



**INTERNATIONAL
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**Report of the 17th Meeting of the Working
Group on the Future of the International
Coffee Agreement held on 6 September
2021**

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

1. Representatives of the following Members were present online using the Zoom software: Brazil, Cameroon, Colombia, Costa Rica, Côte d'Ivoire, Congo Dem. Rep., El Salvador, European Union (France, Germany, Sweden), Honduras, India, Indonesia, Japan, Mexico, Nicaragua, Papua New Guinea, Peru, Philippines, Russian Federation, Switzerland, Togo, and Vietnam.

Item 1: Adoption of the Agenda

1. The agenda contained in [WGFA 73/21](#) was adopted.

Item 2: Report of the 16th meeting of the Working Group held on 5 August 2021

2. The Chair presented the report of the previous meeting, contained in document [WGFA-72/21](#).

3. The Working Group took note of the report.

Item 3: Role of the Private Sector

4. The Chair recalled that Members had jointly agreed on the importance of integrating and granting representation within the ICO governance not only to the private sector but also to civil society during the previous meetings of the WGFA. Based on discussions and valuable inputs provided by Members on the possible modalities of participation of the private and third sectors, the Secretariat had been requested to present draft proposals in this sense.

5. The Head of Operations presented the proposals contained in document [WGFA 74/21](#) which mainly focused on:

- The definition of Civil Society, Private Sector and Affiliate Member.
- The principle of affiliation and the creation of a Board of Affiliate Members.
- The structure of and modalities of accession to the Board of Affiliate Members.
- The integration of the Coffee Public-Private Task Force in the new ICA.

6. With reference to the payment of contributions by Affiliate Members, the delegate of the Russian Federation asked the Secretariat to share examples of similar circumstances within other international organizations, while also questioning Affiliate Members' willingness to pay any fee if this would not translate into a legitimate right to vote within the ICO.

7. The Executive Director specified that the Secretariat had purposefully omitted any specific structure for payments of contributions in the draft proposals to maintain a certain degree of flexibility in this sense within the new ICA; he added that the definition of the most appropriate system for payments by Affiliate Members would be a task to be carried out by the Council itself at a later stage.

8. The delegate of Brazil supported the proposal presented by the Head of Operations and echoed the Secretariat in affirming that the new International Coffee Agreement should only provide a general framework for the participation of the private sector and civil society in the governance of the ICO, while details of their integration should be a topic for subsequent discussions within the Council.

9. The delegate of the European Union congratulated the work of the Secretariat and highlighted the importance of clearly defining which benefits and advantages would derive from each membership category and related contributions, in order to avoid any kind of imbalance among Affiliate Members. He also suggested the role of other international organizations within the new ICO structure could be better clarified.

10. With reference to the new ICO structure, the delegate of Colombia stressed the importance of defining a comprehensive agenda to attract the interest of the private sector as well as the key role Member States should play in the identification of relevant topics for the whole coffee sector.

11. The delegate of Japan expressed the need to further examine the text of the draft proposal and informed that amendments would be submitted after the meeting.

12. The delegate of Mexico emphasized the importance of specifying in the text the accession to the Board of Affiliate Members would be allowed only upon the nomination by one of the Member States and after approval of the Council.

13. With regard to the intervention by the delegate of the EU, the Executive Director specified that Article 15 of the ICA already contained definitions on the role of and cooperation with other international organizations and proposed to maintain this wording.

14. Furthermore, the Executive Director noted that no decision had been reached on whether Affiliate Membership should be restricted to entities such as trade associations or whether private companies should also be included.

Item 4: Draft of the International Coffee Agreement 2021: Preamble

15. The Chair noted that the Drafting Group met on 19 August to start examining the draft text of the new International Coffee Agreement (ICA) and had reviewed the Preamble of the new ICA, whose draft text was contained in document [WGFA-75/21](#).

16. The Executive Director summarized the discussion held and the modalities of the work carried out within the Drafting Group, informing the text of the Preamble was divided into 9 excerpts. Of these, excerpts 2, 5, 6, 7 and 9 had not received any comment from the Drafting Group, while excerpts 1, 3, 4 and 8 were all further discussed.

17. With reference to excerpt 1, the European Union proposed a draft text for further discussion.

18. The delegate of Japan asked for clarifications to better understand the references to importing Members in the text proposed by the European Union.

19. The delegate of Colombia suggested the text should not refer to coffee as a commodity, given the efforts being made by many producers to improve quality and specialties of the product. He also stressed that including the wording proposed by the European Union could take away the focus from the needs of exporting Members.

20. The delegate of the European Union agreed with the delegates of Japan and Colombia on the points raised in paragraphs 18 and 19, but also stressed the evolution of the ICO's mandate and objectives since its creation, highlighting that the Organization no longer focused solely on the development of exporting Members but also on issues concerning the coffee value chain as a whole.

21. The Chair proposed that the delegates of Colombia and the European Union should work together on a mutually agreeable wording for excerpt 1.

22. With reference to excerpt 3, Colombia proposed an additional paragraph. The Chair requested that the Secretariat, together with Colombia and Papua New Guinea, collaborate on the text of the proposal.

23. With reference to excerpt 4, the Executive Director noted the Drafting Group suggested removing any mention to specific Sustainable Development Goals, in order to maintain only a general reference to all of them.

24. Further on paragraph 23, the delegate of Japan requested the word “relevant” to be added before “Sustainable Development Goals” as per agreement reached within the Drafting Group.

25. With reference to excerpt 8, the Delegate of Colombia and the delegate of Mexico shared a similar position on the need to maintain specific references to “market transparency”, “mitigation of price volatility”, “physical market for coffee” and “participation of investment funds” in the text.

26. The delegate of the European Union acknowledged the importance of the concerns raised by the delegates of Colombia and Mexico, while nonetheless pointing out the risk of affecting the general nature of the Preamble if mentions of specific issues were to be added.

27. In this regard, the Executive Director suggested to maintain general language in the Preamble and to insert specific references to the points mentioned by Colombia and Mexico in Article 1 ‘Objectives’.

28. Delegates of Colombia and Mexico accepted the suggestion made by the Executive Director and will work together with the Secretariat and Costa Rica in order to identify appropriate wording for excerpt 8 of the Preamble.

29. The delegate of Japan informed that a draft proposal on the wording of excerpt 8 would be submitted to the Secretariat.

Item 5: Votes and contributions

30. The Chair recalled the consensus reached to use option V1.3 for votes – a mix of 50% value and 50% volume of exports or imports while maintaining the existing 50%-50% split between exporting and importing Members; and to use option C2.3 for contributions.

31. The Chair noted the Secretariat had been requested to present draft proposals on the pending issues regarding votes and contributions, namely:

- a) Systems regarding accession and withdrawal of Members and their impact on the budget.
- b) Transitional arrangements.

32. With reference to the pending issue a), the Executive Director noted the priority was to understand how to mitigate the negative impacts on the budget in case of withdrawals of Members and how to maximize the positive impacts on the budget in case of accessions of new Members.

33. In this sense, the Executive Director stressed that the current system doubled the negative effect of withdrawals, since any reduction in contributions of one category of Members (Exporting or Importing) must be matched by an equal reduction in the contributions of the other category. He also pointed out the positive effect on the budget in case of accession of new Members was limited only to the year in which the accession occurred.

34. The Executive Director then explained the positive impacts of Outcome 2.3 for contributions as:

- Abolishment of the distinction between exporting and importing Members for calculation of contributions.
- In cases of withdrawal, elimination of the “doubling” effect.
- In cases of accession, eventual reductions in contributions would be shared among all Members, not just those in the same category as the new Member.
- In cases of redistribution of votes and contributions according to Resolution 470, the burden would be shared among all Members, not just those in the same category as the suspended Member(s).

35. The Executive Director noted that in order to preserve the gains deriving from the accession of a new Member the link between the budget and contributions would need to be broken; consequently, minimum contributions would need to be set first and then the budget would be adjusted accordingly. This would also mean the overall level of contributions would permanently increase upon accession of a new Member.

36. Since the system resulting from Outcome 2.3 lacked precedents within other international organizations and would contradict the principles of budgeting, the Secretariat proposed that Members who benefited from the accession of a new Member should commit to voluntary contributions to the ICO Trust Fund.

37. With reference to pending issue b), the Secretariat proposed that Members who would benefit from the change in the methodology of calculation of contributions commit to voluntary contributions to the ICO Trust Fund.

38. The delegate of the European Union informed that further discussion among the EU Member States on contributions and on the potential benefits deriving from delinking votes and contributions were still required.

39. The delegate of Colombia expressed the need to further examine the proposal made before taking any position.

40. The delegate of Japan confirmed his openness to consider any transitional measures that could temporarily reduce the impact on exporting Members in terms of contributions. However, considering that the resources allocated to the ICO Trust Fund had no clear conditions of use, Japan would not be in the position to accept the proposal of the Secretariat.

41. The delegate of Switzerland informed her capital was still considering the options available regarding contributions and confirmed a provisional preference, in principle, for option C2.3.

42. The delegate of Brazil invited the delegates of the European Union and Switzerland to invest all the effort needed in order to reach consensus on the benefits of option C2.3.

43. With reference to contributions, the Secretariat confirmed its availability to provide Members with all assistance and information required by their capitals in order to better understand the benefits of the options under evaluation.

Item 6: Next steps

44. On the role of the private sector, the Chair noted Members' general consensus on the proposal presented and the fact some delegations would revert with a clear position in this sense after further discussion with their capitals.

45. With reference to the draft of the International Coffee Agreement, the Chair informed that the Drafting Group would continue reviewing the rest of the Agreement, more specifically, Pillars A and B, and then submit the results of its discussions to the WGFA.

46. On votes and contributions, the Chair felt that Members needed further discussion of their positions with their capitals before any final decision. This subject would be taken up again during the next meeting of the WGFA.

Item 7: Other business

47. No additional requests for other business were made.

Item 8: Date of next meeting

48. The Chair noted that the next WGFA Meeting would be held on 21 October 2021.