



**Report of the 12th Meeting of the Working
Group on the Future of the International
Coffee Agreement
6 April 2021**

Item 1:	Adoption of Agenda	2
Item 2:	Report of the 11th meeting of the WGFA held on 9 March 2021	2
Item 3:	Scenarios on different methods for calculation	2
Item 4:	International Coffee Agreement	5
Item 4.1:	Draft of the new International Coffee Agreement	5
Item 4.2:	Communication from the Chair of the Private Sector Consultative Board	6
Item 5:	Timetable for future WGFA meetings	6
Item 6:	Next Steps	7
Item 7:	Other business	7
Item 8:	Date of the next meeting	7

1. The Working Group on the Future of the International Coffee Agreement (WGFA) met for the twelfth time on 6 April 2021. The Chair, Ms Stefanie Küng, of Switzerland, welcomed all participants and thanked the delegates for their presence.

2. Representatives of the following Members were present online using the Zoom software: Angola, Brazil, Colombia, Costa Rica, Côte d'Ivoire, Cuba, Democratic Republic of Congo, Ecuador, El Salvador, the European Union, Honduras, India, Indonesia, Japan, Kenya, Madagascar, Mexico, Nicaragua, Panama, Papua New Guinea, Peru, Russian Federation, Switzerland, Viet Nam, and Yemen. Associations - Global Coffee Platform (GCP) and InterAfrican Coffee Organisation (IACO).

Item 1: Adoption of the Agenda

3. The agenda contained in [\(WGFA-55/21 Rev. 1\)](#) was adopted.

Item 2: Report of the 11th meeting of the Working group held on 9 March 2021

4. The Chair presented a summary of the report of the last meeting contained in document [WGFA-54/21](#).

5. The Working Group took note of the report.

Item 3: Scenarios based on different methods for the calculation of votes (Article 12 and 13 of ICA 2007) and contributions (Article 20 of ICA 2007) under a new Agreement

6. The Chair invited the Head of Operations to present the scenarios contained in document [WGFA-53/21 Rev. 2](#), which had been circulated to Members in preparation for this meeting. The Chair invited the Executive Director and then Members to present their comments.

7. The Executive Director reminded Members that, under the current Agreement, contributions were based on the number of votes. In the case that votes and contributions were calculated separately under a new Agreement, this direct link between the number of votes and the contributions would cease to exist.

8. The delegate for Brazil expressed a preference for the scenario using 'total volume of trade' in the calculation of contributions and 'one country one vote' in the calculation of votes, since this would take into account the re-exports of processed coffee by importing Members and would guarantee equal voting power to each Member.

9. The delegate for Colombia requested clarification concerning whether the scenario containing a mixed system of value and volume took into account the value of all forms of coffee or only green coffee.

10. The Executive Director clarified that calculation of value took into account all forms of coffee, including processed coffee.

11. The delegate for the European Union expressed the need to consult all EU Member States to discuss the implications of changing the voting system under a new Agreement. He believed that maintaining a link between votes and contributions was important and that such a system could be adjusted to avoid having one country or group of countries achieve a dominant position in the voting system.

12. The Chair remarked that the purpose of the meeting was to undertake discussions and narrow down the possible options. The delegates were not therefore expected to respond to all the questions concerning the votes and contributions system in this meeting.

13. The delegate for Brazil stated that the Organization should not be polarized between importing and exporting Members.

14. The Head of Operations clarified that in the current Agreement, Article 12 is related to the distribution of votes while Article 20 is related to the determination of assessed contributions. Delegates had the option to modify these articles separately.

15. The delegate for Mexico stated that his country was in favour of equal participation between importing and exporting Members for votes and supported a system of calculation of contributions based on the value of exports.

16. The delegate for Colombia expressed support for the differentiation between importing and exporting Members, but was also willing to explore the option of 'one country, one vote' proposed by the Brazilian delegation before reaching a decision.

17. The Executive Director noted that the International Cotton Advisory Committee (ICAC) worked on a 'one member, one vote' principle and that their method of calculation of contributions was a hybrid, in which a portion of the budget (40%) was distributed equally among Members and the remaining portion was distributed pro-rata according to trade (the sum of exports and imports). He remarked that as votes were distributed equally under this system, a significant proportion of the budget was also distributed equally. The practical implications of adopting this system in the ICO would be that smaller countries would see increases in both their voting power and contributions.

18. The delegate for Kenya highlighted the importance of agreeing on a system that assured that Member countries would be able to pay their due contributions. He also remarked that it would be beneficial for the ICO's financial sustainability to diversify the fundings of its activities by raising funds from the private sector.

19. The delegate for Japan expressed a preference for maintaining the current method of calculation of votes and contributions, as well as the distinction between importing and exporting Members.

20. The delegate for Brazil commented that in the current contributions system if the United States would join the Organization, the contribution of other importing countries would be reduced and this would not be beneficial to the ICO. He also reiterated the importance of reaching a 'fair' system in the new Agreement.

21. The delegate for the European Union suggested exploring in depth the three following scenarios:

- i. 'De-linking' votes and contributions with a 'one country, one vote system and a mixed contribution system took into account both value and volume of trade;
- ii. 'De-linking' votes and contribution, while maintaining the current proportions of votes in the voting system; and
- iii. Keeping the link between votes and contributions with a mixed contribution system that took into account both value and volume in trade.

22. The Chair agreed to narrow down options in order to provide a clearer representation of the consequences of each scenario.

23. The delegate for Viet Nam expressed a preference for changing the way in which contributions were calculated, while maintaining the current voting system.

24. The delegate for Nicaragua underlined the importance of assessing the practicalities of each scenario to make a decision. For instance, she expressed a preference for the option of having a ‘one country, one vote’ system, but added that this would be no longer preferable if Nicaragua’s contribution would increase too much under this scenario.

25. The delegate for Honduras agreed on the need to explore the three scenarios before reaching a decision.

26. The Chair of the Working Group, in her role as the delegate of Switzerland, stated that Switzerland supported a more balanced contributions system and was disposed to pay a higher amount. The Swiss delegation recognized the problematic nature of having the EU and Switzerland holding the majority of votes in the ICO under certain scenarios.

27. The delegate from Madagascar highlighted the importance of not losing sight of fairness and equity in terms of financial contribution.

28. The Chair noted the statement from Madagascar and invited the Secretariat to outline three concrete scenarios for the calculation of votes and contributions under a new Agreement.

Item 4: International Coffee Agreement

29. The Chair invited the Executive Director to present the draft of the new International Coffee Agreement contained in the document [WGFA 56-21](#).

Item 4.1: Draft of the new International Coffee Agreement

30. The Chair stated that, as a result of internal consultations with the ICO Secretariat, the desirability to create a drafting group to narrow down the proposals of the new ICA had been identified. She suggested that this group be composed of twelve representatives from exporting Members and four representatives from importing Members.

31. An online opinion poll was conducted to establish the overall sentiment of the delegates present regarding the establishment of this drafting group. Delegates were asked the question “In your opinion, would it be a good idea to set up a small drafting group to narrow down the proposals of the new ICA?”.

32. The overwhelming majority of participants (84%) answered positively.
33. The delegate for Japan stated he had no mandate to accept the proposal of establishing a drafting group.
34. The Chair informed that no actual decisions would be made in the drafting group and invited Japan to consult with its capital and inform the ICO.

Item 4.2: Communication from the Chair of the Private Sector Consultative Board (PSCB)

35. The Chair invited the Chair of the PSCB to comment on his communication contained in document [WGFA_57-21](#) which had been circulated to Members in preparation of this meeting.
36. The Chair of the PSCB invited Members to read the paper, which contained a proposal to institute a bicameral structure within the ICO, and proposed to open a discussion in the smaller drafting group and at one of the upcoming WGFA meetings.
37. The delegate for Papua New Guinea expressed concern that a bicameral structure might lead to a situation in which the two bodies competed with each other and highlighted the importance of integrating both chambers to guarantee harmonious cooperation.
38. The Chair of the PSCB commented that, although checks and balances were required to preserve the intergovernmental nature of the Organization, the private sector must be given more than a purely consultative role.
39. The delegate for Brazil was of the opinion that the private sector should sit in the plenary with the right to speak but should not have voting rights.
40. The Chair invited comments, then moved on to Agenda Item 5.

Item 5: Timetable for future WGFA meetings

41. The Chair asked the delegates to consider the following dates for WGFA meetings:
 - 6 May 2021 (to be moved to 11 May 2021)
 - 10 June 2021
 - 8 July 2021
 - 5 August 2021
 - 6 September 2021

42. The delegate for Japan requested to move the 6 May meeting to the following week due to national holidays.

43. The Chair requested the Secretariat to send to the Members a confirmation for holding the next WGFA meeting on 11 May 2021.

Item 6: Next steps

44. The Chair summarized the agreed next steps. She noted that the Secretariat would wait for Japan's confirmation regarding the setting up of the subgroup for drafting the proposals. If Japan provided consensus, the spokespersons of the importing and exporting groups would suggest twelve delegates from exporting Members and four delegates from importing Members to take part in the drafting group. The deadline to present suggested delegates would be 14 April 2021.

45. In order to facilitate the work of the drafting group, the Executive Director recommended that the Secretariat should review the results of the analysis of the four pillars of the Agreement and ask Members who had been charged with proposing new wording to put forward their suggestions.

46. Delegates agreed with the proposal of the Executive Director.

47. The Chair mentioned that the Secretariat had made contact with the legal team of UNCTAD to seek advice and inputs on the process of revising a commodity trade treaty. She anticipated that further information would be presented at the next WGFA meeting.

48. The Chair invited comments, then asked the Secretariat to note the next steps.

Item 7: Other business

49. No requests for Other Business were made.

Item 8: Date of next meeting

50. The Executive Director noted that the next WGFA Meeting could be held on Thursday 11th of May 2021, pending confirmation from the Secretariat.