



**Decisions and Resolutions adopted
at the 121st Session of the
International Coffee Council**

9 – 13 April 2018

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1. The 121st Session of the International Coffee Council was chaired by H.E. Mr Aly Touré of the Côte d’Ivoire. The Session took place in Mexico City from 9 to 13 April 2018.

Item 1: Adoption of the Agenda

2. The Council adopted the draft Agenda contained in document [ICC-121-0 Rev. 1](#).

Item 2: Admission of observers

3. The Executive Director introduced document [ICC-121-2](#) containing details of the observers wishing to attend the 121st Session of the Council (Annex I). Annex II also contained a list of observers approved for admission in 2017/18.

4. The Council approved the admission of observers, in addition to requests for observer status from Conservation International and the Indo-OIC Islamic Chamber of Commerce and Industry set out in document [ICC-121-2 Add.1](#).

5. The Council decided that, as per normal practice, items on finance would not be open to observers.

Item 3: Appointment of office holders

6. The Council approved the ratification and appointment of the following office holders nominated by Members:

	Chair	Vice-Chair
Consultative Forum on Coffee Sector Finance	Mr Kirill Matrenichev (Russian Federation)	H.E. Mr Aly Touré (Côte d’Ivoire)
Finance and Administration Committee	Ms Stefanie Küng (Switzerland)	Dr Emmanuel Iyamulemye Niyibigira (Uganda)
Private Sector Consultative Board	Mr Anil Kumar Bhandari (India Coffee Trust)	Mr William Murray (National Coffee Association USA)
Projects Committee	H.E. Mr Iván Romero Martínez (Honduras)	Ms Ina Grohmann (EU-Germany)
Promotion and Market Development Committee	Mr Mitsuhiro Takayanagi (Japan)	H.E. Dr Durga Bahadur Subedi (Nepal)
Statistics Committee	Mr Juan Esteban Orduz (Colombia)	Ms Ina Grohmann (EU-Germany)

Item 4: Votes and credentials
Item 4.1: Votes for coffee year 2017/18

7. The Executive Director introduced document [ICC-121-1 Rev. 1](#) containing the redistribution of votes in the Council for coffee year 2017/18, calculated in accordance with Articles 12 and 21 of the 2007 Agreement.

8. The Council took note of the situation of outstanding payments affecting voting rights as at 12 April 2018. Members were reminded that only governments which were Members of the 2007 Agreement and had paid their contributions would be eligible to participate in meetings of specialized committees.

Item 4.2 Credentials

9. The Executive Director informed the Council that the credentials received from Members had been examined and found to be in good and due form. The Council approved the verbal report on credentials¹.

Item 5: Membership of the International Coffee Agreement (ICA) 2007

10. The Executive Director reported that on 29 March 2018, the ICO Secretariat had received a communication from the United States of America (USA) announcing its withdrawal from the International Coffee Agreement 2007. According to the provisions of the Agreement, the withdrawal would become effective on 27 June 2018. The communication and the reply of the Executive Director had been circulated as [ED-2264/18](#). In light of the importance of the USA in the world coffee sector and possible impact of the withdrawal on the work of the Organization, the Executive Director considered it was his duty to put before Members a Council resolution regretting the withdrawal and urging the USA to reconsider its decision. Members requested the Executive Director to contact government officials in the USA to inform them of the contents of the Resolution and provide them with all possible information and assistance concerning continued membership of the Organization. The draft Resolution was contained in document [WP-Council 289/18](#).

11. The Council approved the draft Resolution, subject to the inclusion of ‘and respective private sector organizations’ ([WP-Council 289/18 Rev. 1](#)) in the call to ask Member Governments to encourage the USA to continue to be a Member of the International Coffee Organization. The draft Resolution was subsequently published as [ICC Resolution 462](#), a copy of which is attached to these Decisions. The Council also agreed to send a high-level ICO delegation, composed of the Chair of the Council, the Executive Director and interested Members, to meet with USA officials in May 2018.

¹ The report was subsequently circulated, together with the List of Delegations, as document ICC-121-8.

12. The Executive Director reported that, since the 120th Session of the Council in Yamoussoukro, Côte d'Ivoire, the Bolivarian Republic of Venezuela had joined the Organization. Document [ICC-121-4](#) contained a report on the status of the ICA 2007. To date, 44 exporting Members and 7 importing Members had ratified, accepted, approved or acceded to the Agreement. In line with the ICO's Action Plan to further strengthen engagement with non-members, the Secretariat had taken active steps to build closer ties with a number of countries, and it was a pleasure to see representatives from Jamaica and China represented at the meeting. The Executive Director hoped that the Organization would be welcoming these and other countries as Members soon.

13. The Council took note of this information and approved the report on membership.

14. The Council then noted a brief report on the coffee sector in Nepal from H.E. Dr Durga Bahadur Subedi, Ambassador of Nepal, whose country joined the Organization in October 2017. While Nepal had been a late-comer to coffee production, the country had ambitious plans to develop coffee production and grow high quality Arabica coffee.

Item 6: Annual Review 2016/17

15. The Executive Director introduced the new-look [Annual Review](#) which reflected a more accessible format, with an increased focus on the outcomes and the impact of the ICO's work, as opposed to administrative processes. The Review also represented a move to refreshing the ICO's branding to improve the quality, diversity and reach of communications to Members, and all stakeholders in the coffee value chain.

16. The Council noted the publication of the ICO's latest Annual Review and positively received its new design and content.

Item 7: Programme of Activities

17. The Executive Director reminded Members that in September 2017 the ICO's new Five-Year Action Plan had been approved, with the following strategic goals:

- i. Delivering world-class data, analysis and information to the industry and policy-makers
- ii. Using the Organization's convening power to provide a forum for dialogue between and within the public and private sectors
- iii. Facilitating the development of projects and promotion programmes through public-private partnerships.

18. He reported that in the last six months, the Secretariat had conducted the following activities:

- Identified deficiencies in the current process of data collection
- Produced studies on 'Development of coffee trade flows' and 'Gender equality in the coffee sector'
- Hosted Dissemination workshops on Coffee Leaf Rust, and Coffee and Health
- Developed a concept note for the ICO Award for Excellence in Coffee-Related Research
- Organized the 121st Session of the International Coffee Council, held in a Member country
- Conducted a preparatory visit to India in advance of the 2020 World Coffee Conference
- Carried out missions and participated in international coffee events, including in: Costa Rica, El Salvador, Guatemala, Honduras, India, Indonesia, Nicaragua, Panama, Vietnam and at the African Fine Coffees Association Exhibition and Conference 2018
- Carried out a Mission to a non-member country: China
- Developed a draft Memorandum of Understanding with the Sustainable Coffee Challenge, under the auspices of the Conservation International Foundation
- Coordinated a meeting of International Commodity Bodies, to be held in May 2018
- Formulated a proposal for the establishment of a Coffee Sustainability Projects Trust Fund (CSP-TF)
- Conducted analysis and produced a report on the challenges affecting the coffee sector in selected Central American countries and Mexico
- Contacted potential donor organizations
- Engaged with the Global Coffee Platform, the Coffee Global Adaptation Plan (C-GAP) and the Sustainable Coffee Challenge initiative
- Developed a proposal for the International Coffee Day 2018 campaign.

19. The Council noted the update on the Programme of Activities and praised the ICO team for the progress in implementation of the Action Plan to date.

Item 8: Coffee Market Report

20. The Chief Economist gave a presentation on the current coffee market outlook. He explained that the ICO composite indicator price had continued a downward trend in March 2018, decreasing by 1.1% to 112.99 US cents/lb. The daily composite indicator had started the month at a high of 115.23 US cents/lb, but generally fell during the rest of the month. It had reached a low of 110.73 US cents/lb on 23 March 2018. Aside from 12 December 2017, this was the lowest daily value for the ICO composite indicator since 2 March 2016.

21. Prices for all group indicators had driven the decline in the monthly composite indicator in March 2018. Colombian Milds fell by 1.4% to an average of 139.45 US cents/lb. Other Milds and Brazilian Naturals declined by 0.9% to 135.03 cents/lb and 119.8 cents/lb, respectively. As a result of these movements, the differential between Colombian Milds and Other Milds decreased by 15.3% to an average of 4.42 US cents/lb. The monthly average for the Robusta group decreased by 1.2% to 88.18 US cents/lb, reversing the slight upward movement in February 2018. The average arbitrage in March, as measured on the New York and London futures markets, fell by 3.8% to 41.80 US cents/lb, which was the lowest level since July 2017. Additionally, intraday volatility of the ICO composite indicator price decreased by 0.9 percentage points to 4.3%.

22. In terms of coffee production, the ICO estimated that world coffee production in crop year 2017/18 would be 159.66 million bags, 1.2% higher than last year, with a 12.1% increase in Robusta output offsetting a 4.6% decline in Arabica production.

23. The Chief Economist concluded that the coffee market was in surplus for the second consecutive year, with production exceeding consumption by 778,000 bags. This excess was weighing down on global coffee prices in the current coffee year. Additionally, exports in the first five months of the year had increased compared to the same period in 2016/17, a year in which record export volumes were recorded. This had put pressure on prices as the market was well-supplied at the start of the coffee year. Stocks in importing countries had reached a record level of 26.33 million bags at the end of June 2017 and declined to 25.59 million bags at the end of September 2017. June 2009 was the last time stocks in importing countries had reached this level.

24. In response to concerns raised by some producing Members about the challenge of meeting demand at the same time as facing low coffee prices, the Executive Director explained that it was one of the priorities of the ICO to ensure producing Members were aware of trends in production and for this reason it was imperative that Members shared such information with the ICO in a timely manner. For this reason, reports on national coffee policies were a permanent item on the Council Agenda.

25. In response to further questions from Members about data on consumer prices, the Executive Director explained that consumer prices were published after a lag and were not normally included in the coffee market report, however the ICO did publish studies on this subject periodically and would consider how to include this information in its Programme of Activities for 2018/19.

26. The Council took note of the report.

Item 9: Understanding the Coffee Value Chain: past and future

27. At the request of the delegation of Colombia, acting in its capacity as coordinator of the World Coffee Producers' Forum, Professor Jeffrey Sachs joined the meeting via live feed to present the outline of a study analysing the behaviour of coffee prices over the last 40 years.

28. In his intervention, Professor Sachs presented the objectives of research on the sustainable development of the coffee sector that will be carried out by his team over the next months.

29. Professor Sachs first gave a brief overview of the state of the coffee market. He explained that the coffee sector had seen significant increases in production from 60 million in the early 1980s to more than 150 million bags today. Over the same time period, the real price of coffee had decreased where the current price level of 120 US cents represented roughly one third of the coffee price 40 years ago. He noted that the coffee market was also subject to significant price volatility.

30. Following the characterization of past trends in the coffee sector, Professor Sachs continued to develop his research hypothesis. He explained that following more than two decades of declining real coffee prices, the market was likely to move into a 20 to 25-year period of rising prices.

31. Professor Sachs supported his argument by analysing the supply and demand factor that could shift the equilibrium price upward in the medium- and long-term. On the supply side, he identified the impact of climate change as a major risk. Studies suggested that rising temperatures would negatively affect Arabica output, resulting in lower yields and higher production costs. While large areas of land that were currently used for Arabica production may be rendered unsuitable, the scope for migrating production into new areas may be limited due to nature conservation and other physical and economic constraints.

32. With regard to the demand side, Professor Sachs suggested that consumption in non-traditional markets was likely to increase significantly. For example, with rising income levels and changes in preferences, annual consumption in China could increase from 3.5 million bags today to 50 million bags by 2030. In traditional markets, e.g. the United States, consumers may shift from carbonated soft drinks to coffee over health concerns related to sugar intake and the spread of obesity and diabetes. Globally Professor Sachs identified a trend of rising incomes and living standards that was positively correlated with coffee consumption. On balance, the negative impact of climate change on coffee production and the increase in global demand could lead to rising coffee prices.

33. Professor Sachs continued to lay out additional proposed elements of the study including analysing how smallholder coffee growers and labourers could benefit from the commitments of the United Nations Sustainable Development Goals (SDGs), identifying ways of collecting and aggregating climate data as well as farm-level production data to increase transparency in the sector, and exploring ways to ensure that the coffee supply chain was sustainable with coffee farmers and workers being remunerated adequately and fairly.

34. Professor Sachs concluded his presentation by inviting the ICO to work with the UN Sustainable Development Solutions Network in order to mobilize global scientific and technological expertise to promote practical solutions for sustainable development.

35. Members commended the objective of the study, which would form the basis of future discussions at an inter-governmental level. Due to other commitments, Professor Sachs was unable to address questions, however Members were invited to submit any questions to the Colombian delegation. The Council noted that regular progress reports on the study would be shared at future meetings. The Executive Director welcomed this study and informed Members that the ICO had already provided the research group of Professor Sachs with a full set of statistical data.

Item 10: Studies and reports

36. The Senior Economist presented the following two studies conducted by the ICO Secretariat:

Development of coffee trade flows (ICC-121-4)

37. The aim of the study was to present a comprehensive picture of the development of global coffee trade flows in the last 20 years. Comparing the periods 1992-96 and 2012-16, the study focused on tracking the evolution of imports and exports by volume and market, the analysis of changes in the share of Arabica and Robusta in total exports, and the assessment of the role of processed coffee on overall traded volumes.

38. There were five main findings:

- **Over the period, coffee production and exports had increased by 61% and 57% respectively.** While an increasing share of total production was consumed domestically, creating new markets for coffee growers, 72% of green coffee production was exported, thus coffee remained a primary commodity.
- **On the exporting side of the market there was an ongoing trend towards higher concentration.** In the early nineties, the ten largest exporters shipped 75% of the coffee traded internationally, while twenty years later the share increased to 86%. This trend could be explained, among other factors, by

differences in production costs that led to a shift of coffee output towards a smaller number of countries. As a result, higher concentration could increase the supply risk as production became less regionally diversified and hence more vulnerable to weather-induced shocks.

- **On the importing side, there was a trend towards market diversification. Over the past twenty years, the group of countries that imported significant amounts of coffee had increased.** With overall growing demand, the pool of countries absorbing 90% of exports had increased from 21 to 40. The spread of coffee consumption in low- and middle-income countries provided coffee-exporting countries with new markets. At the same time, mergers and acquisitions were causing further consolidation in the coffee industry and increased the influence of leading buyers.
- **While Arabica remained the dominant coffee type, comprising two thirds of global coffee exports, Robusta exports had grown faster over the past twenty years.** The rise of Vietnam to become the second largest producer worldwide increased the availability of Robusta coffee while growing demand in emerging markets, where coffee was predominantly consumed in soluble form, had boosted the demand for Robusta. Looking ahead, various factors determined the future path of Robusta. In the medium term, Robusta could benefit from increasing demand in emerging markets, however further economic development and rising incomes could change consumer preferences. This could trigger, in the long term, a switch from Robusta to Arabica coffee, cooling the demand for Robusta. On the other hand, the impact of climate change on coffee production may be more severe for Arabica, increasing the cost of production and making Robusta more competitive.
- **The share of processed coffee increased slightly, nevertheless more than 90% of coffee exports continued to be in green form.** The value addition in the coffee supply chain still occurred mainly in importing countries. While there was scope for further growth in the soluble segment, roasted coffee remained largely sold domestically due to limitations related to logistics and competition with well established brands in traditional markets, even if the niche segment of specialty coffee was opening new market opportunities.

39. The Senior Economist concluded that the trends identified as part of this study would continue to shape the global coffee market in the future. Against the prevailing backdrop of low coffee prices and dwindling farm profits in many producing regions, additional research should help to identify ways to further the sustainable expansion of the coffee sector. For example, a better understanding was required of the potential for and constraints of value

addition in coffee and the reduction and utilization of waste, the impact of climate change on both Arabica- and Robusta-producing regions, and how exporters could position themselves either in the expanding specialty coffee segment in traditional markets, or the volume segment in emerging economies.

40. In response to questions concerning data on the impact also of trade rules, the Executive Director explained that the Secretariat produced periodically reports on obstacles to consumption, but due to the slow pace of changes it was not practical to report on this topic on an annual basis.

41. The Council noted the findings of the report and congratulated the Secretariat for its work. Members emphasized that access to this type of expertise came from joining the Organization and as such these studies should be accessible free of charge to Members, but charged to non-members as a means to diversify income.

Gender equality in the coffee sector (ICC-121-5)

42. This study provided an overview of the extent and determinants of the gender gap in the coffee sector with an emphasis on the agricultural part of the value chain. A review of existing studies showed that women provided up to 70% of labour in cultivating and harvesting coffee while 20-35% of coffee-producing households were headed by female farmers. However, compared to men, women faced constraints in accessing production factors as well as input and output markets, resulting in lower productivity. Public policy responses and private initiatives aimed at women empowerment were being reviewed.

43. The study concluded by suggesting concrete steps how the ICO could promote gender equality and hence contribute to increased productivity and the achievement of the SDGs as follows:

- **Raising awareness about the role of and promoting the higher participation of women in coffee.** Building on this study, the Secretariat would identify case studies of initiatives promoting gender equality and empowering women in the coffee value chain. The collection of best practice case studies would be shared among Members and at policy forums to foster debate and encourage scaling-up of existing initiatives and potential replication in other countries. The case studies would also be promoted as part of the International Coffee Day 2018 campaign.
- **Harnessing public-private partnerships to measure progress towards achieving the SDG of gender equality.** In collaboration with the Global Coffee Platform, the Better Cotton Initiative and the International Cotton Advisory Committee under the umbrella of the Delta Project (see Item 14.1), the ICO

would participate in the development of a measurement framework that would allow interested Member countries and the coffee industry to report the impact of gender-related action in a harmonized way.

- **Reviewing the relation between gender and trends in coffee consumption.** In many countries, women remained less likely to drink coffee than men. Hence, more research was required on the gender preference gap. Changing social norms and consumption habits among the female population could result in additional growth in demand.
- **Ensuring that all development projects and initiatives supported by the ICO aimed to address and provide solutions to reduce the gender gap in the coffee sector.**

44. The Council noted the findings of the study, and welcomed information on the best practice case studies.

Item 11: National coffee policies

45. Dr Emanuele Iyamulemye Niyibigira, Managing Director of the Uganda Coffee Development Authority gave a presentation on the Uganda Coffee Roadmap. Initiated in 2014 and formally launched in 2017, this initiative stemmed from a directive by the President of Uganda to transform the nation's economy by increasing coffee production from 3 million to 20 million bags by 2020, through the following initiatives:

- i. Building structured demand
- ii. Branding Ugandan coffee
- iii. Supporting local coffee businesses
- iv. Strengthening farmer organizations
- v. Supporting joint ventures
- vi. Providing and promoting concessions
- vii. Improving quality of planting materials
- viii. Improving access to quality inputs
- ix. Developing a coffee finance programme.

46. Currently, the expected impact of the roadmap was an increase in production to 20 million bags by 2025-2030, a three to four times improvement in yield, more than 1.5 million householders with improved livelihoods, US\$1.5bn in export earnings per year and US\$1-1.5bn of financing attracted per year.

47. During coffee year 2016/17 production was at 5.2 million bags, with exports at 4.6 million bags, leading to Uganda being placed as the 8th global producer of coffee in 2017 and the 2nd largest coffee producer in Africa. In terms of production, 85% of Ugandan coffee

was now produced by smallholders, the average yield was 0.6t/ha, 3.3% of Uganda’s coffee exports were certified as ‘sustainable’, and the surface area for coffee production was 470,678 ha.

48. In conclusion, the Coffee Roadmap was a key policy initiative for the transformation of Uganda’s economy, promoting new innovative approaches for sustainable coffee production. Mobilizing resources was critical to meet the Presidential directive, along with key partnerships.

49. The Council noted the report.

Item 12: World Coffee Conference

50. The Executive Director reported that during his participation in the India International Coffee Festival in Bengaluru in January 2018, he had met with the Coffee Board of India (the government agency responsible for the coffee sector) and the Indian Coffee Trust (a non-profit organization formed by various stakeholders of the Indian coffee industry) to discuss preparations for the World Coffee Conference in April 2020.

51. He had taken the opportunity to survey several potential sites for the event, and in the coming months a venue, potential speakers and wider logistical details would be confirmed. From his experience, he was confident that India had all the conditions necessary to host a magnificent event.

52. The Council noted the report.

Item 13: Cooperation with other agencies

53. The Council noted that as part of the ICO’s commitment to promoting private-public partnerships in the coffee sector, the Secretariat had been in close contact with several entities, including the Sustainable Coffee Challenge initiative, Global Coffee Platform and African Fine Coffees Association.

*Memorandum of Understanding with Sustainable Coffee Challenge,
under the auspices of the Conservation International Foundation*

54. Members were invited to consider a draft Memorandum of Understanding (MoU) contained in document [WP-Council 287/18](#). Mr Herbert Lust, of Conservation International, explained that the purpose of the MoU was to catalyze investments by government and industry in order to collectively strengthen sustainability across the global coffee sector. Key areas of collaboration included:

- Embracing and promoting the common ‘Sustainability Framework’ in line with the ICO’s strategic objectives and Vision 2030

- Improving the collection, exchange, integration and dissemination of key data on coffee
- Disseminating information, technical expertise and lesson-sharing
- Showcasing and tracking government led sustainability efforts
- Exploring opportunities to develop new income sources for coffee farmers through innovative finance.

55. The Council approved the proposed Memorandum of Understanding between the ICO and Sustainable Coffee Challenge, under the auspices of the Conservation International Foundation². Mr Herbert Lust was then invited to sign the MoU, along with the Executive Director.

Memorandum of Understanding with the Global Coffee Platform

56. The Executive Director of the Global Coffee Platform (GCP), Ms Annette Pensel, was invited to give an update on actions originating from the MoU between the ICO and the Global Coffee Platform, approved and signed in September 2017. This included the Delta Project – a joint initiative between the ICO, GCP, Better Cotton Initiative and the International Cotton Advisory Committee to create a sustainability improvement indicator framework to measure progress towards the Sustainable Development Goals and to trigger the development of value-adding services to farmers from (open) performance data. In terms of moving forward, the following collaborative initiatives were planned:

- Strategic collaboration:
 - ICO observer status in GCP governance
 - Fundraising.
- Sustainability measurement – Delta Project:
 - ICO Members’ Subcommittee.
- ICO participation in collective action networks:
 - Gender and youth: Dissemination of tools and joint webinar on 1 October 2018
 - Climate Smart Agriculture: ICO contribution to mapping of climate initiatives in coffee
 - Economic viability of coffee farming: ICO participation in collaboration with country platforms.
- Joint workshop in September 2018:
 - Inception of Delta Project
- Collaboration on Country Coffee Profiles

² Subsequently published as document [ICC-121-6](#).

- ICO contribution to and participation in Global Coffee Sustainability Conference and Country Platform Exchange: 8-10 November 2018, Brazil, linked to International Coffee Week.

57. Ms Pensel emphasized the need and ability to act now. The Council noted and thanked Ms Pensel for her report.

Memorandum of Understanding with the African Fine Coffees Association

58. The Chair of the African Fine Coffees Association (AFCA), Mr Ishak Lukenge, was invited to give an update on activities as a result of the MoU between the ICO and AFCA, signed in September 2017. Key areas of cooperation included:

- Capacity-building and training initiatives online or onsite
- Reaching out to national institutions in charge of collecting statistical data
- Preparing Country Coffee Profiles on African countries
- Making presentations at AFCA conferences on coffee economics
- Development of coffee-related activities, research, studies and documents
- Design of coffee development projects and initiating joint-fundraising activities
- Encouraging membership of the ICO among African coffee importing countries.

59. Since September 2017:

- The Executive Director and the Chief Economist of the ICO had participated in and presented on coffee economics at the 15th AFCA Conference and Exhibition in February 2018
- AFCA had prepared country coffee profiles on Ethiopia, Kenya, Rwanda, Tanzania and Uganda which were currently at review stage, to be presented at a future Council Session.
- The first statistical workshop for African countries, to be led by the ICO Secretariat, was planned in Kigali, Rwanda in February 2019.

60. The Council noted and thanked Mr Lukenge for his report.

Item 14: Reports by the Chairs of ICO bodies

Item 14.1: Projects Committee

61. The Chair of the Projects Committee reported on the meeting of 10 April 2018. The report was subsequently circulated as document PJ-122/18.

62. The Council noted that the Chief Economist had presented two documents:

- Document [PJ-119/18](#) containing a summary of projects sponsored by the ICO, including projects under implementation, projects already concluded, and one project endorsed by the Council but still seeking funds for implementation.

- Document [PJ-120/18](#) containing a preliminary report on the challenges affecting the coffee sector in selected Central American countries and Mexico based on relevant information provided by Members. The dynamics of the coffee sector in the selected countries of the region and its contribution to their economies were presented, before highlighting the main challenges affecting coffee production. Members were invited to submit any comments in order to update the report.

63. The Committee had recommended for approval by Council a proposal, contained in document [PJ-121/18](#), for the implementation of the Delta Project – a collaborative initiative between the ICO, the Global Coffee Platform, the Better Cotton Initiative and the International Cotton Advisory Committee. The Committee had considered the creation of a subcommittee in order to support and monitor the implementation of the Delta Project, and specifically the assessment of a draft set of sustainability performance indicators. This would be based on a pilot project on the coffee sector in Vietnam.

64. Mr Andrea Illy, Chairman of illycaffè, had provided an update on the Coffee Global Adaptation Plan (C-GAP), an initiative of the private sector to address the threat to coffee production caused by climate change by leveraging impact investment and finance blending. Several Members expressed interest in participating in the initiative.

65. The Executive Director had presented the new ICO Head of Operations, Mr Gerardo Pataconi. Mr Pataconi had then provided a brief overview of the new initiative by the Secretariat to mobilize development partners and funding for technical cooperation and investment projects, with a focus on networking with key international organizations including opportunities offered by the Global Environmental Facility (GEF) at its 7th cycle beginning in July, with a budget of US\$4.4 billion.

66. The Council took note of the report.

Item 14.1.1: Proposal for implementation of the Delta Project

67. The Council approved the implementation of the Delta Project, contained in document [PJ-121/18](#), and the creation of a subcommittee to support its implementation and the assessment of sustainability performance indicators.

Item 14.2: Statistics Committee

68. The Chair of the Statistics Committee reported on the meeting of 11 April 2018. The report was subsequently circulated as SC-84/18.

69. The Council noted that the Chief of the Statistics Section had introduced document [SC-80/18](#) concerning Members' compliance with the Rules on Statistics.

70. The Committee recommended for approval by Council a proposal to amend the Rules on Statistics – Certificates of Origin (document [SC-81/18](#)) received from the National Federation of Coffee Growers of Colombia. Members expressed their support for the proposal, as the change to the ICO Rules provided the necessary flexibility to accommodate changing production patterns in domestic coffee sectors and technical upgrades in export reporting systems used by authorities.

71. The Committee noted document [SC-82/18](#), which comprised a progress report on the establishment of a comprehensive statistical database. The Chief of the Statistics Section explained the methodology and outcomes of a survey that had been implemented to seek the views of Members and other users of ICO statistical data on the relevance of variables collected by the ICO, in addition to ongoing technical analysis of the ICO global coffee database. The results of both activities were informing the modernization of the data management system in order to increase the efficiency in the Secretariat's work and provide better services to Members. A full proposal would be presented at the next Council Session.

72. In response to requests by Members for information on collecting data on production costs, the Committee received presentations from Mr René León-Gómez, Secretary of PROMECAFE, on a study on production costs in Central America, and from Dr Christophe Montagnon, Scientific Director of World Coffee Research, on the Global Coffee Monitoring Program.

73. The Committee recommended for approval by Council the proposal for an ICO Award for Excellence in Coffee-Related Research contained in document [SC-83/18](#) in order to stimulate research and strengthen the ICO's links with academia and the research community.

74. The Council took note of the report.

Item 14.2.1: Changes to Rules on Statistics: Certificates of Origin

75. The Council considered and approved the proposal to amend the Rules on Statistics – Certificates of Origin, contained in document [SC-81/18](#)³, in order to accommodate changing production patterns in domestic coffee sectors and the technical upgrades in export reporting systems by authorities.

Item 14.2.2: ICO Award for Excellence in Coffee-Related Research

76. The Council considered and approved the introduction of an ICO Award for Coffee-Related Research contained in document SC-83/18⁴.

³ Subsequently published as document ICC-102-9 Rev. 1.

⁴ Subsequently published as document ICC-121-7.

Item 14.3: Promotion and Market Development Committee

77. The Chair of the Promotion and Market Development Committee reported on the meeting of 11 April 2018. The report was subsequently circulated as PM-56/18.

78. In order to share lessons on increasing domestic consumption, the Committee had received presentations from Mr René León-Gómez, Secretary of PROMECAFE, on how that organization was using resources from the Special Fund to increase domestic consumption of high quality coffee in the region (Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama and Peru). This was against a background of major challenges for the sector, including low prices versus high costs, climate change, pests and diseases.

79. The Committee had also received a presentation from Mr Keiichi Yokoyama, Chairman of the All Japan Coffee Association (AJCA), on that organization's public relations and coffee promotion activities, including International Coffee Day. In terms of the latest coffee consumption trends in Japan, consumption was at its highest and had grown consecutively over the last four years, overtaking green and black tea. With an ageing society in Japan with fewer children, it was predicted 35% in 2020 and 45% in 2050 of the population would be over 60 years of age. AJCA was therefore looking to see how consumption could be increased among the elderly. Mr Yokoyama pledged that AJCA would continue to promote consumption and the positive effects of coffee, and at the same time asked the producing countries to supply tasty and quality coffee. Members responded very positively to Japan's promotional activities, giving inspiration and ideas to celebrate International Coffee Day in their home countries. Members from exporting countries also pledged support to maintain and build yet closer ties with Japan as an importing country. The Executive Director formally thanked AJCA for its funding and promotional support for International Coffee Day.

80. Mr Gerardo Pataconi, the Head of Operations of the ICO, had presented the proposal to focus on Women in Coffee as the theme for the International Coffee Day 2018 campaign. The theme was chosen because of the growing importance of women in coffee, from bean to cup, empowering women to achieve gender equality and increase productivity, supply and sustainable consumption. The campaign package, to be used also to support Member activity, would consist of a number of promotional tools including ICD video, website, social media campaign, photo competition, events and media activity. The Committee gave its full support to the proposal.

81. The Council took note of the report.

Item 14.4: Private Sector Consultative Board (PSCB)

82. The Chair of the Private Sector Consultative Board reported on the meeting of 11 April 2018. The report was subsequently circulated as PSCB-156/18.

83. Ms Kellem Emanuele, President of the International Women’s Coffee Alliance (IWCA), had given a very informative presentation on coffee and gender and the role played by the IWCA. Members had expressed their strong support to the work of the IWCA.

84. Mr Herbert Lust, Vice-President and Managing Director (Europe) at Conservation International, had given a detailed presentation on the Sustainable Coffee Challenge initiative, which aimed to achieve the goal of coffee as a sustainable product by 2045. Members had expressed support for the initiative.

85. Mr Joseph Kimemia, Vice-Chair of the African Fine Coffees Association (AFCA), had reported on developments relating to the African private sector coffee market. AFCA now had 12 members and was interested in furthering its collaboration with the ICO as set out in its Memorandum of Understanding, signed in September 2017.

86. Mrs Lucy Fu, Secretary General of the China Coffee Association, had also presented on the latest developments in the coffee industry in China. In response to calls for China to become a Member of the ICO, the Executive Director reported on a recent mission to China attending the 1st Specialty Coffee Expo in Pu'er City, Yunnan Province. The representative of the Yunnan Coffee Exchange, also in attendance, had indicated that they were liaising with the Ministry of Commerce on the future membership of China.

87. The Council took note of the report.

Item 14.5: Core Group for the Consultative Forum

88. In the absence of the Chair, the Vice-Chair of the Core Group reported on the meeting of 11 April 2018. The report was subsequently circulated as CG-33/18.

89. The Core Group recommended for approval by Council the proposal for the 8th Consultative Forum to be held on 19 September 2018 in London during the 122nd Session of the International Coffee Council, as presented in document [CG-32/18](#). The suggested theme of the 8th edition of the Forum was ‘Harnessing technology and innovation for investments in the coffee sector’, and proposed that participants of the Forum would explore how digital technologies and new financing instruments could improve growers’ access to finance. To encourage knowledge sharing and learning from other sectors it was suggested a wide array of speakers be invited from technology firms, the financial sector and coffee institutions. To support the organization of an ambitious event, the Secretariat also proposed to explore sponsorship for the event and to charge a registration fee with three free places allocated to each Member.

90. Members also recommended for approval by Council the nomination of Dr Ralph De Haas, Director of Research at the European Bank for Reconstruction and Development, as the fourth advisor to the Core Group, in line with the Terms of Reference of the Core Group. While three advisors had been appointed during the previous meeting (Ms Nancy Cheruyiot – FAST, Mr Silas Brasileiro – Conselho Nacional do Café, Brazil, and Mr Nicolas Tamari – Sucafina S.A.), the post of fourth advisor was still vacant. Dr De Haas was an expert in development economics, small-business and micro-finance as well as gender aspects of finance.

91. The Council took note of the report.

Item 14.5.1: Appointment of the fourth advisor to the Core group

92. The Council endorsed the appointment of Dr Ralph De Haas as fourth advisor to the Core Group.

Item 14.5.2: Proposal for the 8th Consultative Forum on Coffee Sector Finance

93. The Council considered and approved the proposal for the 8th Consultative Forum on Coffee Sector Finance to have the theme ‘Harnessing technology and innovation for investments in the coffee sector’, to explore how digital technologies and new financing instruments could improve grower’s access to finance.

Item 15: Financial and administrative matters

Item 15.1: Finance and Administration Committee

94. The Chair of the Finance and Administration Committee reported on the meeting of 10 April 2018. The report was subsequently circulated as FA-180/18.

95. The Head of Finance and Administration had reported that income for the first five months of the year showed a surplus of £5,670 overall, due to Venezuela becoming a Member of the Organization. Expenditure for the first five months had shown a positive variance of £145,970 due to savings in personnel as a result of the timing of new staff joining the Organization, a lower than expected travel schedule by members of the Secretariat and computer-related costs which would be reversed in the latter part of the year. The net result of this was an overall surplus of £151,640 above what might have been expected from the Budget. One member had questioned the recoverability of contributions and requested this be reflected in future reports of the financial situation.

96. The Head of Finance and Administration had introduced document [FA-170/18](#), the audited accounts of the Administrative Fund. There had been a decrease in income of £143,183 from the previous year, mostly due to the current premises not offering the opportunity for generating income through the rental of conference facilities. Total

expenditure was less by £120,103 when compared to the previous year, due above all to savings in terms of personnel. Overall expenditure was also £176,706 less than the Budget: again, due to savings in personnel, premises and Council meetings, although this had been partially offset by a negative variance in legal costs. The Committee had also noted the movements in Reserves. The overall increase in the Reserve Fund had amounted to £39,256. One Member requested clarification on the qualification of accounts by the auditors. The Head of Finance and Administration explained that the accounts had been qualified due to the question of recoverability of persistent outstanding contributions by some Members. He explained that this would be addressed by the reclassification of these debts under international accounting standards and reflected as such in future presentations of the accounts of the Organization. The Committee had recommended the audited accounts of the Administrative Fund for approval by Council.

97. The Committee had also examined the audited Accounts of the Special Fund contained in document [FA-171/18](#). The main movement was the release of funds to PROMECAFE for the Latin American region, which had reduced the balance by one third. The balance with the bank now stood at US\$923,872. The Committee decided to recommend the accounts of the Special Fund and Report of the Auditors for approval by the exporting Members.

98. Finally, the Committee reviewed the unaudited accounts of the Promotion Fund set out in document [FA-172/18](#) which remained with a small cash balance of US\$1,119.

99. The Head of Finance and Administration had introduced the draft Budget contained in document FA-173/18. The withdrawal of the United States posed significant implications to the budget and in particular to importing Members. The Committee had deliberated on the various scenarios presented and a discussion ensued on the impact this might have on the Secretariat and the possible deterioration of core services to Members. After considerable discussion, it was agreed that the Secretariat would provide further information as to the impact of various budget scenarios on the essential services it provided to the Members and would prepare alternative budgets based on its analysis. Further information provided by the Secretariat and discussed during the week, would allow importing Members to seek clarity from their respective capitals on the possibility of increasing their contributions based on the revised budget scenarios. The outcomes of these consultations would be discussed at the Committee's next intersessional meeting in May, with the understanding that a budget would need to be adopted in September 2018.

100. The Head of Finance and Administration had also reported on the late payment of contributions, as a result of which Members expressed concern about the deterioration in the prompt payment of contributions and the current level of outstanding contributions. This had a serious effect not only on the ICO's general finances, but on its liquidity.

101. The Head of Finance and Administration had introduced document [FA-175/18](#) relating to salaries and Provident Fund contributions for staff in the Professional and higher categories. Both had been revised by the International Maritime Organization. The revised salary scale was on the 'no loss – no gain' basis and would involve no additional cost to the Organization. The changes to Provident Fund contributions would involve an increase of 1.46%, and would cost the ICO £2,600 and could be met in the current year's Budget. The Committee agreed to recommend approval of the Salary Scales and basis for contributions to the Provident Fund to the Council.

102. The Head of Finance and Administration had introduced documents [FA-176/18](#) relating to the Education Grant for staff in the professional and higher categories. The cost of the Education Grant under the new scheme would not require additional funds from this year's budget. The Committee agreed to recommend the proposed revision of the Education Grant for approval by Council.

103. The Senior Economist had introduced document [FA-179/18](#) outlining the key elements and benefits of the establishment of a Coffee Sustainability Projects Trust Fund (CSP-TF). The purpose of the Trust Fund was to meet the challenges of the coffee sector, and of smallholder farmers in particular, by sensitizing potential donors and mobilizing adequate financial, technological and human resources. The Committee agreed to recommend the creation of the Coffee Sustainability Projects Trust Fund for approval by Council.

104. The Executive Director had introduced document [ED-2263/18](#) outlining a letter from Costa Rica and Guatemala seeking financial support to part-fund the implementation of the study on Economic and Policy Analysis for Improving Smallholder Coffee Producers' Incomes. The Committee agreed that an amount of £13,500 be recommended for approval to the Council. This amount would be taken from the funds allocated to the Programme of Activities for coffee year 2017/18 to partially fund the study.

105. The Executive Director had introduced document [FA-177/18](#) containing a reporting framework for the Five-Year Action Plan and Programme of Activities. The Committee reviewed and approved the proposed framework. The Secretariat would provide the baseline data and key performance indicators for this framework at its next intersessional meeting.

106. The Executive Director had updated the Committee of the review as to whether there should be a consolidation of advisory bodies. After discussion, the Committee agreed that the Secretariat would carry out further work and report at its next meeting.

107. The Council took note of the report and of the date for the next intersessional meeting of the Finance and Administration Committee which is scheduled for 31 May 2018.

Item 15.2: Administrative Accounts of the Organization for the financial year 2016/17 and Report of the Auditors

108. The Council considered and approved the Administrative Accounts of the Organization and Report of the Auditors contained in document FA-170/18.

Item 15.3: Revision of salary scales and the basis for contributions to the Provident Fund

109. The Council considered and approved the proposed revision of salary scales and the basis for contributions to the Provident Fund for staff in the Professional and higher categories contained in document FA-175/18.

Item 15.4: Revision of Education Grant

110. The Council considered and approved the revision of the Education Grant contained in document FA-176/18.

Item 15.5: Establishment of the Coffee Sustainability Projects Trust Fund

111. The Council considered and approved the establishment of a Coffee Sustainability Projects Trust Fund contained in document FA-179/18.

Item 15.6: Proposal from Costa Rica and Guatemala requesting ICO support for funding of specialized study to improve the income of smallholders

112. The Council considered and approved the request for ICO support to part-fund a specialized study on improving the income of smallholders, which would be paid through the Colombian Coffee Federation Inc., which was coordinating the production of the study on behalf of the World Coffee Producers' Forum. This decision was subsequently published as [ICC Resolution 463](#), a copy of which is attached to these Decisions.

Item 16: Special Fund

113. The Council noted that currently resources from the Special Fund had only been allocated to PROMECAFE, and the project was due to conclude in 2019. Members from the African and Asian producing countries confirmed that their respective groups would meet in order to identify projects to submit for consideration at the September meeting.

Item 17: Implementing the Action Plan

114. The Executive Director introduced the idea of an annual theme to guide the work of the Organization, which would allow a streamlining of existing resources and also achieve synergies between the Secretariat's functions.

115. A theme-based approach would enable the ICO to establish itself as an agenda-setting organization in the coffee sector, conduct evidence-based advocacy for coffee across political forums, unlock finance for coffee sector development projects and align the ICO strategy with the 2030 Agenda for Sustainable Development and reporting cycle.

116. To support this proposal, an ICO Flagship Report would reflect the chosen annual theme, providing an analytical underpinning for the key messages delivered by the Organization. This report would be prepared in collaboration with academics at leading research institutions and provide more in-depth analysis and information for Members. The annual theme would also be reflected in at least one of the regular ICO events, such as topical seminars held during the week of Council meetings, or the Consultative Forum on Coffee Sector Finance. Projects would also be informed by the findings from the Flagship Report and specific attention would be given to the development of project proposals reflecting the agreed theme.

117. Increased communication and engagement with Members and wider stakeholders would also reflect the theme, in addition to the annual International Coffee Day campaign and strapline. In terms of governance structure, the annual theme would also stimulate a stronger focus for Committee work and Council Sessions.

118. To support effective governance and closer communication with Members, particularly in between meetings of the Council, it was also proposed that a Permanent Secretary from the ICO staff would be assigned to each Committee/Board.

119. The proposed thematic focus was as follows:

Coffee year	Theme
2017/18	Gender equality
2018/19	Climate change
2019/20	Innovation & technology
2020/21	Productivity & profitability
2021/22	TBC

120. The Council approved the introduction of an annual theme for the ICO's work and Members commended the Executive Director and Secretariat for its innovative and dynamic approach.

Item 18: Other business

121. On behalf of the Council, the Chair gave a vote of thanks to the Government of Mexico for hosting the 121st Session of the International Coffee Council and associated meetings. The Council then noted some closing remarks from Senator Ismael Hernández Deras – President of the National Farmers’ Confederation in Mexico, Ms Vera Espíndola Rafael – Chair of the Organizing Committee, and the Executive Director.

Item 19: Future meetings

122. The Council noted that the 122nd Session would take place from 17-21 September 2018 at the International Maritime Organization in London.

123. In order to establish closer relations with Members, the Five-Year Action Plan recommended that the Council meet periodically in Member countries. Following an invitation put forward by Kenya, the Council agreed that the 123rd Session would take place from 8 to 12 April 2019 in Nairobi. The Council also noted that the 124th Session of Council was scheduled to take place from 23 to 27 September 2019 in London.

124. In response to concerns raised by some Members that meetings hosted in Member countries was resulting in a reduction in delegate numbers, the Executive Director confirmed that this would be reviewed.

125. Members expressed their gratitude to the host country, the Executive Director and staff for such a professional event. It was recognized that the ICO was going through a process of transformation, and as an Organization, it had the full support of its Members.



**INTERNATIONAL
COFFEE
ORGANIZATION**

ICC Resolution 462

12 April 2018
Original: English

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International Coffee Council

121st Session
9 – 13 April 2018
Mexico City, Mexico

Resolution number 462

APPROVED AT THE SECOND PLENARY MEETING,
12 APRIL 2018

**INVITATION TO THE UNITED STATES OF AMERICA
TO RECONSIDER ITS DECISION TO WITHDRAW FROM
THE INTERNATIONAL COFFEE AGREEMENT 2007**

WHEREAS:

The Governments Party to the International Coffee Agreement 2007,

Acknowledge that the United States of America was one of the driving forces behind the foundation of the International Coffee Organization (ICO) in 1962 and has played an active role in the development of the ICO by its participation in the International Coffee Agreements of 1968, 1976, 1983, 2001 and 2007;

Acknowledge with regret and disappointment that the United States of America has recently notified the ICO of its decision to withdraw from the International Coffee Agreement 2007;

Further acknowledge that the goals of the International Coffee Agreement 2007 are fully aligned and contribute to the implementation of the 2030 Agenda and Sustainable Development Goals (SDGs) to eradicate poverty;

Recognize the exceptional importance of coffee to the economies of producing countries largely dependent upon this commodity for employment and export earnings, and for their continued social and economic development;

Recognize that the United States of America is the largest consumer of coffee in the world, and that coffee has an annual economic impact in the USA exceeding US\$225 billion, while generating more than 1.6 million jobs;

Recognize the importance of the coffee value chain, which contributes to the livelihoods of more than 100 million people all over the world, many of which are smallholder farmers;

Recognize that the sustainable development of the coffee sector helps to reduce migration to urban areas and abroad;

Acknowledge that the associations representing the coffee sector in the United States of America, namely the National Coffee Association and the Specialty Coffee Association, support the continued membership of the United States of America within the International Coffee Organization,

THE INTERNATIONAL COFFEE COUNCIL

RESOLVES:

1. To request the United States of America to reconsider its decision to withdraw from the International Coffee Agreement 2007.
2. To ask Member Governments and respective private sector associations to encourage the United States of America to continue to be a Member of the International Coffee Organization.
3. To request the Executive Director, in coordination with Member countries to contact government officials in the United States of America to inform them of the contents of this Resolution and to provide them with all possible information and assistance concerning continued membership of the International Coffee Organization.
4. To request the Executive Director to report to the next Session of the International Coffee Council on the progress of actions requested in paragraphs 1-3 above.



**INTERNATIONAL
COFFEE
ORGANIZATION**

ICC Resolution 463

13 April 2018

Original: English

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International Coffee Council

121st Session

9 to 13 April 2018

Mexico City, Mexico

Resolution number 463

APPROVED AT THE THIRD PLENARY MEETING,
13 APRIL 2018

**ALLOCATION OF £13,500, FROM THE PROGRAMME OF ACTIVITIES
FOR COFFEE YEAR 2017/18 TO PART-FUND THE IMPLEMENTATION OF THE STUDY
ON ECONOMIC AND POLICY ANALYSIS FOR IMPROVING
SMALLHOLDER COFFEE PRODUCERS' INCOMES**

WHEREAS:

Bearing in mind the views expressed at the 1st World Coffee Producers Forum held in the city of Medellin, Colombia, in July 2017 on the sustainability of coffee production, particularly in economic terms;

Considering the need to address the critical situation facing coffee prices and identifying options that may bring about changes in the current difficult circumstances;

Noting the information submitted by Costa Rica and Guatemala in document ED-2263/18 to support a study on improving the income of smallholders. The main objective of the study will be to assess ways to increase incomes and economic sustainability for small coffee producers, by analysing historical price movements and trends along the coffee value chain, reviewing future pricing and supply/demand prospects, and examining various policies and other possible solutions that could help augment income. The total cost of the study amounts to US\$190,000 over a projected implementation period of 12 months;

Recognizing the exceptional importance of coffee to the economies of producing countries largely dependent upon this commodity for employment and export earnings, and for their continued social and economic development,

RESOLVES:

1. To recognize that the serious situation facing coffee prices is a major factor in the prevailing critical situation of the world coffee market.
2. To request the Executive Director of the ICO to assign the amount of £13,500 to part-fund the implementation of the study being conducted by Prof. Jeffrey Sachs: Economic and Policy Analysis for Improving Smallholder Coffee Producers' Incomes. This amount should be taken from the funds allocated to the Programme of Activities for coffee year 2017/18.