INTERNATIONAL COFFEE ORGANIZATION

1963 – 2013

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THE INTERNATIONAL COFFEE ORGANIZATION 1963-2013: 50 YEARS SERVING THE WORLD COFFEE COMMUNITY

CONTENTS

This review of the first 50 years of the ICO was prepared at the request of the Executive Director, Mr Robério Oliveira Silva, by Mr Pablo Dubois, ICO Head of Operations, 1997-2007 *(pablo@dubois.me.uk)*, with the assistance of the ICO Secretariat.

THE INTERNATIONAL COFFEE ORGANIZATION 1963-2013: 50 YEARS SERVING THE WORLD COFFEE COMMUNITY

Fifty years ago the first Executive Director of the International Coffee Organization (ICO), Dr João Oliveira Santos, took possession of offices at 47 Parliament Street, almost on the banks of the River Thames in London, and just round the corner from the British Houses of Parliament. It was an appropriate location. The new Organization was indeed a Parliament of representatives of countries throughout the world for which coffee was both economically and socially of enormous importance. It had come into existence provisionally on 1 July and definitively on 27 December 1963 with the ratification by the required majority of countries of the International Coffee Agreement (ICA) 1962, negotiated in New York under the aegis of the United Nations. Under this first long-term Agreement the ICO had initially 32 exporting Member countries accounting for some 95% of world exports and 22 importing Member countries with around 90% of world imports.

I. ANTECEDENTS

The main objective of the Agreement was to introduce and manage initiatives designed to improve the functioning of the global coffee market through international cooperation. But to fully understand the functions of the ICO it is necessary to go back at least as far as 1906, by which time Brazil had emerged as the world's largest coffee producing country and was producing quantities which were leading to a collapse in market prices. There was an increasing recognition that – in the words of the Havana Charter (see below) – some commodities such as coffee may be affected by "special difficulties such as the tendency towards persistent disequilibrium between production and consumption, the accumulation of burdensome stocks and pronounced fluctuations in prices. These special difficulties may have serious adverse effects on the interests of producers and consumers, as well as widespread repercussions jeopardizing the general policy of economic expansion" (Article 55 of the Charter).

What is more, these problems concerned an agro-industry which, particularly for producing countries, was in many cases of enormous economic importance. For instance, in coffee year 1962/63, 10 developing countries depended on coffee exports for over 50% of their total export earnings. On the consuming side, coffee by the mid twentieth century had become an integral part of the social and cultural environment. Because coffee requires frost-free climates there was also a remarkably clear polarization of developing countries as producers and developed countries as consumers at this time. Of course the excessive dependency of some producers on coffee was recognized as posing problems but the lessening of this dependency was acknowledged to require time. Again the Havana Charter specifies that one objective of commodity agreements is to "provide, during the period which may be necessary, a framework for the consideration and development of measures which have as their purpose economic adjustments designed to promote the expansion of consumption or a shift of resources and man-power out of over-expanded industries into new and productive occupations, including as far as possible in appropriate cases, the development of secondary industries based upon domestic production of primary commodities".

The response to the problems caused by collapsing coffee prices in 1906 came from Brazil, led by the State of São Paulo, which initiated the first coffee valorization scheme, known as the Convênio de Taubaté after the town where the Agreement was concluded with other Brazilian coffee-producing states. This scheme provided for retention of coffee from the market and was renewed twice more over the ensuing years. It was initially effective in raising prices, but encouraged overproduction and was not able to cope with the loss in coffee demand brought about by the global recession of the 1930s followed by the 2nd World War.

The problems were serious and increasingly acknowledged by decision-makers. Efforts to address them were made in particular by Latin American producers to whom the United States was a crucial market. Thus in 1936 and 1937 two Pan-American coffee conferences were held, although they failed to agree on policies, while Brazil proceeded to destroy large volumes of stocks. However an important initiative was the establishment in 1937 of the Pan-American Coffee Bureau to promote consumption in the USA. In 1940 the USA backed an Inter-American Coffee Agreement in which Brazil and Colombia established export quotas for exports to the USA. Between 1940 and 1962 a number of further commitments and Agreements were concluded, including a "Gentleman's Agreement" between Latin American producers to establish minimum sales prices for coffee in 1954, the Agreement of Mexico in 1957, again involving Latin American producers, and a Latin American Coffee Agreement in 1958. A Coffee Study Group was also established in Washington in 1958 to analyse the problems caused by falling prices, with a Brazilian economist, Dr João Oliveira Santos, as Secretary-General. On 1 October 1959 the first short-term International Coffee Agreement, covering 1959/60 and involving representatives of African as well as Latin American countries, was concluded, using a quarterly export quota system based on countries' historical exports. Thirty-three countries were named as new markets, to which coffee could be exported without charging it to quota. Two more short-term Agreements, those of 1960/61 and 1961/62 followed, while the Coffee Study Group made preparations for a long-term Agreement involving exporting and importing countries. A key factor in moving towards a long-term Agreement was a change in US policy expressed by President Kennedy in his Alliance for Progress speech on 13 March 1961, in which he declared that the

USA was ready to cooperate in serious examinations of commodity market problems. After completing an initial draft of an Agreement the Study Group proceeded to request the Secretary-General of the United Nations to convene a full-scale negotiating conference. The conference duly met at UN Headquarters in New York from 9 July to 25 August 1962, under the Chairmanship of the Hon. Mitchell Sharp, of Canada, adopting the provisions of the new long-term Agreement, which was formally approved at a one-day meeting on 28 September 1962.

The Bretton Woods Institutions

The UN Monetary and Financial Conference, usually known as the Bretton Woods Conference, in 1944 led to the establishment of the present institutional framework for international cooperation on economic affairs, resulting in instruments such as the International Monetary Fund (IMF) and the World Bank. This process was continued with respect to trade, with proposals agreed at the UN Conference on Trade and Employment in Havana in 1947/48 for an International Trade Organization (ITO) as a third institutional structure for the world economic system. The text of this draft Agreement is known as the Havana Charter and made specific reference to the use of commodity agreements to address trade problems. For example, a commodity agreement could be established if "a burdensome surplus of a primary commodity has developed or is expected to develop, which, in the absence of specific governmental action, would cause serious hardship to producers among whom are small producers who account for a substantial portion of the total output, and that these conditions could not be corrected by normal market forces in time to prevent such hardship" (Article 62). It is worth noting that these ideas were put forward by many leading economists including in particular John Maynard Keynes, who in a paper in the September 1938 issue of the Economic Journal appeared as a strong advocate of commodity price stabilization through market intervention. In the event the draft ITO was rejected by the United States Congress. Only its tariff provisions, which became the General Agreement on Tariffs and Trade (GATT), survived. Nevertheless, the Coffee Study Group made considerable use of the mechanisms outlined in the Havana Charter.

II. ICO – STRUCTURE AND GOVERNANCE

The International Coffee Organization is an international intergovernmental organization established by international treaty, which can only enter into force under prescribed conditions, in accordance with the Vienna Convention on the Law of Treaties. The official Depositary of the Treaty is the Organization itself. Two broad categories of Member countries are recognized: exporting and importing Members. Decision-making is normally by consensus. However, if consensus cannot be reached, the Council takes decisions and makes recommendations by a distributed majority vote of 70% or more of exporting Members, present and voting, and 70% or more of importing Members, present and voting, counted separately. Votes are allocated to Member countries on the basis of their importance in world trade. Votes are normally approved by the International Coffee Council at the beginning of each Session but redistributions may be issued when appropriate for approval. Delays in payment of contributions or other forms of non-compliance with obligations may lead to loss of voting rights.

Decisions and Resolutions of the Council are circulated after each session. Normally, a decision is taken after Members have considered documents from the Secretariat or from Members and frequently after debate. As well as taking a decision or, more formally, adopting a Resolution, the Council or other ICO body may simply take note of information or proposals submitted. The conduct of meetings is prescribed by the Council in the Agreement, supplemented by complementary rules. In all cases, documents containing resolutions, proposals and difficulties are issued by the Executive Director. Terms of reference for subsidiary bodies such as Working Groups often require the issue of reports. Draft agendas for all ICO bodies are circulated well in advance of the meetings. With the publishing of additional or new information the draft agendas are often revised to reflect this, with the latest version submitted for approval at the beginning of the meetings.

The Organization operates in four official languages: English, French, Portuguese and Spanish. Simultaneous interpretation is provided at most meetings and most documents are translated into all four languages.

It is normal procedure for the Executive Director to brief the Chairmen of ICO bodies immediately before meetings both verbally and through written notes. This also applies to key Delegates.

ICO bodies

In all the Agreements to date the highest authority has been the **International Coffee Council**, which includes all Members. Its terms of reference and powers are specified in a separate Chapter of the Agreement. The Council is chaired by an elective Chairman, alternating each year between Delegates from exporting and importing Members, with a Vice-chairman from the Member category not holding the Chairmanship. In all Agreements except the 2007 Agreement, an **Executive Board**, consisting of 8 exporting and 8 importing Members (7 and 7 in the 1962 Agreement), also with specific powers and rules governing its election and functions, has assisted the Council. Its removal from the latest 2007 Agreement reflects a desire to streamline procedures, as well as the absence of quarterly quotas.

Chairpersons of the Council

Coffee Year	Name	Member Country	Coffee Year	Name	Member Country
1963/64	Mr Miguel Ángel Cordera	Mexico	1988/89	Mr Tommy Johansson	Sweden
1964/65	Mr Bent Odevall	Sweden	1989/90	The Hon. James Francis Wapakabulo	Uganda
1965/66	Mr Roger Joseph Mukasa	Uganda	1990/91	Mr Kaoru Ishikawa	Japan
1966/67	Mr Jean Wahl	France	1991/92	Mr Arnoldo López Echandi	Costa Rica
1967/68	Mr Miguel Ángel Cordera	Mexico	1992/93	Mr R.E. van Schaagen	Netherlands
1968/69	Mr Gert Spahn	Germany (Fed. Rep.)	1993/94	Mr Simeon Onchere	Kenya
1969/70	Mr Abdoulaye Sawadogo	Côte d'Ivoire	1994/95	Mr Harri Maki-Reinikka	Finland
1970/71	Mr Gunnar Kjølstad	Norway	1995/96	Mr Paian Nainggolan	Indonesia
1971/72	Mr René Montes Cóbar	Guatemala	1996/97	Mr Tim Mordan	United Kingdom
1972/73	Mr J. F. Luthi	Switzerland	1997/98	Mr Fernando Montes	Honduras
1973/74	Mr Ketema Yifru	Ethiopia	1998/99	Mr Walter Bastiaanse	Netherlands
1974/75	Mr J.R. Sharpe	Canada	1999/00	Mr Guy-Alain Gauze	Côte d'Ivoire
1975/76	Mr Fausto Cantú Peña	Mexico	2000/01	Mr Ferdinando Massimo	Italy
1976/77	Mr Jean Louis Schweisguth	France	2001/02	Ms Lakshmi Venkatachalam	India
1977/78	Mr Lesley L. Rutahakana	Tanzania	2002/03	Mr Jacques Thinsy	Belgium
1978/79	Mr Torsten Westlund	Sweden	2003/04	Mr Roberto Giesemann	Mexico
1979/80	Mr Manuel Escalante Durán	Costa Rica	2004/05	Mr Markus Schlagenhof	Switzerland
1980/81	Mr A. de Bloeme	Netherlands	2005/06	Mr Saint-Cyr Djikalou	Côte d'Ivoire
1981/82	Mr Denis Bra Kanon	Côte d'Ivoire	2006/07	Mr Mauro Orefice	Italy
1982/83	Mrs Elizabeth Attridge	United Kingdom	2007/08	Mr Gogineni Venkata Krishna Rau	India
1983/84	Mr René Montes Cóbar	Guatemala	2008/09	Mr David Brooks	USA
1984/85	Mr Hans Buchmann	Switzerland	2009/10	Mr Rodolfo Trampe	Mexico
1985/86	The Hon. Wilson Omamo	Kenya	2010/11	Mr Ewald Wermuth	Netherlands
1986/87	Mr Robert Merifield	Canada	2011/12	Mr Henry Ngabirano	Uganda
1987/88	Mr René Montes Cóbar	Guatemala	2012/13	Mr David Braun	Switzerland

The **Executive Director** is the chief administrative officer of the Organization and is responsible, with the assistance of the **Secretariat**, comprising a number of professional international staff, for implementing the provisions of the Agreement and the Decisions of the Council. Staff employment conditions follow UN practice.

A number of bodies function in more specific areas:

The **World Coffee Conference** meets every four to five years, as determined by the Council, with the aim of bringing together leading representatives of the private and public sectors together with experts to further the objectives of the Agreement.

The **Consultative Forum on Coffee Sector Finance** (introduced in the 2007 Agreement) facilitates consultations by experts on topics related to finance and risk management in the coffee sector, with an emphasis on the needs of small- and medium-scale producers and local communities in coffee producing areas.

The **Private Sector Consultative Board (PSCB)** is composed of 16 leading industry representatives from exporting and importing Members. It considers matters including increasing the value and volume of worldwide coffee consumption; positive communication on coffee, development of a sustainable coffee sector; food safety, quality and coffee supply chain issues, facilitating coordination between governments and the private sector.

The Organization has a number of standing committees:

The **Projects Committee** makes recommendations to the Council on all matters related to the submission, appraisal, approval and funding of projects, as well as their implementation and evaluation.

The **Promotion and Market Development Committee** makes recommendations to the Council on the promotion of coffee consumption and market development matters including market development plans and promotion of consumption, coffee and health, analysis of new proposals and arrangements for financing activities.

The **Finance and Administration Committee** submits recommendations to the Council on financial and administrative matters including the approval of the Administrative Budget and the Annual Accounts of the Organization.

The Council may also establish **Committees** or ad hoc **Working Groups** to assist it in particular tasks as required. These include the **Statistics Committee** and the **Core Group on the Consultative Forum**.

Membership

The Table on page 39 shows ICO membership under the first and the latest International Coffee Agreements. Although the number of Members has dropped a little the level of participation in the Organization by key coffee countries has on the whole been high, in spite of the absence of the United States between 1993 and 2005. At present Member Governments represent 97% of world coffee production and over 80% of world consumption. Within the two specific categories of membership regional or coffee type-related groups such as African producers or Other Milds may meet to coordinate their positions as deemed necessary. The Agreements, with dates of effective entry into force are as follows:

International Coffee Agreement 1962	Provisional: 1 July 1963 Definitive: 27 December 1963
International Coffee Agreement 1968	Provisional: 1 October 1968 Definitive: 30 December 1968
International Coffee Agreement 1976	Provisional: 1 October 1976 Definitive: 1 August 1977
International Coffee Agreement 1983	Provisional: 1 October 1983 Definitive: 11 September 1985
International Coffee Agreement 1994	Provisional: 1 October 1994 Definitive: 19 May 1995
International Coffee Agreement 2001	Provisional: 1 October 2001 Definitive: 17 May 2005
International Coffee Agreement 2007	2 February 2011

Apart from the substantial change made with the extension of the 1968 Agreement with the elimination of economic provisions, most of the Agreements have been extended without major changes for one or two year periods as required. The 2007 Agreement provides for a longer life span than previous Agreements, with a duration of 10 years after entry into force and the possibility of extending it for further periods of up to 8 years in all.

III. ICO – ACTIVITIES UNDER THE ICA 1962

The Organization initiated operations in 1963, with the former Secretary-General of the Coffee Study Group, Dr João Oliveira Santos of Brazil appointed Executive Director, a post he held until February 1968. The Agreement specified a number of objectives, including:

- to achieve a reasonable balance between supply and demand on a basis which will assure adequate supplies of coffee to consumers and markets for coffee to producers at equitable prices and which will bring about long-term equilibrium between production and consumption;
- to alleviate the serious hardship caused by burdensome surpluses and excessive fluctuation in the prices of coffee; and
- to assist in increasing the purchasing power of coffee-exporting countries by keeping prices at equitable levels and by increasing consumption.

The main instrument to achieve these aims was a system of export quotas which was to last until 1973, throughout the life of the 1962 and much of the 1968 Agreement. Each exporting Member’s share of the total export quota was based on its average exportable production (total annual production less domestic consumption) in either the two coffee years 1961/62 and 1962/63 or the four years 1959/1960 to 1962/63. The Council fixed a global quota annually to all countries excepting those designated “new markets”. As first established, a number of rigidities became evident: there was no automatic system linked to price for adjusting quotas once set, and there was no mechanism for the independent adjustment for different types of coffee such as Robusta. This meant that adjustments had to be made by decisions of the Council, which had to meet five times in the first two months of the Agreement. Nevertheless, the successful negotiation of quota changes proved that cooperation between Members was a reality and in March 1965 a semi-automatic mechanism for adjusting quotas was introduced, using a system of indicator prices based on New York ex dock prices for the three main groups of coffee, Mild Arabicas, Unwashed Arabicas, and Robustas. The Council also agreed an indicator price range of 38 – 44 US cents per lb and empowered the Executive Board to adjust quotas within certain limits if prices moved outside the floor or ceiling.

Selectivity

The African producers, in particular, campaigned for a system of selective adjustment of coffee for the separate groups as opposed to the existing system of adjustment pro rata to each Member's basic quota. Selective adjustment was not in the Agreement although there was a reference stating that the Council should seek to ensure that the types of coffee required by consumers would be made available. The matter was referred to an arbitration panel of international jurists who ruled in November 1965 that quotas should be adjusted pro rata, not by groups. However, the Council in August 1966 exercised its sovereign powers by in effect overthrowing the legal decision. This was done by adding to the overall quota "special export authorizations" totalling just over a million bags. These authorizations were equivalent to about 2.5% of each country's export quotas and could be adjusted selectively. Four groups were established, each with its indicator price: Colombian Mild Arabicas, Other Mild Arabicas, Unwashed Arabicas and Robustas. A pro rata adjustment system also continued to operate. Selectivity was then incorporated into the text of the 1968 Agreement.

A constant issue faced by the Organization during the first period of quotas was the claims by Members that they were being unfairly treated in terms of their quotas. The Agreement provided for a renegotiation of individual quotas by 30 September 1965 but a two-thirds distributed majority was required for changes and this could not be achieved. Instead, cases of hardship were addressed through a system of waivers. This involved permitting some Members to export agreed amounts of coffee in excess of their quotas. Such exports totalled 1.4 million bags in 1965/66 and 1.7 million in 1966/67 involving 15 and 16 exporting Members respectively in these two years. In 1966 it was decided that waivers should be conditional on action to reduce production. Accordingly, Members receiving waivers were required to deposit funds equivalent to 20% of the value of the waiver. This sum was held for use in financing diversification and development schemes in the Member countries concerned, subject to the approval of the Executive Director.

The concern with the destabilizing effects of overproduction was the main driver for the drawing up of a production policy. Moreover, the need for better information on all options for the most effective measures led to the introduction in October 1966 of the system of verification of stocks, involving the physical counting of stocks to improve the capacity to analyse supply. This exercise was financed by a Special Fund to which only exporting Members contributed.

The Tripartite Study
This initiative was undertaken by the ICO in cooperation with the Food and Agriculture Organization of the United Nations (FAO) and the World Bank. It aimed to conduct an in-depth analysis of the world coffee economy carried out by leading economists. Although the full study was never properly published its Director participated in the work of a High Level Working Group on the renegotiation of the Agreement which led to more rigorous controls and the formation of a Diversification Fund.

On 1 April 1965, the Organization moved to its current address at 22 Berners Street in London's West End and built up a staff of nearly 100 to carry out its duties. On the demand side, in pursuit of the Agreement's objectives the Council also created a new World Coffee Promotion Committee in August 1964 and collected over US$25 million from a 15 cents/bag levy on exports by exporting Members (see below under Promotion). So, with emphasis on addressing the supply/demand imbalance and perfecting the quota and controls systems, a new 1968 Agreement was negotiated in intensive sessions from August 1967 to February 1968.

IV. ICO – ACTIVITIES UNDER THE ICA 1968

The objectives of the 1968 Agreement remained the same as its predecessor. On the other hand there were important changes in management. Following a brief interregnum in March 1968 when Mr Cyril Spencer, the Deputy Executive Director, was in charge, Dr Alexandre Fontana Beltrão, a Brazilian with extensive coffee experience, took over as Executive Director and remained in office until 30 September 1994. Mr T.M. Loudon, a British ex-colonial civil servant who had represented East African interests at the UN Coffee Conference, was appointed Deputy Executive Director.

The quota system of the 1962 Agreement was largely retained although selectivity was now allowed (with a maximum possible cut in a country's quota of 5%). Special concessions in terms of quota increases were conceded to some 20 smaller producers. Non-quota ("new") markets were retained but controls became tighter. From 1 April 1969 all exports to quota markets had to be covered by certificates of origin issued by exporting Members. The certificates had to be covered by coffee export stamps with a weight value which were issued quarterly in accordance with each country's quota. A system of marking of bags was introduced.

But the major thrust in terms of balancing supply and demand was undoubtedly the creation of a Diversification Fund (Article 54 of the Agreement) financed by exporting Members exporting over 100,000 bags a year, and aiming to assist them in fulfilling production goals established under Resolution number 206. The Fund operated from 1969 to 1973, during which some US$73 million were committed for 31 projects. In all cases project approval was linked to the approval of a National Production Plan. Projects could involve classical horizontal diversification from coffee into a specific or a range of crops but could also be targeted at general strengthening of the agricultural economy, projects for the improvement of coffee statistics and for storage of coffee. Although the results were uneven some very substantial achievements materialized. One project, for instance, the Brazilian export corridors project, made an important contribution to facilitating the exports of soybeans and orange juice by developing transport infrastructure in coffee areas. An Indian project identified pepper as a successful diversification option on an experimental farm which still exists.

The Fund was managed by a senior Colombian coffee executive, Mr Hernán Uribe Arango. It included legal officers and some 10 to 15 economists, many seconded by organizations such as the World Bank, the Inter-American Development Bank and the FAO. One of the economists was the world-famous photographer, Mr Sebastião Salgado, who started to take memorable photographs of coffee production on ICO missions.

The USA – Brazil soluble coffee dispute

A major factor in this dispute was that it involved the world's biggest producer and the world's biggest consumer. Essentially the USA complained that Brazilian soluble coffee exporters had access, through tax concessions, to cheaper coffee than did US manufacturers. Brazil countered that it had a right to process its own raw materials and protect a fledgling industry. The dispute was referred to a legal panel with inconclusive results. Eventually the two parties reached agreement in bilateral talks which allowed Brazil to export a set amount of soluble coffee to the USA.

In the early seventies a combination of frosts in Brazil, political turmoil in Africa and inflationary pressures led to upward pressure on coffee prices. Producers sought an increase in the price range but this was resisted by consumers. This was when Members were due to renegotiate the Agreement. Since deadlock prevailed, Members decided to extend the Agreement with the deletion of all its economic provisions. This included the Promotion and Diversification Funds, the quota system, controls and stock verification. The number of staff, which had reached 150, was halved and the Organization was reduced to a forum for meetings and a centre for the collection and dissemination of information. Nevertheless, and in spite of the extreme frost in Brazil in 1975, negotiations continued and concluded with the successful negotiation of the 1976 Agreement.

V. ICO – ACTIVITIES UNDER THE ICA 1976 AND ICA 1983

The elimination of economic clauses of the extension of the 1968 Agreement provided an opportunity for the Organization to develop new computerized information systems in areas such as certificates of origin, statistics, and text-based information (COFFEELINE bibliographical database). Nevertheless, serious negotiations for a new Agreement recommenced in 1974 and in 1975 negotiations were completed for the 1976 Agreement. This coincided with a disastrous frost in Brazilian coffee areas which sent prices soaring; they only dropped in 1980, when the quota-price mechanism was reintroduced as prices fell, with a price range of 120-140 US cents per lb, a range which was maintained throughout the 1980s.

The objectives of the new Agreement remained the same but more attention was accorded to benefits to consumers. The quotas were changed so that they were based 70% on export performance and 30% in proportion to stocks held. Members exporting less than 400,000 bags were given fixed annual export quotas subject to a 5% increase annually (10% for countries exporting less than 100,000 bags) and were exempted from the system of basic quotas. The concept “new markets” was replaced by a simple division into Member (quota) markets and non-member (non-quota) markets. Certificates of origin and verification of stocks were reintroduced. The resumed system succeeded in stemming further price falls and shortly after quotas became operational negotiations started for the 1983 Agreement.

In spite of pressure from smaller producers for an increased market share the distribution was carried over from the 1976 Agreement, although these producers were given a fixed market share in the new Agreement.

Following further price rises late in 1985 quotas were formally suspended in February 1986; although they should have been reintroduced later that year disagreements over market share delayed their reinstatement until 1987.

Tourist coffee, two-tier market

The division into quota and non-quota markets proved a continuing challenge to the ICO controls system. Coffee exported to non-quota markets at substantially lower prices but which eventually ended up through illegal means in quota markets was known as “tourist” coffee. The fact that non-quota coffee was sold at much lower (20-40%) prices than coffee shipped to quota market countries was described as creating a “two-tier” market. In spite of sizeable quantities of illegal shipments it must be emphasized that the volumes were never significant enough to affect the price effect on the market of quotas. Nevertheless it was perceived by many as an unfair element in the system.

The 1983 Agreement was due to expire on 30 September 1989 so it was important to finalize a new Agreement some six months at least in advance of this date. However, the problem of market shares became increasingly the issue which polarized positions. Essentially there had been rising demand for Mild Arabicas on the world market. Many producers of such coffees saw the existing adjustment mechanisms for quotas as inadequate. They were often weak on stock holding capacity and were thus directly exporting more coffee to non-quota markets, emphasizing the two-tier market. A factor that may have influenced the Other Milds producers was a World Bank Working Paper which purported to show that many Other Milds producers would be better off without quotas and that prices for their "in-demand" coffee would stand up in the event of a suspension of quotas. This was also a position with which the United States, now represented by the USA Trade Representative's Office, sympathized, especially in view of its increasing promotion of free trade as opposed to regulation, both internally within countries and internationally.

A number of attempts to address these concerns within a new Agreement were made throughout early 1989, with proposals from the "majority" group consisting of most exporting Members, excepting the "Other Milds", and the European Community (EC). They proposed a one-year extension of the Agreement with separate quotas for non-members, following which a new "universal" quota applicable to all sales by exporting Members could be negotiated, to include a redistribution of quotas. A "dissident" proposal was tabled by the "Other Milds", Indonesia and the United States. This proposed an extension with an immediate rise to a 48% share of the market for Mild Arabicas, an increase of 4.6%. Since the proposals could not muster the necessary votes for adoption and neither side was prepared to compromise the vote was deferred until 3 July 1989. This would allow a fallback position to be prepared. The vote in favour of the "majority" resolution duly included the European Community and most exporting Members apart from Indonesia and most of the Other Milds. A number of Members abstained, but only the USA and Singapore amongst importing Members voted against. The "dissident" resolution received the votes of all the Other Milds group except the Dominican Republic, plus the votes of the USA, Canada, Finland, Norway and Sweden. The EC abstained. Since no resolution could be adopted a fallback extension of the Agreement was adopted, without economic clauses. A price collapse of some 50% quickly followed, affecting all groups of coffee and lasting until a new Brazilian frost occurred in 1993.

Economic effects of quotas

The Graph on page 40 shows the evolution of coffee prices (Santos 4) in real terms over more than a century, from 1894 to 2012. It is notable for a somewhat irregular cyclical progression with a reversion to around 60 US cents in 1990 terms at the low points, a level which from the latest data available, still operates. The period 1963 to mid-1989 can be taken as the quota period (the non-quota Brazilian frost period of 1974 to 1980 does not affect the low-point analysis). The two periods when ICO quotas did not exist or had been insufficiently developed, such as during the short-term Agreements, namely 1894-1962 and 1990-2013 show remarkably similar averages in 1990 terms with price levels of 125 and 130 US cents per lb, respectively. Prices in the quota (or quota affected) period of 1963 to 1989 averaged some 185 cents in real terms, between 42% and 48% higher than without quotas. Additional costs such as storage costs arose under quotas so this very broad analysis tallies closely with a number of econometric models which have indicated that earnings were around 30% higher as a result of quotas. Since exporting countries' coffee export earnings for 1964 to 1989 totalled US$182 billion, this represents earnings that are over US$40 billion higher (US$1.6 billion a year) under ICO quotas than would otherwise be the case, although the benefits did vary by country.

Following the disappearance of quotas, in many years the amount reverting to the coffee farmers dropped to levels at which coffee-growing could in many cases no longer generate any profits, giving rise to a period of crisis in the world coffee economy. Efforts were resumed in 1992 to find a way forward but were unable to produce anything concrete. Important attempts were also initiated through unilateral action by exporting countries within the framework of the Association of Coffee Producing Countries (ACPC) to exert a corrective effect on the market through a retention scheme, but ultimately without success. In 1993 the United States announced its withdrawal from the Agreement, and a number of voices were raised casting doubts on the value of maintaining the ICO. Nevertheless, a majority of Members understood the importance of international cooperation on coffee, which could best be accomplished by a body with the authority that the ICO had built up, and which would be very difficult to recreate if allowed to disappear. In these circumstances Members looked to what other forms of international cooperation might benefit the world's coffee economy and concluded a new and different Agreement, the International Coffee Agreement 1994.

VI. ICO – ACTIVITIES UNDER THE ICA 1994

The elimination of quotas in July 1989 was accompanied by several years of prices so low that the market situation became known as the coffee crisis. The ICO was saved in the short term by a two year extension of the 1983 Agreement during which, as stated previously, a number of efforts were made to support prices without success. Nevertheless, in the light of the wide perception of the problems facing coffee, Members negotiated a new Agreement, the ICA 1994. The objectives of the Agreement, unchanged since 1962, became very much less ambitious. They provided for enhanced international cooperation, provision of a forum for consultations and negotiations, where appropriate, on coffee matters and on ways to achieve a reasonable balance between supply and demand, the collection and dissemination of statistical, economic and technical information, studies and surveys, and for encouraging consumption.

However, the first projects benefitting from funding from the Common Fund for Commodities (CFC) were launched under the 1994 Agreement, and this activity became increasingly important under the ICA 2001. Beginning with the Gourmet Coffee Project in 1995, by February 2013 38 projects with a total value of US$105 million had been concluded or were ongoing, with US$55 million funded by the CFC, bilateral and multilateral donor institutions providing co-financing of US$29 million and counterpart contributions from beneficiary countries of US$21 million. Project funding from the CFC has proved of great value to the coffee sector. Contributions are provided on favourable terms, often through grants, and projects can address issues confronting coffee on a multi-country basis rather than through the usual bilateral structure where funds are provided by donors to individual countries. Moreover, all coffee projects (until very recently) have had to be approved by the International Coffee Council before they can be approved by the CFC. The ICO has usually been designated the supervisory body for the projects, which must be in accordance with the ICO strategy for the whole coffee sector. The Organization, particularly under the 2001 Agreement, has developed procedures for project analysis and evaluation, including review by a Virtual Screening Committee (Virtual Screening Subcommittee under the ICA 2007), which can evaluate projects at a technical level with great flexibility. The importance of the projects programme has been recognized in the 2007 Agreement, which has established a Projects Committee. A listing of the projects shows the wide range involved.

Projects – complete listing by category

Pests and diseases

- Integrated management of the coffee berry borer
- Integrated white stem borer management in smallholder coffee farms in India, Malawi and Zimbabwe
- Improvement of coffee production in Africa by the control of coffee wilt disease – tracheomycosis
- Increasing the resilience of coffee production to Leaf Rust and other diseases in India and four African countries

Diversification

- Diversification of production in marginal areas in the State of Veracruz, México
- Reconversion of small coffee farms into self-sustainable agricultural family units
- Developing the potential of Gourmet Robusta coffee in Gabon and Togo
- Enhancing the potential of gourmet coffee production in Central American countries
- Access to finance for the development of diversification crops in coffee producing areas

Emergency assistance

In cases where producing countries have suffered large decreases in production for reasons of "force majeure", it may be appropriate to encourage programmes to secure a recovery in productive capacity, providing increases are not of a scale to exert an adverse effect on the supply-demand balance. This process assists in ensuring that characteristic coffees remain available to the market, and in safeguarding the exploitation of comparative advantage.

- Pilot rehabilitation of the coffee sectors in Honduras and Nicaragua
- Pilot rehabilitation of neglected coffee plantations into small family production units in Angola
- Regional workshop on the coffee crisis in Central America
- 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 (Ongoing)

Marketing structure improvement

With the transition in many exporting countries to liberalized marketing systems, care is needed to ensure that the benefits of increased market flexibility are not jeopardized by the elimination of necessary functions previously undertaken by marketing boards and similar regulatory bodies. Besides this the coffee sector in many exporting countries consists of large number of smallholder farmers who need assistance to develop their capacity to compete in the market, get access to commercial credit, cope with price volatility through risk management and generate benefits to their communities. In the interests of a healthy and competitive trading economy it is important that traders in producing countries have the necessary degree of commercial expertise, access to credit and appropriate legal framework to function effectively.

- Study on coffee marketing systems and trading policies in selected coffee-producing countries
- Coffee market development and trade promotion in Eastern and Southern Africa
- Strengthening the commercial, financial, management and business capacity of small coffee producers/exporters in Mexico and Nicaragua
- Coffee price risk management in Eastern and Southern Africa (Ongoing)
- Study of the potential for commodity exchanges and other forms of market places in the coffee sectors of COMESA countries
- Pilot short- and medium-term finance to small-scale coffee farmers in Kenya
- Workshop on structured short- and medium-term finance to small-scale farmers in Africa
- Coffee price risk management in East Africa
- Enhancing competitiveness of African coffee through a value chain analysis
- Competitive coffee enterprises programme for Guatemala and Jamaica (Ongoing)

Quality enhancement

- Development of gourmet coffee potential
- Enhancement of coffee quality through prevention of mould formation
- Improving coffee quality in East and Central Africa through enhanced processing practices in Rwanda and Ethiopia

- Robusta quality and marketing improvement by optimal use of coffee terroirs
- Coffee processing study – Rwanda
- Characteristics of the demand for Robusta coffee in Europe
- Workshop on coffee quality through prevention of mould formation in Ecuador
- Sustainable Credit Guarantee Scheme to promote scaling up of enhanced processing practices in Ethiopia and Rwanda (Ongoing)
- Building capacity in coffee certification and verification for specialty coffee farmers in EAFCA countries (Ongoing)

Sustainable coffee economy

It is vital that coffee production and processing should take into account environmental needs to ensure physical sustainability. It is also necessary that the economic environment should be such as to encourage stability and reasonable living standards for the populations involved with coffee, and to ensure that adequate care may be given to ensure the maintenance of quality. The Organization wishes to encourage the improvement and diversification of old coffee plantations towards more market-oriented and environmental plantations such as organic and gourmet coffee. It also seeks to promote the use of friendly environmental technologies through the production and processing chain, integrated biological pest control and improved technology for the washing process.

- Sustainable coffee development in Eastern Africa
- Worldwide comparative analysis of coffee-growing areas
- Economic Crises and Commodity dependent LDCs: Mapping the exposure to market volatility and building resilience to future crises

Another factor which assumed increasing importance within the Organization was the question of cooperation with the private sector. To this end the Organization established the Coffee Industry and Trade Associations Forum (CITAF) which acted as a consultative mechanism to allow matters of concern to the private sector to be conveyed to the Council and Executive Board. It can be seen as a forerunner of the Private Sector Consultative Board (PSCB) established following ideas formulated by Brazil by means of Resolution number 386 of 21 July 1999, which has become an integral part of the ICO structure. On the same day the Council approved Resolution number 385 which provides for a World Coffee Conference, designed to bring senior government and private sector coffee representatives together with experts to discuss matters of concern to coffee. Both these bodies were subsequently incorporated under Articles in the ICA 2001.

The experience of the ICA 1994 showed that in spite of the lack of any mechanism which could directly affect the market there were a number of areas where international cooperation could be of value. Nevertheless there was substantial retrenchment. The staff complement of the ICO dropped from 93 in 1983/84 to 38 in 1994/95 and 32 in 1988/89.

A further contingent of 26, funded by the Promotion and Special Funds in 1983/84 were also dismissed. The ICO was split into two divisions: Operations and Finance and Administration. And a new Agreement, geared to the changed environment, was negotiated: the ICA 2001.

VII. ICO – ACTIVITIES UNDER THE ICA 2001

Reflecting some of the main new work areas, significant changes and additions to Article 1 on the Objectives of the Agreement were made. These now included:

- to provide a forum for consultations on coffee matters with the private sector;
- to encourage Members to develop a sustainable coffee economy;
- to analyse and advise on the preparation of projects for the benefit of the world coffee economy, for their subsequent submission to donor or financing organizations, as appropriate;
- to promote quality; and
- to promote training and information programmes designed to assist the transfer to Members of technology relevant to coffee.

Information services

Considerable importance has always been given by the ICO to its statistical services. Members were obliged to supply coffee statistics on a regular basis which enabled the ICO to maintain important time series on supply, demand, foreign trade and prices. The introduction of computer systems greatly enhanced the ability of the Organization to disseminate data in a range of formats varying from spreadsheet files to graphical displays.

From its beginning the ICO had also built up a Library of publications on or relevant to coffee. By the early 1980s it was arguably the most comprehensive library in the world on the economic aspects of coffee, with an important collection of publications on agronomic, scientific, and cultural information as well. Through the Promotion Fund it also has an important collection of photographic slides showing aspects of production and consumption. In 1982 the ICO launched COFFEELINE, the world’s first online bibliographic data base on coffee, derived from the Library’s computerized catalogue and retrieval system. Accessible initially through a specialist intermediary company COFFEELINE is now available on the Internet through the ICO website. The Library also handles a large number of external requests for information and provides research facilities accessible by appointment.

The website www.ico.org itself became available in 1995 and has remained under constant development. As well as providing a descriptive guide to the Organization’s work it acts as a portal for a number of ICO information services, including the identification and distribution of ICO documents, published in its four official languages.

The Organization, in accordance with its revised objectives, continued to organize a number of seminars and workshops to facilitate the transfer to Members of relevant technology. The listing below gives details: full documentation is available on the ICO website.

ICO Seminars and workshops

- Seminar on Trends in new coffee consuming markets – 5 March 2013
- Seminar on the economic, social and environmental impact of certification on the coffee supply chain – 25 September 2012
- 2nd Consultative Forum on Coffee Sector Finance – 6 March 2012
- 1st Consultative Forum on Coffee Sector Finance – 27 September 2011
- Expert panel on Coffee Sector Finance – 21 September 2010
- Workshop on Consultative Forum on Coffee Sector Finance – 22 September 2009
- Seminar on Coffee Berry Borer – 17 March 2009
- Seminar on Geographical Indications – 20 May 2008
- CFC/ICO Workshop on Coffee Development Priorities – 27 September 2006
- Workshop on the Potential for Diversification – 24 May 2006
- Seminar on Genetically Modified Coffee – 17 May 2005
- Round Table on Equitable Trading and Coffee – 18 May 2004
- Coffee and Health Seminar – 15 September 2003
- ICO/World Bank High-Level Round Table:
  International Coffee Crisis – Looking for Long-Term Solutions – 19 May 2003
- E-Commerce Workshop – 2 October 2001
- Round Table on Organic Coffee – 19 May 2000
- Seminar on Coffee and the Environment – 27 and 28 May 1996

Likewise the Organization continued with the regular production of studies designed as in the case of the seminars, to make available interesting and relevant information to Members.

Studies

Identified as one of the objectives of the Agreement, studies include a monthly bulletin on the market situation issued by the Executive Director, and a range of economic and technical studies of a topical nature. They include subjects such as:

- Coffee sector profiles of major coffee exporting and importing countries
- Impact of "El Niño" on production (EB-3657/98 Rev. 1)
- Organic coffee (EB-3639/97)
- Risk and finance in the coffee sector: Introduction to the joint study by the ICO and the World Bank (CG-7/13)
- Re-exports of coffee (ICC-109-2 Rev. 1)

- Trends in coffee consumption in selected importing countries (ICC-109-8)
- Obstacles to consumption (ICC-109-4 Rev. 1)
- Drinking patterns in selected importing countries (ICC-108-1)
- Drinking patterns in selected importing countries (ICC-107-11)
- Volatility of prices paid to coffee growers in selected exporting countries (ICC-107-10)
- Relationship between coffee prices in physical and futures markets (ICC-107-4)
- The effects of tariffs on the coffee trade (ICC-107-7)
- Volatility of retail prices of roasted coffee in selected importing countries (ICC-106-12)
- Coffee value chain in selected importing countries (ICC-106-1)
- ICO indicator prices and selected economic variables (ICC-105-12)
- Comparative analysis of retail prices of coffee in importing countries (ICC-105-3)
- Production costs (ICC-105-6)
- Employment generated by the coffee sector (ICC-105-5)
- Price-elasticity of demand and coffee consumption in importing countries (EB-3871/04)
- Cyclic patterns in the supply of coffee (ICC-105-1)
- Relations between coffee stocks and prices (ICC-105-2)
- Coffee consumption in selected importing countries (ICC-104-1)
- Climate change and coffee (ICC-103-6 Rev. 1)
- Coffee price volatility (ICC-103-7)
- Study on coffee consumption in ICO non-member countries (ICC-102-1)
- Study on fertilizer prices (ICC-102-2)
- World trade of soluble coffee (ICC-110-5)
- Study on improving the global coffee supply/demand balance through measures designed to eliminate low-grade coffees (EB-3778/01)
- Risk management for coffee price fluctuations (EB-3839/03)
- Coffee production in countries which are not Members of the ICO (EB-3869/04)
- Impact of low prices on sustainability indicators in the coffee economy (EB-3864/04)
- Report on diversification in coffee exporting countries (EB-3818/02)
- Cyclical patterns in the supply of coffee (EB-3845/03)
- Study on correlation between prices and coffee consumption in importing countries (EB-3850/03)
- Study on correlation between coffee prices and stocks (EB-3859/04)
- Re-exports of coffee by Germany (ICC-110-4)

However the overriding challenge which the ICO had to address under the 2001 Agreement was the economic crisis facing producing countries in view of low prices for coffee. Prices had of course crashed in 1989 following the breakdown of the quota system but, after a brief recovery caused by a frost in the Brazilian coffee areas in July 1994, the resulting new plantings again gave rise to a supply-demand imbalance, and by the end of 2000 prices had fallen to levels even lower than in the 1989-1993 period. In a submission to the UN General Assembly in September 2005, the Executive Director pointed out, that whereas in the ten years 1980-1989 the ICO composite indicator price averaged 127.92 US cents per lb, in the five years 2000-2004 it had dropped to 54.33 US cents. Export earnings of coffee-producing countries had averaged US$10.2 billion a year but had dropped to US$6.2 billion. The ICO assembled information on the impact of the crisis by requesting producing Members to send relevant information, resulting in an important review published as document ICC-89-5 Rev. 1 of September 2003.

Between 2002 and 2005 the Executive Director made two submissions on the crisis to the G-8 Group, and submissions to UNCTAD XI and the World Summit on Sustainable Development in Johannesburg. He pointed out that the crisis was leading to widespread unemployment, abandonment of farms, population movement to urban areas, political conflict, illegal migration and plantation of illicit drugs. To correct this situation he urged policy makers to consider a number of possibilities within a market-oriented perspective. These included increasing awareness of the dangers of overproduction, diversification, quality improvement, and support for projects to increase demand, particularly in producing countries and in new markets. One consequence of these representations was the return as a Member in 2005 of the USA.

ICO Coffee Quality-Improvement Programme (CQP)

This was introduced under Resolution number 407 of 1 February 2002 which implemented a series of recommendations made by an ad hoc Quality Committee. The Resolution was modified subsequently following a review and superseded by Resolution number 420 of 21 May 2004. This provides that the ICO adopt target quality standards for coffee exports which allow Members to insert 'S' in Box 17 of certificates of origin. The standards are:

(a) For Arabica, not more than 86 defects per 300g sample (New York green coffee classification/Brazilian method, or equivalent); and for Robusta 150 defects per 300g (Vietnam, Indonesia or equivalent);

(b) For both Arabica and Robusta, not to have a moisture content below 8% or in excess of 12.5%, measured using the ISO 6673 method.

Exceptions to the 12.5% maximum moisture content are allowed for certain speciality coffees.

The CQP is not compulsory but the cooperation of all Members was requested.

A review published in March 2013 shows that 23 exporting countries provide information on quality; their exports of 68.3 million bags represent 67.2% of total exports by all producing countries. Of this amount 85% achieved the target standards in 2005 and 94% in 2012. An additional source of information is the grading results on the terminal markets. In the case of the 'C' contract (Arabicas) the pass rate for graded coffee has remained fairly constant at around 80%. On the LIFFE (Robusta) grading in London there has been a marked improvement, with only 5.5% of graded coffee below the CQP standards in 2012, compared with 92.9% in 2005.

VIII. ICO – ACTIVITIES UNDER THE ICA 2007

One immediate visible change in the latest Agreement is its much longer duration of ten years with the possibility of extension up to a further eight years. Further additions have also been made to the objectives which now include:

- facilitating the expansion and transparency of international trade in all types and forms of coffee;
- developing, evaluating and seeking finance for projects that benefit Members and the world coffee economy;
- promoting coffee quality with a view to enhancing consumer satisfaction and benefits to producers;
- encouraging Members to develop appropriate food safety procedures in the coffee sector;
- encouraging Members to develop and implement strategies to enhance the capacity of local communities and small-scale farmers to benefit from coffee production, which can contribute to poverty alleviation; and
- facilitating the availability of information on financial tools and services that can assist coffee producers, including access to credit and approaches to managing risk.

This should be seen as an acknowledgement of the greater range of areas which may benefit from international cooperation within the framework of the ICO. Because of this greater range of action areas the Organization has devoted substantial attention to planning. There is a coffee strategy document approved by the Council which serves as a reference for projects and signposts priority areas (ICC-105-16). There is also a strategic action plan for the Organization (ICC-105-19 Rev. 1) which sets a context throughout the life of the Agreement for the development of annual programmes of activities. The latest proposed programme for 2013/14 is currently being reviewed to increase input from Members and establish benchmarks to facilitate assessment of performance.

Sustainability remains a constant issue and the three aspects of sustainability (economic, social and environmental) are specified in the objectives of the Agreement.

Towards a sustainable coffee economy

The Organization is working to promote an awareness of the need for a sustainable coffee economy by making stakeholders in the coffee sector aware of the threat to sustainability posed by negative economic conditions for producers, and proposing measures in areas such as quality, promotion and diversification to maintain balance in the world coffee market.

Environmental and social issues

The contribution made by coffee growing and trading to environmental and social issues is highly positive, certainly compared with most alternative economic activities. On the environmental side coffee is an evergreen shrub, hence an important contributor to carbon sequestration, and is effective in stabilizing soils. It also permits the preservation of much of the original bio-diversity in planted areas.

One of the main problems for some regions is water pollution arising from wet processing. To address this issue, the Organization assists coffee farmers in producing countries to use environmentally-friendly technologies for the washing process through pilot projects in Africa and Latin America.

It is vital that coffee production and processing should take into account environmental needs to ensure sustainability. It is also necessary that the economic environment should encourage stability and reasonable living standards for the populations involved with coffee, and ensure the maintenance of quality. In practical terms, the ICO encourages coffee quality improvement through projects dedicated to improving cultivation, processing, storage, transportation and marketing practices. It also encourages efforts to strengthen regional capacity in the field of coffee certification and verification such as through a multi-country project in Eastern Africa to create a regional centre for certification and an outreach programme for producers.

Coffee also makes a positive contribution on the social side to maintaining substantial rural employment and stable communities. Improving the living standards of coffee producers, especially smallholders, is a priority for Governments, as highlighted at the 2010 World Coffee Conference. Relevant ICO activities include building the capacity of institutions, improving access to credit and risk management mechanisms, reducing vulnerability to income volatility and promoting gender equality.

Since the inception of the coffee crisis, and particularly from 2000 onwards, a plethora of “sustainable” coffee schemes have been developed, involving certification to guarantee that the coffee is produced under specified conditions such as organic, bird friendly or fair trade. The Organization helps disseminate information on these schemes, while encouraging careful analysis of costs and returns both to farmers and consumers.

Climate change

Whereas climatic variability has always been the main factor responsible for fluctuations of coffee yields in the world, climate change, as a result of global warming, is expected to result in actual shifts on where and how coffee may be produced in future. Several adaptation and mitigation strategies for coffee producers have been put forward in response to the challenges facing the sector. Short-term adaptation strategies include improved farming practices and better post-harvest processing.

Longer-term strategies include capacity-building, improved monitoring of climate data, enhancing soil fertility, introducing or preserving different production models, and developing drought and disease-resistant varieties. In more extreme cases, the solution may be to diversify out of coffee or shift production to more suitable areas. Mitigation strategies include calculating and reducing greenhouse gas emissions on the farm, and facilitating the creation of carbon sinks. Regular reports on this key area will continue to be presented to the Council.

In general the structure of the Organization makes it a particularly effective forum for announcing new initiatives in the sector. One of these is European regulations on food safety, which have an important impact on coffee. The Organization has also encouraged best practice through projects and information flows in areas such as pesticide residues, prevention of acrylamide and Ochratoxin A.

Much attention has also been given to ways in which financing can be increased for projects such as bringing donors and producer representatives together in the work of a new body, the **Consultative Forum on Coffee Sector Finance**. The first **Forum** took place on 27 September 2011 and the second on 6 March 2012. The objective of the first Forum was to discuss “what mechanisms, tools or strategies exist, or could be developed or improved, to help small- and medium-sized producers manage the risk of green coffee price volatility” and “what are the challenges for each of the mechanisms, and how can those challenges be overcome to make the tools/strategies more accessible and useful for small- and medium-sized producers?”.

Risk Management in coffee

A promising but complex area which has been reviewed in depth by the Organization is the development of risk management and/or insurance schemes for coffee, in particular through the use of hedging on terminal markets. Two projects in Africa highlighted a number of constraints hindering producers use of risk management instruments. However, with the formation of the Consultative Forum, an Expert Panel met in September 2010 with some examples presented of apparent success in the area. The issues continued to be discussed in the Forum. Its 2nd Meeting was held in March 2012. Participants appeared optimistic that progress would continue to be made, particularly at the 3rd meeting due in September 2013 during the Council Session in Belo Horizonte, Brazil on the topic of “aggregation”, with respect to the development of effective risk management schemes for coffee farmers.

The most recent problem area in coffee which the Organization has been following with urgent attention is the serious expansion of coffee leaf rust (*Hemileia vastatrix*) in a number of Central American countries. Faced with the prospect of severe damage to the sector and to the availability of mild Arabica coffee, the Council adopted Resolution number 451 of 8 March 2013 calling for international assistance to deal with a problem which may well have been caused by climate change. The Executive Director has now visited the most affected countries and issued a report on his findings together with an Action Plan to deal with this serious problem (ED-2157/13 of 13 May 2013).

IX. PROMOTION

Coffee promotion activities in the International Coffee Organization have had their own dynamic, so will be reviewed together. The history of generic coffee promotion starts in substance with the setting up by a number of Latin American countries of the Pan-American Coffee Bureau (PACB) in 1937. Generic promotion activities funded by exporting Members include US$30 million from 1937 to 1959, nearly US$20 million from 1960 to 1964, US$30 million from 1965 to 1975 and US$90 million from 1976 to 1986, an amount which in real terms represents some US$500 million. Moreover, since much of the work has been carried out in cooperation with trade associations in importing countries the investment has also helped mobilize nearly US$80 million in real terms from these industry sources. The degree of support for promotion has understandably been linked with the degree of cooperation in other areas addressed by successive International Coffee Agreements. Three main periods of promotion can be identified.

1. The World Coffee Promotion Committee (WCPC)

The first fully international producer initiative on promotion was the establishment of the WCPC under the first short-term ICA (1959/60). Contributions of 25 US cents per bag from Latin American producers and 15 cents from the French and Portuguese African colonies were assessed. In North America the WCPC worked through the PACB and in Europe, Japan and Australia through national committees. The first long-term ICA, that of 1962, provided specifically for promotion so a new WCPC was duly set up in August 1964 under the provisions of Resolution number 45, which also created a Promotion Fund. It was decided that activities should start in 1965/66. With the funds collected from levies on exports, generic promotion of coffee was undertaken in the USA and Canada, 10 European countries and Japan in the years up to 1972/73, when the Promotion Fund was liquidated in view of the suspension of all economic clauses in the 1968 Agreement.

Over US$30 million dollars were spent on promotion during the period under review. This began to include work in areas such as market research and coffee and health as well as straightforward promotion. A Seminar on promotion policy was held at the ICO in 1966 and a gradual shift in thinking to move from purely national campaigns to a more general approach. However, this trend was halted at the end of 1973 by the liquidation of the Promotion Fund and suspension of promotion activities following the elimination of economic clauses in the ICA.

2. The Promotion Committee, 1976 to 1991

Article 47 of the ICA 1976 provided for generic promotion by means of a Promotion Fund administered by a Promotion Committee composed of all exporting Members, chaired by the Executive Director. Contributions were first collected in 1976/77 and 1977/78, reintroduced in 1982/83 and continued up to the end of 1985/86. A total of US$71.5 million was collected, which, with interest received, permitted expenditure of over US$91 million by the end of 1991. The Committee created a Board of Management to improve its agility in decision-making, and strengthened staff resources. Unlike the earlier years, when promotion was mainly concerned with generic campaigns, expenditure from the new Fund was targeted under Resolution number 4 of the Promotion Committee of 29 September 1979 on a number of additional activities to be financed 100% by the Fund. They included market research, public relations campaigns, sponsorship of educational and information material, material on coffee brewing and catering, and sponsorship of activities designed to attract young people to drink coffee. Other areas which commanded attention were the impact of quality and of health concerns on consumption. Contacts were established with experts and scientific associations active in these areas. From October 1980 to March 1981 the Executive Director and the Promotion staff worked on a new strategic approach which resulted in the adoption of Resolution number 6 of 3 April 1981, which outlined a number of new initiatives which would not require partnership with the trade in importing countries, although cooperation would be welcomed. In particular the Resolution provided for Coffee Centres in London, Hamburg, Paris and the United States, together with a programme with the US National Coffee Service Association (NCSA) aimed at expanding out-of-home consumption.

The Coffee Centres

In the event coffee centres were established in London (1983), Oslo (Nordic – 1987), Paris (1986), and Washington (Coffee Development Group, 1983). They continued to operate up to 1991, and moved towards revenue generating activities in their final years.

The **London Coffee Centre** operated from a building, No. 21 Berners Street, adjacent to that of the ICO. It included a laboratory, a theatre, and display areas, and also accommodated the ICO Library. The Centre had four main areas of activity. **Education and training** were focused on educational material for schools, training for teachers and training programmes for catering schools. A **Test Unit** was established with the creation of a sensory evaluation panel, which developed a standard vocabulary of organoleptic terminology for coffee. The resources of the Unit were used for a number of quality-oriented projects, many of which were requested by producing countries. A wide range of **information and publications** were made available to the trade, researchers and the general public in cooperation with the ICO Information Section, and a number of **exhibitions and demonstrations** were organized for Members and for trade-related functions.

The **Coffee Development Group (CDG)** in Washington initiated its work with the NCSA with programmes to improve coffee quality in the work place through a unit known as the Office Coffee Development Group (OCDG). CDG activities were carried out by Task Forces with industry cooperation. They included promoting campus coffee houses at universities, the food service sector and in particular the specialty or "gourmet" coffee sector. Work in the latter area is credited with the formation of the Specialty Coffee Association of America (SCAA) and the impressive development of specialty coffee as the most dynamic segment of the US coffee market.

The **Paris Coffee Centre** developed a range of information and educational services, adapting where possible material developed in London. It shared in the publication of a restaurant guide and participated in exhibitions with a view to enhancing coffee's cultural image in France.

The **Nordic Coffee Centre** in Oslo grew out of the Oslo Coffee Brewing Centre, which had continued the work of the old Coffee Brewing Institute in the USA, originally established by the PACB. It carried out a full series of training courses and evaluations of brewing equipment, acting as a coordinating point for promotional activities in all the Nordic countries.

Emphasis on quality as an important factor in promoting consumption remained an underlying principle in this period, together with increasing attention to health issues.

Coffee and health

Resolution number 6 allocated US$1 million for scientific research, which was used for research into health issues. In view of the amount of negative reports from scientists it was decided that it was time to publicise the benefits of coffee drinking. The Fund had worked in this area with the National Coffee Association of the USA (NCA) and now established links with the Physiological Effects of Coffee (PEC) Committee composed of scientists working for the European coffee industry, whose members provided advice to the Fund, which financed 12 scientific research projects between 1982 and 1991. In 1988 the European roasters formed a Strategic Committee which in 1990 became the Institute for Scientific Information on Coffee (ISIC). At the same time a Coffee Science Information Centre (COSIC) was established with a Scientific Advisor backed by a Europe-wide network of communicators managed by a London-based PR agency. This was welcomed as confirming the value of the Fund's investment in this area and the Fund co-financed the first year of operations of COSIC.

3. Promotion under the 1994 and 2001 Agreements

Although no further contributions were forthcoming, the 1994 Agreement included "to encourage and increase the consumption of coffee" as an objective and the 2001 Agreement added the term "promote", i.e. "to promote, encourage and increase…" The Promotion Committee had noted that some US$4 million remained in the Promotion Fund and formed a Working Group to make recommendations on the use of these resources, which proposed a study on strategic options for promotion, particularly in "new markets" such as China and Eastern Europe. On the basis of reports presented by consultants contracted for the study it was decided that in view of their potential activities should focus on China and Russia, and be designed to improve awareness of coffee, leading to increases in consumption. A Steering Group on the China and Russia project was established, chaired by Mr Mick Wheeler, the representative of Papua New Guinea, and a Manager – Promotion Projects, Mr Michael Heath, appointed. In due course approval was given for a series of coffee festivals (three in Moscow and three in Beijing and Shanghai) from 1998 to 2000. The festivals generated considerable positive interest, cooperation with the trade was very constructive and coffee consumption continued to progress.

Under the 2001 Agreement Dr Ernesto Illy was elected Chairman of the Promotion Committee until his death in 2008, when Mr Mick Wheeler took over. Following a request by the Council, the Promotion Committee prepared an Action Plan to increase consumption which was approved by the Council at its Session in Cartagena, Colombia, in September 2003. Target areas for market development were defined as coffee producing countries, emerging markets such as Russia and China, and traditional markets. The role of the ICO was seen as a catalyst in mobilizing and coordinating resources. The difficulty of obtaining funding for this type of work was noted. In the event the main actions which materialized were the development of a Step-by-Step Guide to Promote Coffee Consumption, based on Brazilian experience, and the formation of an Internet based Coffee Club to facilitate communication and disseminate ideas. Both these projects were seen as particularly helpful in producing countries. Action in traditional markets centred on the Positively Coffee programme, designed to highlight positive research in the area of coffee and health and the Health Care Professions – Coffee Education Programme designed to disseminate information to doctors and other medical workers, both projects led by the PSCB with significant industry funding.

The 2007 Agreement

Promotion continues as an important theme under Article 25 of the 2007 Agreement, which establishes a Promotion and Market Development Committee. In September 2012 the Committee, now chaired by Dr Andrea Illy, submitted a Plan for Promotion and Market Development (ICC-109-13) which was approved by the Council and established a reference guide for further work in this area. As explained by the Chairman the objective of the ICO promotion and market development would shift to promoting value and differentiation through a multi-stakeholder network of partners with two strategic goals: promoting value through quality, health, sustainability and differentiation; and supporting producing countries in de-commoditizing coffee through programmes to increase income with a particular focus on small growers, with the ICO acting as a facilitator and knowledge provider. No budget was proposed, as the idea was for the ICO to act as a catalyst by developing a multi-stakeholder network of partners and promotion agents who would implement the plan on a pro bono basis. Two landmark events would provide an opportunity for the participation of partners in the Plan: the 50th anniversary of the ICO in Brazil in September 2013 and Expo 2015 in Milan which would be focussed on the theme of "Feeding the Planet, Energy for Life", and which would include a "Coffee Cluster" where producing and consuming countries would present the entire coffee chain.

X. WORLD COFFEE CONFERENCES

The concept of World Coffee Conferences was introduced through Resolution number 385 of 21 July 1999 and later incorporated into the ICA 2001 as Article 21. The object was to bring together high-level government officials with senior members of the private sector and specialist experts to identify and address matters of common concern. Three Conferences have been held during the ICO's first half century, as described below.

1st World Coffee Conference
London, United Kingdom (17 to 19 May 2001)

The 1st World Coffee Conference took place in London from 17 to 19 May 2001. The Conference was chaired by Dr Jorge Cárdenas, of Colombia, General Manager of the National Federation of Coffee Growers of Colombia, and brought together over 450 leaders and decision-makers from coffee-producing countries, major private sector companies and many other organizations dealing with coffee. Delegates heard presentations on a wide range of topics, and many ideas for resolving the current crisis of low prices were put forward. New data on the positive effects on health of coffee consumption were also released during the Conference at a press conference on 18 May.

The Council subsequently approved Resolution number 400 urging follow up of the ideas presented at the Conference. A World Coffee Conference Programme Committee met and put forward a number of recommendations which were approved by the Council in May 2002 and incorporated into the ICO five-year Plan of Action.

2nd World Coffee Conference
Salvador, Brazil (23 to 25 September 2005)

The 2nd World Coffee Conference took place in Salvador, Brazil from 23 to 25 September 2005, chaired by Mr Roberto Rodrigues, the Minister of Agriculture of Brazil. It brought together around 1,200 coffee growers and representatives from government, the private sector and international agencies. Almost half the Delegates came from overseas, from 65 countries. The Conference was inaugurated by the President of Brazil, Mr Luiz Inácio Lula da Silva, in the presence of the President of Colombia, H.E. Mr Álvaro Uribe, the President of El Salvador, H.E. Mr Elías Antonio Saca, the Governor of Bahia and the ICO Executive Director. The main theme was "Lessons emerging from the crisis: New paths for the coffee sector" and over 20 high-level speakers spoke on issues ranging from coffee policies in a market economy to how to develop a sustainable coffee economy. The Chairman presented a preliminary summary of the Conference to the Council at its 94th Session from 27 to 29 September 2005, and presented the final report of the Conference to the Council in May 2006. Detailed information about the Conference was made available to Members through the website, including the programme, presentations and Conference conclusions. A document reviewing themes raised at the Conference was circulated for use in discussions on the future of the 2001 Agreement (document EB-3901/05 Rev. 1).

3rd World Coffee Conference
Guatemala City, Guatemala (26 to 28 February 2010)

The ICO World Coffee Conference 2010 took place in Guatemala from 26 to 28 February 2010, chaired by the President of Guatemala, H.E. Mr Álvaro Colom Caballeros. It brought together over 1,400 coffee growers and representatives from government, the private sector and international agencies from the 76 Member countries of the ICO. The Conference was inaugurated by the President of Guatemala, with the participation of the President of Honduras, H.E. Mr Porfirio Lobo. The President of El Salvador, H.E. Mr Carlos Mauricio Funes, participated in the Closing Ceremony. Also in attendance at the Opening Ceremony were the Secretary-General of UNCTAD, the Managing Director of the Common Fund for Commodities, the President of Anacafé, the ICO Executive Director, the Chairman of the International Coffee Council and Ministers of Agriculture from ICO Member countries. The theme was "Coffee for the future: towards a sustainable coffee sector" and over 30 high-level speakers spoke on issues ranging from changes and trends in world supply and demand to environmental and social sustainability. The preliminary conclusions of the Conference were presented at the closing ceremony on 28 February 2010. The International Coffee Council reviewed the conclusions and outcomes of the Conference at its 105th Session from 20 to 24 September 2010.

XI. RELATIONS WITH OTHER INTERNATIONAL ORGANIZATIONS

The ICO was established through a United Nations Conference in 1962 and thus can be seen as a body within the extended family of the UN. It is therefore natural that close links exist with the Food and Agriculture Organization of the United Nations (FAO), the United Nations Conference on Trade and Development (UNCTAD), the Common Fund for Commodities (CFC), the International Trade Centre UNCTAD-WTO (ITC), the World Trade Organization (WTO) and the UN Environment Programme (UNEP).

Relations with the FAO have been close from the beginning with the Tripartite Study and the secondment of FAO staff to the Diversification Fund. Later the FAO acted as Project Executing Agency (PEA) for the CFC/ICO project on the Prevention of Mould Formation in

Coffee. The ITC acted as PEA for the first CFC/ICO project (the Gourmet Coffee Project) and the ICO collaborated closely in the preparation and dissemination of the ITC Coffee Exporter's Guide.

The ICO prepares policy papers and reports on the coffee sector which are widely disseminated to organizations such as UNCTAD, the G-8, the WTO and other organizations dealing with commodities. Good relations exist with multilateral funding bodies such as the World Bank and the Regional Development Banks. The World Bank continues to cooperate closely in the context of the Consultative Forum on Coffee Sector Finance and the ICO cooperated in the production by the Bank of the publication "The State of Sustainable Coffee".

The major coffee project programme developed with the CFC is described on page 15 of this study. Other international and local coffee institutions appointed to oversee the implementation of CFC/ICO projects include CABI, African Fine Coffees Association (AFCA), InterAfrican Coffee Organisation (IACO), Inter-American Institute for Cooperation on Agriculture (IICA) and United Nations Office for Project Services (UNOPS).

XII. ICO – THE DECISION-MAKERS

It would be impossible to mention everybody who has contributed to the work and achievements of the ICO during its first 50 years, or to provide adequate accounts of their work. For this reason names of Delegates are not given, although they are listed in the appropriate ICO documents. Nevertheless, a selection of names of members of the Secretariat is given, to the extent that records allow, which would otherwise have remained unrecorded. However, since the Executive Director acts as the key interface between the Secretariat and Members it has been deemed appropriate to convey more information here.

EXECUTIVE DIRECTORS

João Oliveira Santos (1963-1968)

The first ICO Executive Director was a Brazilian economist who had been the Deputy Director of the Department of Economic and Social Affairs of the Pan American Union. Subsequently he was appointed Secretary-General of the short-term International Coffee Agreement and of the Coffee Study Group, having dealt with coffee at the Pan American Union since 1955. After leaving the ICO he became a Director of the Inter-American Development Bank.

Cyril Spencer (March 1968)

Having worked as Deputy Executive Director, Mr Spencer, a British citizen and former Secretary-General of IACO, the InterAfrican Coffee Organisation, was formally appointed as Executive Director for one month, March 1968.

Alexandre Fontana Beltrão (1968-1994)

The longest serving Executive Director, Mr Alexandre Beltrão was born in 1924 in Curitiba, Paraná, Brazil, and educated at the Instituto Santa Maria, the University of São Paulo; and the Escola Nacional de Engenharia, Rio de Janeiro. His first position was in 1948 as assistant engineer in the Department of Soil Mechanics at the Instituto de Pesquisas Tecnológicas, São Paulo. He then trained at the Institut National d'Aérophotogramétrie, Ministère de la Reconstruction, Paris, and the Ministry of Works in London in 1950-51. He was the founder and director of SPL Planning Services Ltd.; observer of the Government of the State of Paraná to the UN International Coffee Conference, special adviser to the president of the Brazilian Coffee Institute, 1964; and chief of the Brazilian Coffee Institute bureau in New York. Mr Beltrão, whose published works include "Paraná and the Coffee Economy", 1963 (essay), and "Economy of the States of Paraná, Pará and Ceará", 1958, is a Commander of the Order of Rio Branco. Always keen to promote coffee consumption, Mr Beltrão contributed to launching the Coffee Development Group in the USA during the 1980's which successfully promoted quality coffee consumption, and was instrumental in advising the Specialty Coffee Association of America in their early years. He served as Executive Director from 1 April 1968 to 30 September 1994.

Celsius Antonio Lodder (1994-2002)

Mr Lodder, a Brazilian economist, was Executive Director from 1 October 1994 to 28 February 2002. He was born in Nova Lima, in the State of Minas Gerais on 18 May 1944. He studied in Brazil and the Netherlands, and had been a Professor of Economics at the Federal University of Minas Gerais. He was also the Superintendent of the National Supply Authority in Brazil and Secretary for Commercial Policy at the Ministries of Finance and Industry, playing a key role in coordinating Brazilian coffee policy over a number of years. He had frequently been a member of, or headed, Brazilian delegations to meetings of the ICO.

Néstor Osorio Londoño (2002-2010)

Mr Néstor Osorio, a citizen of Colombia, has a Doctorate in Law from the University del Rosario in Bogotá (1970). In 1974 he obtained the title of Doctor in Administrative Law at the University of Paris and the Diploma of the International Institute of Public Administration. From 1974 to 1978, he was Legal Advisor, Secretary-General and Deputy Director at the Colombian Planning Department. Between 1978 and 1996, he was Head of the Colombian Mission to the ICO. He was also Chairman of the Finance Committee of the ICO, Director of the European Office of the Colombian Coffee Federation in Brussels and General Manager of "Cafémondial". From August 1994 to December 1999 he was the first Ambassador, Permanent Representative of Colombia to the World Trade Organization (WTO) where he served as Chairman of the WTO Trade Policy Review Body. He became Executive Director of the ICO on 1 March 2002 and resigned on 31 October 2010, having been nominated as Ambassador of Colombia to the UN, where he served as a member and subsequently Chairman of the Security Council.

Robério Oliveira Silva (2011 – current)

After graduating in economics from the Federal University of Minas Gerais in Brazil, Mr Robério Oliveira Silva immersed himself in the field of commodities, particularly coffee. He has 25 years of experience in both the public and the private sectors, including his tenure as Director of the Coffee Department in the Brazilian Ministry of Agriculture, Livestock and Food Supply; Commodities Secretary in the Brazilian Ministry of Development, Industry and Foreign Trade; Executive Secretary of the Brazilian Chamber of Foreign Trade (CAMEX); Secretary-General of the Association of Coffee Producing Countries (ACPC); and Secretary-General of the Brazilian Federation of Coffee Exporters.

Mr Robério Oliveira Silva took up his post as the Executive Director of the International Coffee Organization on 1 November 2011.

Note: Mr José Dauster Sette, of Brazil, served as Executive Director ad interim from 1 November 2010 to 31 October 2011.

Selected staff in the Secretariat

Deputy Executive Directors

- Thomas Mackenzie Loudon (1968-1988)
- Cyril Spencer (1963-1968)

Heads of Division

Operations Division

- Mauricio Galindo (January 2013 – current)
- José Dauster Sette (2007-2012)
- Pablo Dubois (1997-2007)

Secretariat Services

- Pablo Dubois (1992-1997)
- Peter Knox
- Manuel Mendes Silva

Head of the Diversification Fund

- Hernán Uribe

Head of Controls and Statistical Services

- Marc Van de Steene (1965-1988)

Finance and Administration Division

- David Moorhouse (2004 – current)
- Alistair Tainsh (1989-2003)
- Robert Hagen (1996-1998)
- Geoffrey Seaton (1968-1996)

HEADS OF SECTION OR UNIT AND OTHER PROMINENT STAFF

- Owusu Akoto (Economist 1977-1994)
- Nelson Ayala (Production)
- Lino Bondonno (Chief Printing Operator)
- Marianne Bradnock (Library Administrator 1990-1995)
- Sayuri Carbonnier (Economist)
- Alan Cheer (Personnel and General Services Officer 1964-1987)
- Karin Cheer (Personal Assistant to the Executive Director 1965-1996)
- Alejandro Feria Morales (Chief of the Technical Unit 1985-1993)
- Guillermo Fernández (Chief of Languages and Documents Section 1965-1993)
- Isabel Gandarillas (Documents Officer)
- Anthony Hargreaves (Chief of Data Processing)
- George Hartmann (Controls Officer)
- Héctor Hawkins (Economist)
- Michael Heath (Manager of Promotion Projects 1997-2001)
- Héctor Jaramillo (Economist)
- Nissar Jhaveri (Statistician)
- Richard Kingsbury (Interpreter/Translator 1965-1994)
- Danièle Legaud (Head of Documents and Reprographics 1968-2004)
- Carmen Maqueda (Head of Personnel and Office Management 1971-2009)
- Richard Marks (Head of Information Services 1971-2008)
- Kerry Muir (Economist)
- Trevor Nash (Reprographics Supervisor 1970-2009)
- Fernando Pérez-Barreiro (Chief Translator 1968-1993)
- Marsha Powell (Promotion Officer 1979-1990)
- Neil Price (Programmer)
- Alejandro Renjifo (Economist)
- Antonio Santos (Chief Translator)
- M. Satyanarayana (Chief Statistician)
- Garry Slark (Chief Accountant 1969-1991)
- John Steward (Chief Controls Officer)
- Jordi Valls-Jove (Registry/Supplies Clerk 1970-2007)
- John Walker (Network Administrator 1988-1997)
- Martin Wattam (Library/Information Officer 1985-2012)
- Erico Whitbrook (Technical Assistant 1969-2003)
- Catherine Winchester (Assistant Information Officer 1982-1991)

CURRENT STAFF OF THE ICO

- Sam Ade-Jones (Technical Assistant/Commissionaire)
- Teresa Barro (External Translator)
- Kevin Buckley (Reprographics Operator)
- Vanessa Cacere (Documents Assistant – Portuguese)
- Ivan Carvalho (Statistician)
- Thomas Copple (Research Officer)
- Darcio De Camillis (Library/Research Assistant)
- Pascale Deschamp (Administrative Assistant)
- Nicola Doyle (Finance Assistant)
- Hamida Ebrahim (Personal Assistant to the Executive Director)
- Pascale Evans (Information Assistant)
- Antonio Fornazaro (External Translator)
- Sean Garden (Finance/IT Officer)
- Mirella Glass (Documents Officer)
- Patricia Hurtado (Office Manager)
- Maria Rosa Lavrencic (Senior Statistical Assistant)
- Alain Licheron (External Translator)
- Suzette Macedo (External Translator)
- Ana María Mackay (Documents Assistant – Spanish)
- Malcolm Munt (Senior Statistical Assistant)
- Denis Seudieu (Chief Economist)
- Maxwell Shee (Commissionaire)
- Jonas Tiéro (Documents Assistant – French)
- Lilian Volcán (Projects Officer)
- Helen Wright (Secretariat Officer)

XIII. CONCLUDING REMARKS

Of course the investment required to maintain the International Coffee Organization is not insignificant. The current 2012/2013 Administrative Budget requires contributions, assessed on Members' votes, totalling £3.1 million (around US$4.7 million). To this must be added costs of participation, such as Delegates travel and implementation of agreed measures and obligations. Nevertheless, the returns even in the second phase of the life of the Organization are clearly positive: from over US$100 million in funding mobilized for projects (see page 15) to benefits arising from the results of the projects and other ICO initiatives.

The work of the Organization has always been to promote international cooperation for the benefit of the world coffee economy. Such benefits can clearly be assessed in two distinct periods. The first 25 years involved market regulation, justified by the constraints that hindered the beneficial adjustments that in other areas of economic activity could be provided by free market forces. The stakes were high: the economic benefits, particularly for producing countries, were large. Negotiations on price ranges, global quotas and market shares hard fought between countries whose specific interests could vary considerably. On many an occasion the clocks in Berners Street were stopped at midnight to allow Delegates, fuelled and kept awake by copious draughts of the beverage over which they were arguing, to reach agreement within an appointed deadline. Each Delegate's intervention was clear and deliberate to allow the interpreters to render what was being said in the four official languages of the Organization. Tension rose, but when agreement was reached the sense of achievement could be sensed palpably.

There were of course a number of rigidities in the system, which for instance did not encourage a wider and more innovatory product range. The political environment in industrialized countries was against regulation and tensions increased to the point when the system collapsed. However, the interesting aspect of the next half of the Organization's existence was the identification of a number of other ways in which international cooperation could benefit the world coffee economy and the realization that the ICO was ideally positioned to facilitate this process. For instance the coffee–oriented as opposed to country-oriented approach to develop projects allows improved targeting and more effective dissemination of results compared with traditional bilateral projects for individual countries. As Members' awareness of this potential increased, so the range of activities which have been described in this review have expanded and the ICO has responded both rapidly and effectively to address new challenges. It is this which provides the evidence that the ICO can indeed provide value for money in continuing to serve the world coffee community over its next fifty years.

XIV. SELECT BIBLIOGRAPHY

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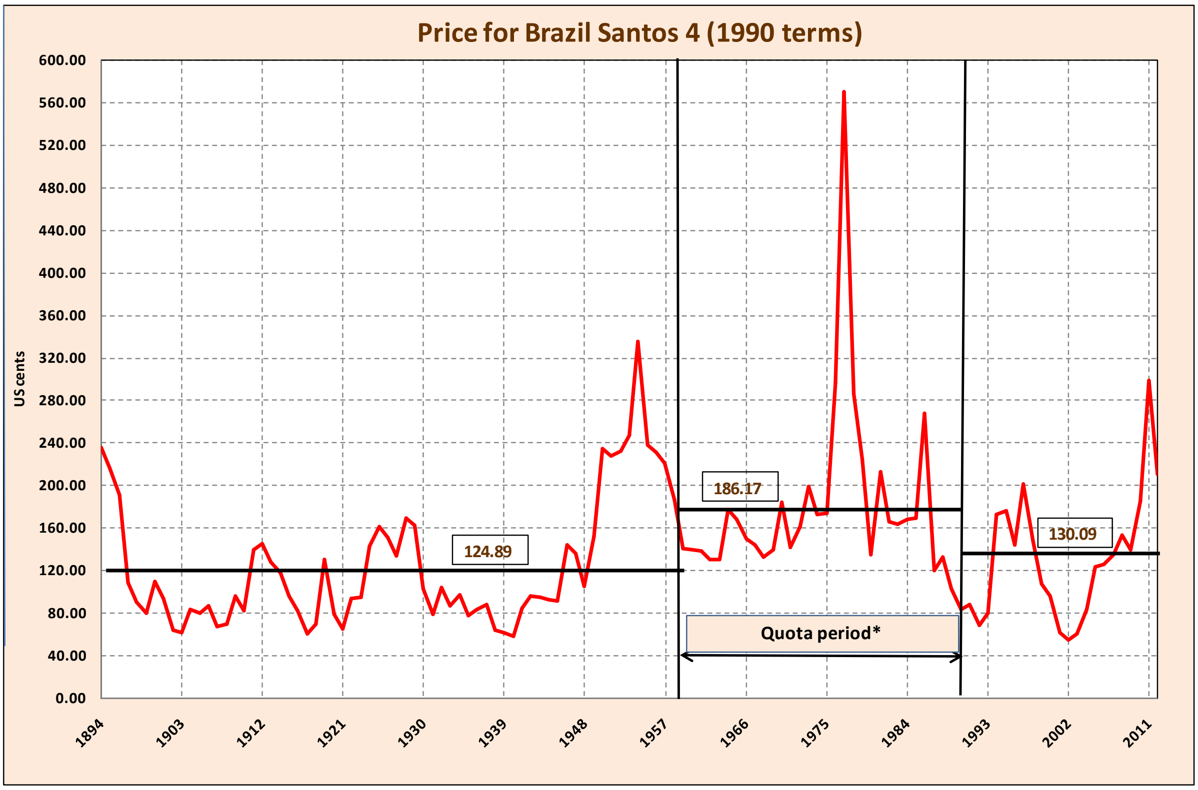
MEMBERSHIP OF THE INTERNATIONAL COFFEE ORGANIZATION
UNDER THE INTERNATIONAL COFFEE AGREEMENTS (ICA) 1962 AND 2007
(AS AT 6 AUGUST 2013)

ICA 1962 **Exporting Members**	**ICA 2007** **Exporting Members**	**ICA 1962** **Importing Members**	**ICA 2007** **Importing Members**
Angola (former province of Portugal)	Angola	Argentina	
Benin (Dahomey in 1962)	Benin*	Australia	
Bolivia	Bolivia, Plurinational State of	Canada	
Brazil	Brazil	Chile	
Burundi	Burundi	*European Union*	European Union
Cameroon	Cameroon	Austria	*Austria*
Central African Republic	Central African Republic	Belgium	*Belgium*
Colombia	Colombia		*Bulgaria*
Congo, Democratic Republic of (Zaire)	Congo, Democratic Republic of*		*Croatia*
Congo, Republic of		Cyprus	*Cyprus*
Costa Rica	Costa Rica	Czech Republic (Czechoslovakia in 1962)	*Czech Republic*
Côte d'Ivoire (Ivory Coast)	Côte d'Ivoire	Denmark	*Denmark*
Cuba	Cuba		*Estonia*
Dominican Republic		Finland	*Finland*
Ecuador	Ecuador	France	*France*
El Salvador	El Salvador	Germany	*Germany*
Ethiopia	Ethiopia		*Greece*
Gabon	Gabon		*Hungary*
Ghana	Ghana		*Ireland*
Guatemala	Guatemala	Italy	*Italy*
Guinea	Guinea*		*Latvia*
Haiti			*Lithuania*
Honduras	Honduras	Luxembourg	*Luxembourg*
India	India		*Malta*
Indonesia	Indonesia	Netherlands	*Netherlands*
Jamaica			*Poland*
Kenya	Kenya		*Portugal*
Liberia	Liberia		*Romania*
Madagascar	Madagascar*		*Slovakia*
	Malawi		*Slovenia*
Mexico	Mexico	Spain	*Spain*
Nicaragua	Nicaragua	Sweden	*Sweden*
Nigeria	Nigeria*	United Kingdom	*United Kingdom*
Panama	Panama	Israel	
	Papua New Guinea	Japan	
Paraguay	Paraguay*	New Zealand	
Peru		Norway	Norway
	Philippines	Switzerland	Switzerland
Portugal		Tunisia	Tunisia
Rwanda	Rwanda		Turkey
Sierra Leone	Sierra Leone	United States of America	United States of America
Tanzania	Tanzania	USSR	
Thailand	Thailand		
	Timor-Leste		
Togo	Togo		
Trinidad & Tobago			
Uganda	Uganda		
Venezuela			
	Vietnam		
	Yemen		
	Zambia		
	Zimbabwe		
(44)	**(44)**	**(26)**	**6 (34)**

*Signatory Government of the ICA 2007.

PRICE FOR BRAZIL SANTOS 4 (1990 TERMS)



*Quotas were suspended between 1 October 1972 and 30 September 1980, between 18 February 1986 and 5 October 1987. However, these suspensions were mainly triggered by rises caused by severe frost and drought in Brazil and the underlying quota mechanism remained in place.

A SESSION OF THE COUNCIL

50 years

INTERNATIONAL
COFFEE
ORGANIZATION

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