen; the first Consultative Forum, the results of which had been widely disseminated; reports on the coffee market and economic studies as well as important activities undertaken in promotion, statistics and projects and the continuing excellent work of the Private Sector Consultative Board. The Council took note of the Review.

**Item 6: Coffee market situation**

11. The Executive Director introduced his report on the market situation (contained in the Monthly Coffee Market Report – February 2012). A copy of his presentation is available on the technical presentations section of the ICO website (<http://dev.ico.org/presents/presentation1112.htm>). He noted that following the crisis of low prices between 2000 and 2005, there had been a slow recovery in prices, which had peaked in May 2011 before gradually falling. In the case of ICO group indicator prices, prices for Arabicas had recovered more strongly than those for Robustas, leading to price differentials widening on the futures markets in New York and London since 2009. Despite a small correction in recent months, differentials continued to be high historically, reflecting tight supply in Arabica producing countries, in particular Colombia. World production for 2011/12 was estimated at 128.5 million bags compared to 134.3 million bags in 2010/11, with a decrease in production in eight of the ten leading producing countries with the exception of Indonesia and Ethiopia. Total exports to all destinations in 2011 were estimated at 102.4 million bags, compared to 96.8 million bags in 2010 and the value of

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<sup>1</sup> See document WP-WGFA 9/07.

coffee exports was estimated to reach a record US\$24.3 billion in 2011, compared to US\$16.7 billion in 2010. The world stock/consumption ratio had fallen consistently since 1964, and stocks continued to be very tight, with opening stock levels in exporting countries estimated at 17.6 million bags in 2011, while inventories in importing countries were estimated at 19.2 million bags. World consumption had increased by 2.5% per annum between 2000 and 2010, with the greatest growth seen in producing countries (4.6%) and emerging markets (3.6%), compared to 1.1% in traditional markets. Retail prices of roast and ground coffee had increased significantly in 2011 compared to 2010, showing inelasticity in demand. With respect to producing markets, Indonesia and Mexico had the highest annual growth rates of 7.2% and 6.5% respectively between 2000 and 2010, while in the case of emerging markets, the Ukraine, Turkey and the Russian Federation had growth rates of 23.6%, 7.7% and 7% respectively in the same period. If growth continued at a low rate of 1.5% a year world consumption was projected to reach 156.7 million bags in 2020, or 172.8 million bags if it grew by a higher rate of 2.5% per year.

12. In response to requests for information to be provided on coffee consumption in China and estimated world production in 2020, the Council noted that the Executive Director would report on both matters at the next Session. The Council took note of this information and of document WP-Council 221/12 containing the first official estimate for the Brazilian coffee crop for 2012/13 and the final estimate for 2011/12.

**Item 7: Studies, reports and seminars**

**Item 7.1: Studies**

13. The Chief Economist introduced document ICC-108-1 containing a study on coffee drinking patterns in selected importing countries. In discussions on this item, the point was made that this study and others could provide helpful guidance to the Promotion and Market Development Committee in taking decisions on promotion activities and developing strategies, and the Committee could consider other sources of information and assistance on data. It was suggested that the study could be integrated with the previous study prepared in September 2011 so that information about consumption patterns in different countries was available in a single document. It was also suggested that there should be more information about in- and out-of-home consumption, such as whether consumption was increasing in cafés, restaurants or vending machines; more background about consumption patterns of different types of coffee such as capsules in different countries would help to inform decisions on promoting coffee. It would be helpful to have more information about the origins of imports and changes in the consumption chain in the EU, such as in the case of Austria which had increased imports from Germany, or Belgium, which

had increased imports from Vietnam and Brazil. Studies could also be prepared on coffee drinking patterns and trends in producing countries as well as in emerging markets such as China and the Russian Federation. With respect to the latter, it would be important to develop a strategy to encourage non-member countries to become Members. Studies on the impact of consumption or production on the income of farmers and production costs would be useful for producing countries in considering future production needs. In the case of the country data, the reference to GDP should be amended to read 'GDP per capita'.

14. The Head of Operations noted that preparation of studies depended on the data available from Members and Euromonitor, which had cost implications and in the case of some non-member countries, statistical information was limited. However, efforts would be made to follow up these suggestions. He noted that the Russian Federation had been included in the study on coffee drinking patterns presented in September 2011 (document ICC-107-11) and a study on the coffee value chain in importing countries had been presented in March 2011 (document ICC-106-1). A study on the re-exports of coffee would be prepared for September 2012 in accordance with the programme of activities for 2011/12 and a study on trade and consumption of soluble coffee could be prepared for a future meeting. A limited response had been received to the ICO's request for information on production costs (document ED-2124/11) and a reminder would be issued after the meeting. The Council took note of the study contained in document ICC-108-1 and noted that the Secretariat would consider how to integrate the suggestions from Members into future studies.

**Item 7.2: Seminar topic for September 2012**

15. The Executive Director reported that at the last Council Session, the Council had invited Members to send suggestions for a seminar topic in 2012. Switzerland had proposed the topic of the impact of certification on the whole supply chain from an economic, social and environmental perspective.

16. In discussions on this item, Members noted that this was an important topic and certified coffee was forecast to become increasingly mainstream. Producing Members highlighted the need for a balanced approach and for the costs and benefits to producers to be looked at as well as environmental issues. It was suggested that it would be helpful to look at whether consumers were willing to pay more for this type of coffee and their preferences. It would also be useful if the ICO could contact the International Cocoa Organization (ICCO) concerning a study on the costs, advantages and disadvantages of cocoa certification. In selecting presenters, care should be taken to avoid speakers who favoured

particular aspects over others. Organic coffee and its viability was a related issue being debated in producing countries. Members noted that Colombia and the Specialty Coffee Association of America (SCAA) had agreed to cooperate on research or a study on the value and challenges of certification.

17. The Council took note of this information and of the proposal that an expert from Colombia could present the results of a study using Committee on Sustainable Assessment (COSA) methodology which should generate quantitative information on the costs and benefits associated with certification. It decided that terms of reference should be developed for the seminar by a working group with the assistance of the Secretariat. The working group would include Brazil, Colombia, Switzerland and the USA and would be open to all Members.

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

18. The Chairperson of the Consultative Forum and the Core Group, Ms Amy Karpel of the USA, said that the Core Group had met on 7 March and had discussed a number of matters including the 2<sup>nd</sup> Consultative Forum held on 6 March which it considered to have been very successful with high quality presentations and discussions. Two key points were that risk management and finance were relevant throughout the supply chain and challenges could not be solved by focussing on a single part of the chain which was interrelated, and the role of institutions, policies and legal frameworks in enabling and supporting entities in the supply chain to pursue financing options and risk management tools. The Group had two key functions. The first was to act as a platform to exchange ideas among experts in finance and risk management who could share their experiences and devise ways of addressing challenges as well as reviewing discussions at Forums. The second function was that of an organizing committee and would be informed by the first function. It would include planning future events, such as panel discussions or workshops, selecting participants and devising methodologies. As provided for in the terms of reference, the Group discussed suggestions for four advisors and alternates. The National Coffee Council of Brazil confirmed its interest in becoming an advisor and the Core Group would work with the Secretariat to extend invitations to three other institutions. The Group noted the value of including government experts in risk management and finance to support Members in their work in the Group and the USA, Colombia and Mexico were among those who had indicated their willingness to include experts in their delegations.

19. Members had decided not to hold a Forum in September to avoid detracting attention from the seminar on certification during the 109<sup>th</sup> Session, and to allow time for the Group to discuss the future of the Forum which could take a variety of forms in addition

to panel discussions, such as workshops, bringing in a professional facilitator, brainstorming, problem-solving, smaller group discussions, virtual platforms, or events held in producing countries. The 2<sup>nd</sup> Forum had generated interesting ideas for future Forums and this would also be considered at the next meeting of the Group.

20. With respect to sponsorship, it had been agreed a plan should be prepared to assist with approaches to sponsors, setting out the costs involved and promotional opportunities for companies. To ensure that potential sponsors were aware of the value of the Forum, Members were encouraged to inform their private sector about the benefits of this initiative for the coffee sector. The Group noted the importance of wide dissemination of Forum results. The ICO posted presentations and reports on its website in all four languages, as well as distributing them on CD-Rom, and cooperated with the World Bank and other organizations in disseminating materials; Members were also encouraged to disseminate information proactively in their countries. The presentations would be available as audio files from this Forum onwards. Members had suggested making use of social networking platforms, including CoffeeClub, press releases by the ICO and Members within their countries, a one or two page fact sheet on each Forum; and a booklet or publication presenting information thematically, possibly like the Annual Review. Finally, the Group agreed that it would be useful to draft a short communiqué to the G-20 meeting in June 2012 on the importance of risk management tools for agriculture, and the work being undertaken by the ICO to address this issue. The Core Group would draft a statement for circulation to Members, following which the Chairman of the Council and the Secretariat would finalize it and submit it to the G-20 as soon as possible.

21. The Council expressed its appreciation to the Chairperson of the Core Group and Forum for her report and the success of the Forum, as well as for the excellent presentations by the speakers.

**Item 9: Programme of Activities for 2012/13**

22. The Council noted that document WP-Council 223/12 contained a draft programme of proposed activities in coffee year 2012/13 which was based on the Strategic Action Plan (document ICC-105-19), and incorporated a number of suggestions made by candidates for the post of Executive Director in September 2011. Comments were invited from Members on this document, in particular on a topic for studies (Activity 7) and for the seminar in 2012/13 (Activity 19).

23. In discussions on this topic, the relevance of activities outlined in Activities 4, 6, 8 and 15 was noted. With respect to Activity 18 concerning the role of the ICO as Project

Executing Agency (PEA), this had been included as an option in the light of previous discussions on this topic and no concrete proposal had been made as yet. The development of the adaptation/mitigation programme proposed in Activity 23 might involve costs and expertise which could mean that the ICO would not be in a position to undertake it. In the case of Activity 14, the issue of resources for projects should not detract from the focus of the Forum on risk management and financial tools. The programme appeared to include some activities which would only be undertaken if there were sufficient time and resources and it would be useful to indicate these to Members. With respect to Activity 22, the Secretariat was requested to delete the reference to a working group on climate change as the United Nations Framework Convention on Climate Change (UNFCCC) was the appropriate forum for this topic. One Member would send its comments in writing to the Secretariat.

24. The Council took note of this information and further noted that Members should send their comments and proposals on the draft programme in writing to the Executive Director by 1 August 2012. The programme would be revised to reflect comments received by this date and considered again by the Council in September 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 USA (NCA), said that the PSCB had met on 7 March 2012. The report of this meeting was subsequently circulated as document PSCB-31/12. The PSCB had received a presentation on forthcoming legislation on positive health claims in the EU which was likely to include two claims for coffee relating to alertness and physical performance. It had also considered a presentation on the importance of engaging young drinkers early on with coffee, with only 4% of consumers becoming coffee drinkers after age 35 compared to 41% beginning consumption between the ages of 16-19, and a total of 84% starting to drink it before age 25, most of whom would continue to drink it for the rest of their lives. The PSCB noted that the issue of obesity needed to be taken into account in the case of beverages with high-sugar content. Members also discussed nutritional and country of origin labelling issues in the EU. There was some concern that the nutritional labelling could be confusing for consumers in the case of coffee. Once legislation was implemented in 2016, a label on a 100g jar of coffee would indicate a fat content of 0.2g, however this related to the entire jar rather than an individual serving. Concerning country of origin labelling which was under discussion in the EU, there was concern that if legislation required packaging to list the origin of coffee used in blends, it could potentially be damaging to small producing countries



as roasters might consider the possibility of identifying a small number of large producing countries which could guarantee a regular supply. The PSCB received a presentation on legislative developments in the State of California which might require a warning to be posted indicating that coffee contained acrylamide. PSCB representatives had also discussed the Forum and considered this to be an excellent initiative. The representative of Rollback Malaria reported on this initiative, with simple prevention techniques reducing deaths from malaria by over 50% in 43 countries. There was a strong correlation between the incidence of malaria and coffee producing countries and they were seeking private sector and government partners in implementing their programmes. Finally, the PSCB highlighted the need to continue to identify mechanisms which could enhance communications between the PSCB and Council and the engagement of the PSCB; it would be useful for a small group or the Secretariat to focus on this issue.

26. The Council took note of this report and, noting that Côte d'Ivoire had nominated the Conseil du Café/Cacao (3C) to fill the current vacancy in the Robustas category on the PSCB, decided to designate the 3C as a representative in the Robustas category on the PSCB for coffee years 2011/12 and 2012/13.

**Item 10.2: Statistics Committee**

27. The Chairman of the Statistics Committee, Mr Patrick Moussy of the EU, said that the Committee had met on 7 March 2012 and had elected him as Chairman and Mr José Cassule Mahinga of Angola as Vice-Chairman for coffee year 2011/12. The report of this meeting was subsequently circulated as document SC-15/12. 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 69% and 100%, respectively. The Committee had requested the ICO to invite statistical experts from both categories of Members to comment on official estimates where there were large discrepancies with data provided by other sources. In the case of exports to exporting countries, the Committee noted that the Rules on Statistics were now in effect and exporting Members had an obligation to provide statistical data on their imports of coffee by origin (volume and value). Concerning a report on exports of organic and certified coffee, the Committee noted that data on organic and differentiated coffees might not always be indicated as such by exporting Members and provision of data on exports of certified coffee was voluntary. Regarding data on the trade of decaffeinated soluble coffee, as only the USA used 10-12 digits to identify these coffee products, it was not yet possible to collect data on this product from other countries. Members would have to consider the possibility of expanding the number of digits in HS codes with their customs authorities in the future.

28. The Committee took note of a report on inventories of green coffee in major European ports, and requested the ICO to include information on inventories in other importing countries in future reports. The Committee noted that a workshop on compliance with the provision of statistical data took place in Nairobi in November 2011 and delegates from eight countries had participated. It was suggested that a DVD or CD-Rom be produced to provide continuing guidance on compliance for exporting Members and that the ICO could investigate a standard system or methodology for the collection of data on costs of production, domestic consumption, area planted with coffee and number of trees in production, to assist with the preparation of reports and studies and enhance market transparency. Finally, the Chairman urged all Members to cooperate in providing statistical data on their coffee trade in accordance with the new Rules on Statistics. The Council took note of this information.

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

29. The Vice-Chairman of the Promotion and Market Development Committee, Mr Rodolfo Trampe of Mexico, said that the Committee had met on 8 March 2012 and had elected Mr Andrea Illy of the EU-Italy as Chairman and himself as Vice-Chairman for coffee year 2011/12. The report of this meeting was subsequently circulated as document PM-14/12. Mr Illy had made a presentation on a 2012-2015 programme proposal and had recommended that the Committee's efforts should continue, with a renewed objective of focussing on promoting value and differentiation through a multi-stakeholder network of partners, with two strategic goals and related actions. The first goal would be to promote value through quality, health, sustainability and differentiation, by building a multi-stakeholder network of partners. The second goal would be to support producing countries in de-commoditizing coffee through programmes to increase returns, with a particular focus on small growers and emerging countries, with the ICO acting as a facilitator and knowledge provider. The next steps would be to prepare a feasibility study including consulting stakeholders, recruiting partners, allocating resources and developing a plan for approval by the Council in September 2012. The Committee had also received reports on the ICO CoffeeClub, coffee and health, the Coffee Quality-Improvement Programme, phytosanitary matters and research on coffee. With respect to the latter, the Committee had noted that the 24<sup>th</sup> ASIC International Conference on Coffee Science would take place in Costa Rica in November 2012 and all Members were encouraged to participate in it. In previous years, exporting Members had agreed to make financial contributions to this event from the Promotion Fund, and exporting Members on the Committee had expressed their support for the Executive Director's suggestion that the balance of US\$9,150 in the Promotion Fund could be allocated towards supporting the 2012 Conference, in particular to cover the expenses linked to the participation of scientists and speakers from developing

countries. The Council took note of this information and of the proposal that the amount of US\$9,150 be amended to US\$8,500 or an amount advised by the Secretariat which would avoid winding up the Promotion Fund and further noted that exporting Members approved this proposal.

**Item 10.4:                   Projects Committee**

30.     The Chairperson of the Projects Committee, Ms Amy Karpel of the USA said that the Committee had met on 6 March 2012, and had appointed her as the Chairperson and Mr Aly Touré of Côte d'Ivoire as Vice-Chairman for coffee year 2011/12. The report of this meeting was subsequently circulated as document PJ-32/12. The Committee had considered five project proposals and two concept notes and had agreed to recommend four of the five proposals for approval by the Council, subject to technical comments being incorporated, particularly those relating to gender analysis. In the case of the project 'Enhancing competitiveness of African coffees through a value chain strengthening', the Committee had noted that this proposal was not submitted for approval at this stage, although aspects of it could be developed as individual projects in the future. In the case of the concept note 'Improving coffee productivity in Yemen,' the Committee had noted that the Common Fund for Commodities (CFC) was favourably disposed to considering a Fast Track project of around US\$30,000 to facilitate identification of the needs of the sector by the main local stakeholders in Yemen. It decided to recommend approval on the basis that technical comments, particularly those relating to gender, were submitted to the CFC which would ensure that the consultant took these into account in preparing the full project proposal. Concerning the concept note 'Economic incentives for coffee agroforestry systems in Costa Rica', the Committee had decided to recommend that it should be approved and developed into a full proposal taking into account technical comments by the Virtual Screening Subcommittee (VSS), and submitted for consideration at the next meeting. The Committee had agreed to consider at a future meeting how the issue of gender analysis could be included in future proposals and how it had been incorporated in previous projects, and to consider including a question on whether the budgets were appropriate and sufficient for the aims of project proposals. The Committee had also noted that the CFC Projects Advisory Committee (PAC) had considered the 'Adaptation to climate change in three PROMECAFE member countries (Costa Rica, Guatemala and Honduras)' proposal and had concluded that it did not conform with the CFC's priorities for funding at this time, relative to other projects with a stronger focus and suggested that funding could be sought from other sources with a focus on the environment and climate change. Finally, the Committee had received a presentation from the representative of the CFC on the future role and mandate of the CFC and looked forward to hearing about future developments at the next Session.

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

31. The Council noted that the Projects Committee had considered document PJ-21/12 containing the report and recommendation of the VSS on five proposals and two concept notes. Noting that the proposals and concept notes would be revised to reflect comments by the VSS and the Committee, on the recommendation of the Committee the Council decided to approve the following project proposals and concept note for submission to the CFC:

- Sustainable input credit for financing the production end of the coffee value chains in Kenya, Tanzania and Uganda (document PJ-22/12)
- Financial mechanisms for sustainable coffee in Colombia and Honduras (document PJ-23/12)
- Building a Financial Literacy Toolbox to enhance access to commodity finance for sustainable SMEs in emerging economies (Fast Track) (document PJ-27/12)
- Promoting the intensification of coffee and food crops production using animal manure in areas covered by the project CFC/ICO/30 in Burundi (Fast Track) (document PJ-28/12)
- Improving coffee productivity in Yemen – concept note (document PJ-25/12).

32. The Council further decided to approve the the concept note ‘Economic incentives for coffee agroforestry systems in Costa Rica’ contained in document PJ-26/12 for development as a full proposal which could be considered at the next meeting. Finally, the Council noted that new and revised project proposals for consideration in September 2012 should reach the ICO by 22 June 2012.

**Item 10.4.2: Projects being implemented and concluded projects**

33. The Projects Officer introduced document PJ-29/12 containing a progress report on projects currently being implemented; a Guide resulting from the project ‘Enhancing the potential of gourmet coffee production in Central American countries’ produced with assistance from the Italian Cooperation Agency (IAO); and document ICC-108-3 containing the Executive Summary of the final report on the project ‘Reconversion of small coffee farms into self-sustainable agricultural family units in Ecuador’. Both projects had generated valuable results on diversification and risk management which could be considered in the Consultative Forum, as well as on marketing and quality which could be considered by the Promotion and Market Development Committee. The Council took note of a statement by the representative of Ecuador on the benefit of the latter project for his country and the value of CFC/ICO coffee development projects for Member countries, and further took note of the Guide and documents PJ-29/12 and ICC-108-3 noting that both projects had been very successful and could be replicated in other countries.

34. The representative of the Eastern African Fine Coffees Association (EAFCA), Samuel Ndungu Kamau, made a presentation on the project 'Building capacity in coffee certification and verification for specialty coffee farmers in EAFCA countries'. The Council took note of this presentation, a copy of which is available on the technical presentations section of the ICO website.

35. With respect to the 'Coffee price risk management in Eastern and Southern Africa' project, the Council noted that this project had been approved by the CFC in 2001. The World Bank was originally appointed as PEA but had subsequently withdrawn. Following a meeting between the countries involved and the CFC, the ICO had submitted terms of reference to the CFC to identify an independent Chief Technical Adviser to coordinate the implementation of the project with the collaboration of the national coffee institutions of each country. A decision on how to proceed was awaited from the CFC. The Council took note of this information and of the suggestion that EAFCA could be appointed as PEA in the light of its experience in implementing a pilot project on dealing with coffee price volatility.

**Item 11: Cooperation with other agencies**

*Memorandum of Understanding*

36. The Executive Director introduced document ICC-108-7 containing a Memorandum of Understanding (MOU) between the ICO and the Government of the Brazil, specifically the Brazilian Agency for Cooperation (ABC), for the promotion of triangular technical cooperation in coffee producing countries, which would enhance the ICO's capacity to assist exporting Members, particularly the Least Developed Countries. The ICO had previously signed MOUs with a number of organizations including the Food and Agriculture Organization of the United Nations (FAO), United Nations Environment Programme (UNEP) and the International Trade Centre (ITC).

37. In discussions on this item, it was suggested that it would be helpful if the MOU could include activities to increase domestic consumption in the light of Brazil's experience in this area, and that proposals should be fast-track in order to avoid delays before implementation. This was a new initiative and clarification was sought on issues such as how the MOU would be implemented as well as procedures for agreeing and signing MOUs such as this which could be of interest to other Members. The Council noted that the MOU was intended to strengthen South-South cooperation and would act as an umbrella for capacity-building and strengthening the production chain in developing countries. It involved technical cooperation activities which would be defined in specific documents, rather than projects. There were no financial implications for either the ICO or beneficiary countries, as counterpart contributions were not required, and it was consistent with the need to diversify sources of finance for coffee development activities. Document WP-Council 224/12 was circulated during the meeting.

38. Following further consultations, the Council considered document WP-Council 224/12 Rev. 1 containing amendments and conditions for implementing the MOU. The document was further amended to include a reference to beneficiary countries in paragraph 5 (b) (i). On this basis, the Council adopted the MOU as amended in WP-Council 224/12 Rev. 2, instructed the Executive Director to sign it on behalf of the Organization, and expressed its appreciation to Brazil for this initiative which would be beneficial to producing countries and enhance sustainable development.

#### *Sustainable Commodity Assistance Network (SCAN)*

39. The representative of the SCAN, Chris Wunderlich, made a presentation on the work of SCAN, a technical assistance programme which had created national platforms in Vietnam, Tanzania and Peru and was launching national coffee sector programmes in Guatemala and Peru, with support from the Inter-American Development Bank and the Swiss State Secretariat for Economic Affairs (SECO) among others. The Council took note of this presentation, a copy of which is available on the technical presentations section of the ICO website. With regard to the point that there were synergies with the work of the Forum and it would be useful to explore these further, the Council noted that the representative of the SCAN would provide information on the Network to the Forum.

#### *Product Category Rules for green coffee*

40. The representative of the Sustainable Agriculture Initiative (SAI), Brian Lindsay, made a presentation on a joint project which the SAI Platform and IDH (the Sustainable Trade Initiative) had launched on 1 March 2012, on the development of Product Category Rules for green coffee. The aim was to better understand the emissions from the coffee growing system and to enable managers to better target actions to reduce emissions from identified 'hot spots' in a quantifiable manner, and to develop a consistent method of measuring greenhouse gases (GHG) to facilitate communication among everyone involved in evaluating the impact of these and designing reduction strategies. The ICO was invited to participate on the Steering Committee without a fee. The Council took note of this presentation, a copy of which is available on the technical presentations section of the ICO website.

#### *UN Forum on Sustainability Standards (UNFSS)*

41. The Executive Director introduced document ICC-108-8 containing information about the UNFSS, a platform created by five UN agencies – FAO, UNEP, United Nations Industrial Development Organization (UNIDO), ITC and the United Nations Conference on Trade and

Development (UNCTAD) – with the aim of facilitating and strengthening participation by developing countries on international dialogue on voluntary sustainability standards. The structure comprised a Steering Committee with the five UN agencies and an Advisory Panel of high-level experts to facilitate the conceptualization, structuring and focus of UNFSS debate and activities. The ICO had agreed to participate in the Panel, given the importance of this issue for producing countries.

#### *The Coffee Exporter's Guide*

42. The representative of the International Trade Centre UNCTAD/WTO (ITC), Mr Morten Scholer, introduced the third edition of The Coffee Exporter's Guide which included new material on climate change, the role of women in the coffee sector, and a comparison of sustainability schemes. The Guide would be available in French and Spanish later in the year. He expressed his appreciation to the ICO for its assistance, acknowledged the work of all those who had contributed to it and welcomed suggestions on disseminating it. The Council took note of this information and expressed its appreciation for the Guide.

#### *UNCTAD XIII and FAO*

43. The Executive Director reported that the ICO was considering participating in UNCTAD XIII in Doha, Qatar in April 2012, as part of a CFC/ICO project for which it was the supervisory body. The theme of the Conference was 'Development-centred globalization: Towards inclusive and sustainable growth and development' and commodities would be discussed at a number of events during the Conference. The ICO would also contribute information on coffee price developments for the meeting of the FAO Committee on Commodity Problems in Rome in May 2012.

44. The Council took note of information and reports on this item.

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

45. The Executive Director said that the ICO was established in 1963 following the provisional entry into force of the first International Coffee Agreement in 1962, and it would commemorate its 50<sup>th</sup> anniversary in 2013. The 40<sup>th</sup> anniversary in July 2003 was celebrated by holding the Council Session in Cartagena, Colombia, at the invitation of the Government of Colombia. In September 2011, the Council had agreed that the 50<sup>th</sup> anniversary should be commemorated however, given the current financial situation, the costs of activities should be restricted and it should 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. The Council took note of this information and requested the Secretariat to prepare a report with information about the requirements for holding meetings overseas and a preliminary estimate of costs, to enable Members to consider the arrangements and timing of hosting the 50<sup>th</sup> anniversary at the 109<sup>th</sup> Council Session in September 2012.

**Item 13: National coffee policies**

46. The representative of Côte d'Ivoire said that until 2001 Côte d'Ivoire had been the third largest coffee producing country and the largest African producing country, but production had been affected by the crisis of low prices. The sector employed around 800,000 people and accounted for 40% of export earnings and faced a number of challenges including relaunching coffee growing, improving quality, and technical expertise. The Government had undertaken reforms to strengthen and develop the sector with the aim of developing a sustainable economy through improving marketing and production and the living standards of growers, and he requested the support of the ICO in establishing a large-scale rehabilitation programme to assist with this. The Council took note of this information.

**Item 14: Financial and administrative matters**

**Item 14.1: Finance and Administration Committee**

47. The Chairman of the Finance and Administration Committee (FAC), Mr Jawaid Akhtar of India, said that the Committee had met three times during the week of 5 March 2012 and had elected him as Chairman and Mr David Braun of Switzerland as Vice-Chairman for 2011/12. The Committee had received a report on the financial situation as at 31 January 2012 (see document FA-31/12) and had noted that this was satisfactory. Members had reviewed the draft Budget for 2012/13 (document FA-29/12) and requested the Secretariat to present a revised draft in the light of the decision on the premises in April and include alternative scenarios which would show the effects of reducing staff and cutting costs on the ICO. The Committee had considered document FA-27/12 proposing an increase of 3.6% of salary scales and the basis for contributions to the Provident Fund for the General Services staff with effect from 1 October 2011 and document FA-28/12 proposing revisions to salary scales for staff in the Professional and higher categories with effect from 1 January 2012. In the case of the former, the cost of implementing these revisions could be met from within the Budget for 2011/12 (see document ICC-105-20) and in the case of the latter, this was on the basis of the 'no gain – no loss' formula and the overall effect would give no increase in take-home pay and no additional cost to the Organization. The Committee had



decided to recommend that these proposals should be approved for the current financial year, and that the Executive Director should consult staff regarding the possibility of freezing future increases in remuneration. The Committee had discussed document FA-15/11 Rev. 1 containing research into remuneration systems and it would be considered in September 2012 together with additional information received from Members on relevant remuneration systems. In the case of bank ratings, the Committee noted that no further action was needed with respect to document FA-9/11 which contained a list of banks with which the ICO could place deposits, including Banco do Brasil. Members had considered document FA-30/12 containing proposals for a paperless office which would have both financial and environmental benefits, although there would be some costs to adapt the Council Chamber to enable delegates to plug in laptops and to ensure satisfactory broadband width. The Committee had agreed to recommend to the Council that this proposal should be implemented in time for the meetings in September 2012, or, if this were not practical, for March 2013; Members should be asked to indicate prior to the meetings if they wished to receive hard copies of documents otherwise it would be assumed that they would use electronic means.

48. On the recommendation of the FAC, the Council decided to approve the proposals for revisions to salary scales and the basis for contributions to the Provident Fund for staff in the General Service category contained in document FA-27/12; and the proposals for revisions to salary scales for staff in the Professional and higher categories contained in document FA-28/12, noting that the issue of salaries and remuneration systems would be further reviewed in September 2012. With respect to a paperless system, the Council noted that there should be a system for Members to indicate if they required hard copies of documents, and encouraged all delegates to consider the paperless option for future meetings.

**Item 14.2: Administrative Accounts of the Organization  
for the financial year 2010/11 and Report of the Auditors**

49. On the recommendation of the FAC, the Council decided to approve the Administrative Accounts of the Organization for the financial year 2010/11 and Report of the Auditors contained in document FA-24/12.

50. The Chairman of the FAC said that the Committee had recommended that the Accounts of the Special Fund and Report of the Auditors for the financial year 2010/11 contained in document FA-26/12 should be approved by exporting Members and had noted that, as decided in September 2010, the Accounts of the Promotion Fund (document FA-25/12) had not been audited but were circulated for information. The FAC had asked the

Executive Director to make recommendations to exporting Members regarding possible future uses of both Funds. The Council took note of this information and further noted that exporting Members approved the Accounts of the Special Fund and Report of the Auditors for the financial year 2010/11 contained in document FA-26/12, and took note of the Accounts of the Promotion Fund contained in document FA-25/12.

**Item 14.3: Premises**

51. The Chairman of the FAC reported that following an intersessional meeting in February 2012, the Executive Director had advised that the Secretariat could be accommodated on the first floor, with a view to reducing costs and integrating staff. The landlord had made an offer to take back the second floor if the ICO signed a new lease for a longer period. The Committee had discussed five alternatives which were set out in document WD-Finance 1/12, together with a proposed timetable, and had recommended that the ICO should write to the landlord and to the ICCO concerning the possibility of becoming a sub-tenant as outlined in document WD-Finance 2/12 Rev. 2<sup>2</sup>. It was also proposed that up to £600,000 could be withdrawn from the Reserve Fund to cover the costs of the refurbishment works, which would be repaid in future years from savings on the rent. The Committee would hold an intersessional meeting in early May 2012 in order to receive any necessary information and to make any further decisions, if appropriate.

52. In discussions on this item, the need for a long-term solution for the premises was highlighted. Concerning the possibility of the ICCO becoming a sub-tenant, the point was made that the ICCO had an agreement with the Government of Cote d'Ivoire and would be discussing this further at its forthcoming meeting; this matter could not be dealt with in the ICO. The Council took note of this information and, noting that it would nevertheless be useful to write to the ICCO to confirm its offer, approved the recommendation of the FAC on this matter.

**Item 15: Other business**

*International Sugar Organization (ISO)*

53. The Council took note of a statement by the representative of the ISO expressing its support for cooperation between both organizations.

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<sup>2</sup> Subsequently circulated as document FA-36/12.

*Eastern African Fine Coffees Association (EAFCA)*

54. The Council noted that the name of EAFCA had been changed to AFCA.

*Ms Leyla Karamoko*

55. The Council noted that Ms Leyla Karamoko, Documents Assistant (French), was returning to Côte d'Ivoire after 11 years of dedicated service to the ICO and expressed its appreciation for her work.

**Item 16: Future meetings**

56. The Council took note of document WP-Council 222/12 containing the dates of meetings in 2012/13 and 2013/14, and decided that meetings in 2013 should take place during the week of 9 to 13 September to enable Members to make travel arrangements if meetings were held overseas, and to enable the ICCO to hold its meetings during the week of 23 to 27 September 2013. The Council further noted that Côte d'Ivoire would like to host a Council Session in September 2014, or possibly in March 2013 or 2014 if meetings to commemorate the 50<sup>th</sup> anniversary did not take place overseas in September 2013. Finally, the Council further noted that its next Session would take place in London from 24 to 28 September 2012.