



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

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Updated summary of proposals from Members concerning the future of the 2001 Agreement

Background

1. This document contains a summary of proposals from Members concerning the future of the 2001 Agreement. It provides an approximation, in abbreviated form, to Members' positions, which have been developed more extensively in their individual submissions as at 29 September 2006. The summary is divided into a number of principal issues or themes and the relevant article or articles covering these issues are specified. Members' proposals are listed within each issue section. Themes and ideas raised at the 2nd World Coffee Conference are contained in Annex I. It may be noted that textual proposals are specified in document WP-WGFA 2/06 and its addenda.

2. To facilitate analysis a coding system has been used by the Secretariat to indicate the type of action which may be required to deal with each particular proposal. This classification is subject to review by Members. The codes are as follows:

- A** No changes appear necessary. Results should be obtained by decision or resolution, or plans of action.
- B** Changes to article may be needed. Results could be obtained by expanding the relevant article.
- C** Matter not covered by existing articles – a new article seems to be needed.
- D** Requires changes to articles.
- F** Financial implications.

3. This document has been updated to reflect proposals for new wording received from Uganda which have been incorporated into Article 1 (Objectives) in document WP-WGFA 2 Add. 1 Rev. 1.

4. The contribution of the PSCB was presented to the 96th Session of the Council and is contained in document PSCB 93/06.

**PRELIMINARY SUMMARY OF PROPOSALS FROM MEMBERS
CONCERNING THE FUTURE OF THE 2001 AGREEMENT**

Principal issues

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| <p>1. Objectives/ mission</p> <p>Preamble, Article 1</p> | <p>Brazil: Objectives of ICA satisfactorily cover areas requiring action by the ICO. A</p> <p>Idea of mission statement raised by some Members could reflect importance of increasing coffee consumption to a dynamic coffee economy. B</p> <p>Burundi: ICA is well structured but has proved limited in terms of its operation. Amended ICA should clearly guarantee equity for all Members. A/B</p> <p>Cameroon: Amend Preamble to include a new paragraph clarifying that producers should receive fair remuneration for their work. D</p> <p>Amend Objective 2 to define and clarify ways to achieve a reasonable balance between supply and demand, and make objectives 6 and 7 more specific. D</p> <p>Central American Group¹: Redefine objectives to transmit Members' aspirations on range of issues. Supports proposal for objective on consumer satisfaction. D</p> <p>Ecuador: amend objective 2 to refer to covering average costs of production in producing countries and objective 6 to define the term sustainable. D</p> <p>EC: Considers current objectives are still up to date and this Article does not need to be enlarged. Additional issues proposed could be followed up within general strategies for coffee, including special attention to small producers. These are regularly reviewed by the Council and would allow more flexibility. A</p> <p>Honduras: Core mission should be to contribute to overall improvement of all players in the agro-industrial coffee chain through a short, medium and long-term strategy. B</p> <p>Include new objective on promoting consumer satisfaction. D</p> <p>Amplify/include new objectives to develop or strengthen areas of: Sustainable human development, environmental services, natural resources and biodiversity, technical innovation and change for sustainability and competitiveness, diversification and added value, transparent and consistent marketing, promotion of consumption, market differentiation and segmentation, quality and safety, protection of geographical origins and access for small producers to financial sources and new market niches. D</p> <p>Indonesia: Proposes including objective (2 bis) to strengthen participation of small farmers to alleviate poverty and to achieve the objectives of the Millennium Development Goals and amending (7) to refer to diversification of products, and (9) to refer to production capacity. D</p> <p>Kenya: Expand objectives to reflect emerging issues such as entry of new players (e.g. NGOs), development partners and private sector. B</p> <p>Mexico: Need to examine relevance of the ICO/need to redefine mission and strategy. B</p> <p>Papua New Guinea: Need to examine relevance of ICO/Mission. B</p> <p>Tanzania: Proposes including phrase reflecting need to address poverty through promotion of mechanisms ensuring fair returns to producers. Issue of sustainability in coffee economies should be emphatically reflected in mission and objectives. D</p> <p>Uganda: Proposes three new elements: importance of research, development and science, supporting added value as a necessary ingredient in increasing domestic consumption, and mechanisms for emergency assistance. D</p> <p>USA: Proposes thorough review of objectives and changes. Revised objectives</p> |
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¹ Guatemala, El Salvador and Costa Rica

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| | <p>must focus the ICO and communicate a compelling vision of its reason to exist. Amend objectives to include new overarching statement (a mission statement), revise objectives (2), (5), (7), (8) and (9), and delete (6) relating to a sustainable coffee economy, to be included in the overarching statement. D</p> <p>Include two new objectives relating to facilitating availability of financial tools to producers, including access to credit and approaches to managing risk; and to develop strategies to enhance capacity of small producers etc. to benefit from coffee production and adapt to fluctuations. D</p> |
| <p>2. Coffee market/ Remunerative prices</p> <p>Articles 29, 33</p> | <p>Angola: Need to target improved earnings and alleviate poverty affecting most LDCs. Need for balance in world trade and domestic markets. A</p> <p>Brazil: Increased coordination on rules and activities relating to sanitary and non-sanitary barriers and tariff barriers. A</p> <p>Enhanced coverage of market trends (niche markets, speciality coffees, sustainability). A</p> <p>Greater attention to Member countries' requirements (i.e. capacity building, mechanism for regulation of crops). A, F</p> <p>Incentives for adding value to exports by producing countries. A/B</p> <p>ICO should be body responsible for negotiating interest of Members with organizations like WTO with a view to creating a balanced and equitable market. A</p> <p>Burundi: ICA should include details of short-term strategies or measures for recovery and support of production in Member countries facing difficulties. Supports the establishment of a World Coffee Fund. B</p> <p>Cameroon: Need complete transparency of market and better control of supply/demand variables, to prevent fluctuations. A</p> <p>Set up solidarity mechanisms to assure a better income for producers. B, F</p> <p>Provide assistance to enable producers to take advantage of specialised market developments. A, F</p> <p>Central American Group: Supports Brazil's recommendation for more coordination on rules and activities regarding sanitary and phytosanitary barriers as well as tariff barriers. A</p> <p>Côte d'Ivoire: Include means to deal with price volatility. B</p> <p>Honduras: ICO could act as facilitator providing information to financial institutions on investment needs of Members, and advising on coffee investment policies/procedures for project financing. B</p> <p>Kenya: Proposes a new Article on diversification initiatives (vertical and horizontal) to support the coffee economy. Vertical diversification would shorten the long value chain, with greater returns to growers. D</p> <p>Madagascar: Creation of a financing system to support production. B, F</p> <p>Tanzania: develop mechanisms to reduce gap between retail consumer and producer prices. Objective of meeting consumer satisfaction through quality, phyto-sanitary measures etc. should not constitute barriers to trade. A/B</p> <p>USA: Amend Article 33 (1) (Obstacles to consumption) and 35 (Measures related to processed coffee). D</p> <p>Vietnam: Through studies and surveys the ICO can clarify the situation of Members and then take a specific view about obstacles to consumption. A</p> |
| <p>3. Information/ research</p> <p>Articles 29, 31</p> | <p>Central American Group: supports US proposal re Coffee Observatory and inclusion of statistics regarding tendencies of incipient and specialized markets. C, F</p> <p>EC: Article 31 provides a very comprehensive framework for studies and projects, and does not need to be amended. Rejects the idea of transforming the nature of International Commodity Organizations. A</p> <p>Madagascar: Supports research and development efforts. International coffee research organizations should work with national research bodies. A</p> <p>USA: Proposes a new Article (Dissemination of Information – Coffee</p> |

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| | <p>Observatory), highlighting importance of effectively disseminating information to benefit of all market participants, using range of tools and technologies. C, F</p> <p>Proposes updating Article 29 (Information) (1) (a) to include information on speciality coffees and products containing coffee, and deleting (3) on system of indicator prices and publication of composite indicator price. D, F</p> <p>Proposes expanding Article 31 (Studies and surveys), updating paragraphs (1) and (3), with new provision for an action plan to guide development of studies and identify priorities. D, F</p> <p>Vietnam: Studies and surveys can help the ICO to better understand the situation of Members and then make plans to support Members to practical effect. A, F</p> |
| <p>4. Statistics</p> <p>Article 1 (4) and (5), Articles 29 and 30</p> | <p>Brazil: Not enough emphasis on need for transparency. Inadequacy of statistical data which requires improvement. A, F</p> <p>Colombia: Strengthen statistics either through Statistics Committee or the Statistics Unit. A, F</p> <p>Honduras: Stipulate in the ICA the responsibilities of the Executive Director and Secretariat regarding economic statistics. Need for direct technical assistance to strengthen institutions responsible for statistics and establishment of strategic agreements and cooperation. B, F</p> <p>Japan: Desirable for ICO to further analyse statistical data and forecast world coffee supply and demand. A</p> <p>Madagascar: Increase efforts to provide technical assistance, particularly to Members with difficulty in providing statistical information. A</p> <p>Nigeria: proposes amending Article 29 (4) to allow Members to inform Council of difficulties and request technical assistance. D</p> <p>USA: Expand statistical work by updating existing articles and new provisions on market information to emphasize the need to identify emerging trends and structural changes to the coffee sector (see section 3 above). D</p> |
| <p>5. Projects</p> <p>Articles 1, 16</p> | <p>Brazil: Intensify contacts with alternative project funding sources. Strengthen relationships with bodies like FAO and WTO to avoid duplication of activities and secure greater benefits in case of project financing. A, F</p> <p>Central American Group: Execution of projects should be coordinated with coffee institutions representing producer countries at ICO. ICO should provide a facilitating and entrepreneurial platform so projects can be processed quickly. A/B</p> <p>Colombia: Explore additional sources of funding for projects. A, F</p> <p>Ecuador: ICO should not rely on CFC for funding alone but explore other sources of finance for projects. A, F</p> <p>Honduras: Proposes new chapter on coffee projects, emphasizing need for projects to be conceptually coherent, appropriate and feasible. C</p> <p>Representation on VSC should be amplified and selection criteria enhanced. A</p> <p>Indonesia: Review projects – e.g. the project would be responsible for all its costs which reduce the costs of preparing projects in the budget. A</p> <p>Madagascar: Improve definition of criteria for selecting projects and areas for intervention to enable small producing countries to benefit. Assist in preparing projects relating to develop coffee sector at both national and international levels. A</p> <p>Tanzania: Proposes amending Agreement to streamline procedures for projects with a timeline for completing and submitting proposals. A/D</p> <p>USA: Proposes a new chapter (Project Work) with three new articles to guide project work, including clear criteria for consideration of projects and detailed procedures for review, approval and implementation of projects. C</p> <p>Proposes ICO play a role in facilitating access to information on credit and risk management tools, with new Chapter/Article establishing forum on consultations on coffee sector finance. C, F</p> |

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| <p>6. Promotion/ consumption</p> <p>Articles 33, 34</p> | <p>Angola: Need for domestic markets to retain locally any surplus production not required. A</p> <p>Brazil: With regard to increased consumption at world level, given new demands for coffee in emerging markets where growth is very rapid, ICO should redouble its efforts in these markets to ensure the sustainability of this growth. A, F</p> <p>New and unique opportunities for increasing consumption in traditional markets following recent moves to restrict consumption of soft drinks require ICO to act as instigator and catalyst of programmes designed to increase consumption in both mature and emerging markets. ICO to modernise its role and act as project executing agency in promotion activities. A, F</p> <p>Undertake viability study on the creation of a tax to be levied on the marketing of coffee which would create a fund of the “American Checkoff” type to support promotion and work of capacity building in Member countries. A, F</p> <p>Central American Group: ICO should play a decisive role in obtaining funds and in executing promotion projects. Final consumer should have access to information on origin and quality of final product. B</p> <p>Colombia: Strengthen promotion (lack of resources a problem). A, F</p> <p>Ecuador: ICO should strengthen activities to increase consumption in both consuming and producing countries. A, F</p> <p>Honduras: ICO should play a greater role than hitherto and take an active part in securing funds and carrying out promotion programmes. A, F</p> <p>Useful to coordinate with speciality coffee associations to give greater attention to trends in distinctive coffees. B</p> <p>Essential for consumers to have information on quality and origin. Roasters selling identified origins should inform market of origins (in case of blends, recognises not possible to list all countries). B</p> <p>Madagascar: ICO should carry out market studies and analyses designed to promote world coffee consumption. A</p> <p>Promotion of coffee processing activities to increase added value (increasing the value of coffee by-products). A</p> <p>USA: Proposes revising and moving Article 34 to an expanded Chapter on Statistical Information, Studies and surveys. Replace promotion with market development and integrate into ICO activities on gathering and disseminating information. Revise paragraphs (1), (2), (3) and (4), delete paragraphs (5) and (6). D</p> <p>Vietnam: Promotion activities to expand domestic consumption need support from the ICO. A, F</p> |
| <p>7. Health</p> <p>Article 34</p> | <p>Brazil: Encourage activities in both consuming and producing countries presenting coffee as a natural product (no chemical additives). Programmes linked to coffee and health, given impact on consumption. A, F</p> <p>Central American Group: Health should be an integral part of promotion strategies, and there should be support for initiatives to investigate and publish results of scientific research. A, F</p> <p>Ecuador: benefits of coffee for health should be highlighted in the Agreement and support provided for programmes to disseminate results of research. Consider including this in the objectives. D, F</p> <p>Honduras: Health should be an integral part of promotion strategies and support should be provided for research and dissemination of findings. A, F</p> <p>Kenya: Need to include a clause for mechanism to deal with problem of OTA. D</p> <p>Japan: To make good use of results of research on Coffee and Health, this element should be introduced into the objectives. D</p> <p>Vietnam: Regulations against pesticide residues and OTA contamination etc. and Resolution number 420 and ISO 10470: 2004 (coffee defects) should be re-considered and an official decision introduced by the ICO. A</p> |

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| <p>8. Quality</p> <p>Article 1</p> | <p>EC: Quality should remain a key priority. A</p> <p>Cameroon: Need to ensure proper balance in face of consumer demands regarding quality, so as to acknowledge better quality leads to better prices. A</p> <p>Central American Group: Quality should continue to be a priority objective. A</p> <p>Chairman, Promotion Committee: Quality crucial factor in increasing consumption – customer satisfaction a valuable tool: link objective on quality with customer satisfaction: to promote quality and customer satisfaction. D</p> <p>Honduras: Quality closely linked to consumer satisfaction. Should continue to be priority objective. Economic incentives should be provided to encourage producers to achieve aim. A, F</p> <p>Japan: Agrees with proposal to introduce customer satisfaction as a new objective. D</p> <p>Quality and safety very important: proposes two new objectives: to provide a forum for consultations on coffee matters to investigate and prevent safety problems such as pesticide residues, toxic mould etc. AND To ensure the security and safety of coffee. D</p> <p>Vietnam: Need for a new definition of quality. A/B</p> |
| <p>9. Private sector</p> <p>Article 22 and 23</p> | <p>Angola: Need for strong private sector with access to the latest information on the coffee trade and know-how on risk management. A</p> <p>Brazil: PSCB has worked well, could extend scope of activities by inviting other private sector bodies to participate. A, B</p> <p>Central American Group: Strengthen PSCB. PSCB producing associations should play active role in communicating development of ICO agenda to their members. A, B</p> <p>EC: Article 22 (2) establishes composition of PSCB. The PSCB has already addressed the issue of a possible enlarged composition. A</p> <p>Ethiopia: Issue of small farmers should be clearly articulated in the Agreement. Area of private sector is appropriate to consider this. B</p> <p>Honduras: Strengthen PSCB to permit representation of small producers such as through national institutions representing them at national/regional level. B</p> <p>Madagascar: Strengthen PSCB to make it representative of all private sector interests. B</p> <p>USA: Strengthen PSCB to effectively represent private sector interests in the coffee sector. To do this membership may need to be expanded. Provide for more effective dialogue between PSCB and civil society. Proposes changes to Article 22: update paragraphs (1), (2), (3) and (6) with new paragraph to allow for seeking views of NGOs with relevant expertise. D</p> <p>Vietnam: PSCB is very important. Strengthen its activities, creating an information network to allow members to communicate and discuss issues at any time. A</p> |
| <p>10. Sustainability</p> <p>Articles 39, 40</p> | <p>Brazil: Enhance coordination on activities and rules relating to sustainability. A</p> <p>Emphasis on unshaded coffee cultivation as well as carbon sequestration instruments for coffee. Support for producer-based certification entities. B, F</p> <p>Burundi: New concepts of sustainability, traceability etc. can only be successfully applied in context of a well thought out, more committed Agreement, offering practical ways of strengthening capacities of producers, commercially and institutionally. B</p> <p>Cameroon: Amend Article 39 to make concept of sustainable management more appealing. NCA proposal could be adopted in part, but should take into account needs of present generation. D</p> <p>Amend Article 40 to reflect more detailed consideration of standard of living of populations in the coffee sector (specific wording proposed). D</p> <p>Central American Group: Need to achieve long-term sustainability throughout coffee chain. Should include idea that achieving economic sustainability is a condition for achieving social and environmental sustainability. B</p> |

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| | <p>EC: Attaches great importance to concept of sustainability and supports a balanced approach addressing the three dimensions of economic, environmental and social sustainability. Considers Objective 6 (Article 1) and Article 39 cover approaches on sustainability and leave enough flexibility for any action desired. A</p> <p>Kenya: Need to restate and define concept of sustainability to attain balance between economic and other elements of sustainability B</p> <p>Madagascar: Intensify coordination of activities and regulations on sustainability. A</p> <p>Norway: Enhance references to environment and sustainability and ILO conventions (only if renegotiation is agreed). D</p> <p>USA: Proposes deleting Article 39 (Sustainable coffee economy) as this is addressed in revised objectives. D</p> |
| <p>11. Structure/ institutional/legal provisions</p> <p>Article 2, IV - X, XIII, XIV</p> | <p>Angola: Include regional/continental groups among ICO bodies (e.g. IACO). B</p> <p>Brazil: Maintain categories of importer and exporter while avoiding duplication of work in decision-making procedures. Simplify structures, focusing on results. Widen the sources of funding for the ICO by offering consultancy services in relation to marketing and good agricultural practice, and the sales of statistical information. A, F</p> <p>Burundi: Amended Agreement should clearly guarantee equity for all Members in the operation of its activities. B</p> <p>Central American Group: Supports Japan’s proposal re Member representation. C</p> <p>Ecuador: Article 2 should include current terms such as sustainability (economic, social and environmental), speciality coffees (organic, fair trade, bird friendly etc.). D</p> <p>EC: Keep groups of producers and consumers. A</p> <p>Proposes revisions to:</p> <p>Article 2 (Definitions) paragraph (5), defining a Contracting Party: proposes inclusion of the EC, to reflect sole EC membership; D</p> <p>Article 2 (Definitions) paragraphs (9) and (10) defining simple and qualified for voting: rejects the idea of operating by sole consensus instead of voting, which may create impasses. Wording will be related to issue of Article 13 (votes) which will require comprehensive discussion with all other consumers. B</p> <p>Article 4 (Membership): (3)-(5); proposes amendments to paragraphs (3), (4) and (5) to remove distinction between EC and intergovernmental organizations to reflect current situation. D</p> <p>Article 13 (Votes) (7): will require comprehensive discussion with all consumers. B</p> <p>Article 17 (Composition and meetings of the Executive Board) (1) and Article 18 (Election of the Executive Board): To be revised on basis of current practices; D</p> <p>Indonesia: Suggest looking at voting – whether it is necessary and whether contributions should be linked to it. C</p> <p>Japan: Need careful consideration of Regional Economic Integration Organizations – REIOs should not have dual representatives and voting with their member countries. In addition, issues including votes distribution should be carefully examined in terms of equity in representation and decision-making. C</p> <p>Norway: Continue duality of consumers and producers (in Agreement and in voting procedures). A</p> <p>USA: Proposes clarifying terms for membership, in particular for EC membership. Proposes changes to Article 4 (Membership) (1), deleting paragraphs (3) and (5) and moving (4) to Article 13. A new provision proposed for Article 13 (Votes). D, F</p> <p>Clarifying membership terms will also require changes to Article 2 (Definitions), and to Chapter XIV: provisions of Articles 43 (Signature), 44 (Ratification, acceptance or approval), 45 (Entry into force), and 46 (Accession). D</p> <p>Proposes changes to Article 25 (2) (Payment of contributions). D, F</p> <p>Vietnam: Contributions of exporting countries should be based on the average turnover rather than the volume of coffee exports. D</p> |

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| <p>12. Organizational/ decision-making issues</p> <p>Articles 4-6, 7, 11-22, 37</p> | <p>Brazil: To lighten Agenda of Council, greater use could be made of Executive Board. Decision-making process is repetitive. Simplify organizational structure to ensure meetings are more productive. Find a pragmatic solution to take decisions without considering the same matters in different committees. Hold meetings less frequently by increasing virtual interaction, through specialised committees. Two sessions a year would meet needs of Council. A, F</p> <p>Excessive participation in administrative costs – rent, personnel etc. Secretariat could function with fewer employees and greater use of electronic communication. Reduce costs/find additional resources. A, F</p> <p>Link undertakings to results, for example parameters of expenditure and maintenance as a percentage of the total budget. A</p> <p>Central American Group: Avoid duplication of work and repetition of decision making. Analyse Article 12, reduce number of meetings and use new ways of communicating to reduce expenses of Members. Reconsider procedural and organizational matters with a view to simplifying organizational structure. D</p> <p>EC: Proposes revisions to: Article 16 (Cooperation with other organizations): clarify the participation of observers in the Council (Article 12 (3)) by including references to relevant international and regional organizations, non-governmental organizations and civil society. D</p> <p>Ecuador: Find a mechanism to prevent duplication of efforts for matters considered by Board and Council. Establish an alphabetical rotation system among Members of various groups represented on the Board, so all countries, not just large countries, can have an active role. B</p> <p>Honduras: Decision-making process is repetitive. Need for more productive meetings based on up-to-date working Agendas. Use innovative forms of communication to reduce expenditure by Members. Reduce frequency of meetings of committees (revise Article 12). D</p> <p>Evaluate programmes/committees accounting for large percentage of budget, but not producing significant effects. B, F</p> <p>NGOs could attend Sessions with items affecting interests of all countries in region. A</p> <p>Need for Secretariat to have latest communications technology and highly qualified staff to handle areas of projects, statistics and a market-intelligence system that would be more credible and transparent. A, F</p> <p>Indonesia: Eliminate duplication of work between Board and Council – ICC could meet and appoint a body to carry out its decisions. Small producers cannot participate in Board but are important to the value of the Organization and their participation should be encouraged. A, F</p> <p>Review need to operate in four languages as this will save costs and not all countries benefit from interpretation and translation. D, F</p> <p>USA: Proposes changes to strengthen Council as consultative body and emphasise consensus as basis for decision-making. Changes proposed include reducing number of Vice-Chairmen to a single position (updating Article 11), reducing sessions of the Council to one per year (updating Article 12), emphasising decision-making by consensus (updating Article 15), and eliminating the Executive Board (deleting Articles 17 – 20). D</p> <p>Proposes introducing flexibility in location of headquarters and a new consultative forum on coffee sector finance (Article 7 (2) and (3)) (see also section 2). D</p> <p>Proposes changes to Article 37 (consultation and cooperation with NGOs). D</p> |
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| <p>13. Technology and innovations</p> | <p>Brazil: Support for innovative technologies such as those of research related to the coffee genome. A, F Madagascar: Strengthen exchanges between Members to ensure transfer of skills and technology. A</p> |
| <p>14. Procedures Articles 52 and 53</p> | <p>Angola: Amendments and resolutions justified. A Brazil: ICA comprehensive enough to allow extension without amendment. Council has powers to introduce changes through amendments. Modifications on non-controversial matters could be adopted in accordance with Article 53. A Burundi: Amend the Agreement to define a more precise and operationally effective framework that would satisfy all Members. A Cameroon: Extend the Agreement with amendments. A Central American Group: Renegotiation is time-consuming, but continuity of current ICA without major reforms to make ICO more efficient is not justified. A Côte d’Ivoire: Renegotiation is time-consuming – better to proceed with amendments. A, F EC: Article 53 (1) (Amendment): to be revised in light of status of EC. D The majority of the Agreement does not need structural changes as the present provisions provide a comprehensive framework for implementing the objectives. The structure of the ICA 2001 should remain fundamentally unchanged to allow continuation of an orderly, functioning Agreement. Either in the case of amendments or a renegotiation, only a limited number of articles, agreed in advance among parties, should be discussed. A/B Ecuador: considers the current Agreement to be a good one but proposes some amendments to adapt it to current circumstances. A/B Honduras: Favours extension with substantial amendments/modifications. A/B ICO Executive Director: Consideration could be given to excluding references to a specific duration of the Agreement (Article 52) and making provision for a review of the Agreement by the Council every few years (4 to 6). D Japan: Consider extension as a transition measure to avoid a gap between a current and new Agreement. A, F Kenya: Advocates extension with relevant amendments in accordance with Articles 52 and 53 for next 6 years, to address emerging issues. A/B Madagascar: Favours extension with amendments (renegotiation time-consuming). A/B Mexico: Set up a working group of 5-6 producers and 5-6 consumers to work between now and September establishing an Agenda for future work. A, F Norway: Support extension (renegotiation time-consuming). A Papua New Guinea: Prefers discussions in Council rather than Working Group. A Tanzania: Advocates extension with some amendments, to save time and resources needed for tackling other developmental issues. Amend ICA to establish mechanism to ensure smooth transition to new ICA on expiry of old Agreement. A/D USA: Revise Article 52 (1) and (2) to include a longer initial period for the Agreement (10 years) and extensions not exceeding eight years in total. D</p> |

**THEMES AND IDEAS RAISED IN THE
2ND WORLD COFFEE CONFERENCE
FUTURE OF THE 2001 AGREEMENT**

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| <p>2. Coffee market/ Remunerative prices</p> <p>Articles 29, 33</p> | <ul style="list-style-type: none"> • Need to find market instruments which can assure balanced remuneration for entire production chain, with emphasis on weakest link, namely production (which will not incite over-production). A • Countries need to work to create market mechanisms to regulate the flow of the crop to ensure stable supply, which affects all links in the supply chain. A • Look into the possible removal of tariffs and other trade barriers particularly affecting processed coffee, including those in coffee producing countries, and other products permitting diversification. Aim is to add value (desirable to conduct a study to identify specific cases). A • Need for better organization of producers (cooperatives etc.) to shorten the chain and facilitate access to credit etc.; improving their capacity to market crops by making strategic alliances, increasing their scale of operations and know-how (e.g. disseminate guidelines of TWIN project, explore new projects with donors). A, F • Develop price-risk management schemes/disseminate use of risk management tools (expand to include weather as well as price risk). More extensive use of opportunities using Brazilian CPR model (Cédula do Produto Rural – Rural Product Identification Document) (options based) (consult World Bank). A, F • Diversifying to reduce dependence on a single product. A • Addition of value; Encourage niche markets and additional processing in countries of origin. A • Encourage micro credit schemes for small farmers. A, F • Public policies to discourage production if likely to cause oversupply, with appropriate monitoring. A • Effective use of Internet auctions (e.g. a study on Cup of Excellence, Q-auctions and others could be conducted, contrasted with attempts made to conduct reverse auctions). A, F • Look into possibility of establishing funds for futures operations (e.g. investigate Colombian project). C, F • Consider licensing growing areas in same way as mining is licensed to safeguard quality and avoid overproduction (e.g. study relevant legislation and evaluate options). A • ICO roles in organizing production could include finding resources for programmes, coordinating programmes and integrating policies involving various countries; facilitating initiatives for sustainability by ensuring that rules and obligations are properly balanced and negotiated among all participants. A, F |
| <p>3. Information/ research</p> <p>Articles 29, 31, 34</p> | <ul style="list-style-type: none"> • Useful to identify positive externalities in coffee production (i.e. carbon sequestration, maintenance of social stability, etc) as well as negative ones caused by the crisis (i.e. fight against illegal crops, costs of migration to urban areas, etc.). A, F |
| <p>4. Statistics</p> <p>Article 1 (4) and (5) Articles 29, 30</p> | <ul style="list-style-type: none"> • Need for greater market transparency as a way of reducing volatility, using modern technologies for crop estimates; stock control and demand projection. Reliable market data vital. The ICO can play a leading role in the preparation, compilation and validation of statistics and projections. A, F |

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| 5. Projects Articles 1, 16 | <ul style="list-style-type: none"> • Develop projects to make use of the Clean Development Mechanism (CDM) of the Kyoto Protocol (e.g. carry out study identified with UNEP). A, F |
| 6. Promotion/ consumption Articles 33, 34 | <ul style="list-style-type: none"> • ICO can have a role as initiator and catalyst for programmes to increase consumption with assistance from donors such as the CFC and industry. Measures to increase consumption at three levels: in traditional markets – new products/innovations and institutional programmes like coffee and health; in emerging markets – importance of accessible prices; soluble coffee as a way in; in producing countries – developing a coffee culture and improving quality. Need for joint efforts by producers and consumers. A, F • Develop greater consumer awareness of country of origins as already done in Japan, making use of appropriate International Geographic Origin denominations (e.g. disseminate EU and WTO rules, describe Japanese practice). A, F • More emphasis to education for consumers and study effect on retailers' policies. A, F • Develop sales of processed coffee with appropriate marketing to large retailers or establishment of retail outlets (need to contract specialists with food retail sector experience and review technical issues). A, F |
| 8. Quality Article 1 | <ul style="list-style-type: none"> • Promotion of quality (more can be done to promote target standards of Resolution number 420: website; Codex Alimentarius; LIFFE; NYBOT; etc). A |
| 10. Sustainability Articles 39, 40 | <ul style="list-style-type: none"> • Need for adjustments to sustainability initiatives. Greater emphasis on economic sustainability; small producers should have access to certification; certification costs should be divided to ensure that producers are adequately remunerated. A/B • Support sustainable coffee partnership, especially with respect to its capacity to bring together all stakeholders (e.g. reconsider idea of sustainability committee). A/B • Analysis of exchange rates in evaluating economic sustainability. A |
| 11. Structure/ institutional/legal provisions Chapters IV – X, XIV | <ul style="list-style-type: none"> • Enhance representation of small farmers at the ICO. D • Promote cooperation between all stakeholders within the framework of the ICO. D |
| 13. Technology/ innovation | <ul style="list-style-type: none"> • Development of new technology to lower costs (e.g. review global research network concept/possible seminars with FAO). A/B, F |