

INTERNATIONAL COFFEE ORGANIZATION
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
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Plan for Promotion and Market Development

Background

This document contains the Plan for Promotion and Market Development which was approved by the Council at its 109th Session from 24 to 28 September 2012.

PLAN FOR PROMOTION AND MARKET DEVELOPMENT

I. INTRODUCTION

1. Article 25 of the International Coffee Agreement (ICA) 2007 states that:

- (1) Members recognize the benefits, both to exporting and importing Members, from efforts to promote consumption, improve the quality of the product, and develop markets for coffee, including in exporting Members.
- (2) Promotion and market development activities may include information campaigns, research, capacity-building and studies related to coffee production and consumption.
- (3) Such activities may be included in the Council's annual work programme or among the project activities of the Organization referred to in Article 28 and may be financed by voluntary contributions from Members, non-members, other organizations and the private sector.
- (4) A Committee on Promotion and Market Development shall be established. The Council shall determine its composition and mandate.

2. As provided for in the terms of reference of the Committee (see Annex IV of document ICC-106-4), the Committee shall advise and make recommendations to the Council on promotion of consumption and market development matters, including market development plans.

3. At its 3rd meeting on 8 March 2012 the Committee decided to appoint Mr Andrea Illy of EU-Italy as Chairman and Mr Rodolfo Trampe of Mexico as Vice-Chairman for 2011/12 (see document PM-14/12).

4. The Chairman made a presentation on a 2012 – 2015 programme proposal to the Committee. He outlined the historical background to ICO promotion programmes and their positive contribution to the development of the coffee sector in the ten years since the crisis of low prices in 2001. Since then, the situation had changed, with a deficit in production, consistently high prices, de-commoditization, increased differentiation and value added, uncertainty about how future demand would be met, and dynamic growth in consumption in developing countries. To prevent a new crisis, improve livelihoods in

developing countries, consolidate results already achieved and attract resources for promotion, it was recommended that the Committee's efforts should continue, with renewed objectives and a holistic multi-stakeholder approach.

5. The next steps would be to prepare a feasibility study including consulting stakeholders, recruiting partners, allocating resources and developing a plan for approval by the Council. The Committee agreed that it should consider a plan in September 2012.

II. BROAD AREAS OF ACTION

6. The objective of ICO promotion and market development activities will shift from promoting coffee consumption to promoting value and differentiation through a multi-stakeholder network of partners, with two strategic goals:

Goal 1: To promote value through quality, health, sustainability and differentiation, by building a multi-stakeholder network of partners.

7. Possible actions could include:

- Measuring the impact of the main value components on coffee consumption.
- Continuing existing knowledge dissemination programmes, such as the Healthcare Professions – Coffee Education Programme (HCP-CEP).
- Stimulating new programmes of this type.
- Including holistic claims about coffee in communications.

Goal 2: To support 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.

8. Possible actions could include:

- Developing common framework manuals on best agricultural and sustainable practices. The result of the manual on agronomical best practices should be higher quality of green coffee and greater productivity which could result in greater income for producers. The result of the manual on sustainable practices should be to enhance economic, social and environmental sustainability.
- Working in partnership with other institutions and non-governmental organizations involved in agriculture.

III. POTENTIAL ACTIVITIES

Goal 1: To promote value through quality, health, sustainability and differentiation, by building a multi-stakeholder network of partners

Multi-stakeholder network of partners

9. A list of possible partners within the private sector and producing countries will be developed with a view to developing a multi-stakeholder network of partners.

Network of promotion agents

10. A network of promotion agents from the private sector and producing countries will be developed.

i) Quality

11. Enhancing quality through promotion initiatives within the framework of the ICO Coffee Quality-Improvement Programme and in cooperation with the Projects Committee as appropriate.

ii) Health

12. Continuing existing knowledge dissemination programmes and stimulating new ones:

(a) Coffee and Health: Dissemination of positive information on coffee and health to the media and national coffee associations.

(b) Continuing to disseminate information about coffee and health to medical and healthcare professional audiences about the current scientific knowledge and understanding of the role of coffee and health through the HCP-CEP.

(c) Informative newsletter service on coffee: An informative newsletter will disseminate consumer-related information. It could be sent by the promotion agents to the partners and published on the CoffeeClub and ICO websites among others. The dissemination of positive information about coffee could also be organized via Intranet as part of the CoffeeClub website.

iii) Sustainability

13. In addition to developing common framework manuals to be disseminated during coffee meetings and fairs (see below), the Committee will also collaborate with existing ICO projects on sustainability.

iv) Differentiation

(a) Measuring the impact of the main value components on coffee consumption: ICO economic studies will measure the impact of the main value components, i.e. pleasure, health, sustainability and variety. The outcome should be an increase of consumption, due to pleasure of drinking quality coffee, both in producing and consuming countries.

(b) Including holistic claims about coffee in communications: The Committee will coordinate all communications by partners which involve the four pillars of the positive benefits of coffee, i.e. pleasure, health, sustainability and variety. It will develop a non-intrusive holistic claim such as "*coffee, good life*" which partners will be invited to use in their communications.

(c) Participate with lectures on coffee value and differentiation at important events including:

- National Coffee Association of the USA (NCA) Convention – San Francisco, March 2013
- Specialty Coffee Association of America (SCAA) Convention – Boston, April 2013
- Speciality Coffee Association of Europe (SCAE) Convention – Nice, June 2013
- NCA Convention – 2014 and 2015
- SCAA Convention – 2014 and 2015
- SCAE Convention – 2014 and 2015
- TriestEspresso Expo – Trieste, October 2014
- Expo 2015, Milan, May – October 2015: Milan will host Expo 2015 from 1 May to 31 October 2015 with the title 'Feeding the Planet, Energy for Life'. Around 24 million visitors are expected. Within Expo 2015, in addition to individual country pavillions, there will be an area of 4,500 square metres called 'Coffee Cluster', where producing and consuming countries will present the entire coffee chain, from growing to roasting, brewing and tasting. Special events to disseminate the positive benefits of coffee will be

organized. Two other clusters will be organized within Expo 2015: one on cocoa and one on rice. The Committee will encourage all ICO Member countries to participate.

- Relevant coffee events in producing countries, as well as in non-members such as China, Japan and Russia.

ICO events

- ICO 50th Anniversary – Belo Horizonte, Brazil, September 2013: There will be special events to disseminate the positive benefits of coffee.
- World Coffee Conference, 2015 (location and date to be confirmed).

Goal 2: To support 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.

i) De-commoditizing coffee

14. Supporting producing countries in de-commoditizing coffee through dissemination of information about economic, social and environmental sustainability (see also ii below).

15. Supporting producing countries by promoting value i.e. pleasure, health, sustainability and variety. Differentiate the coffee market by promoting de-commoditized coffee, trade deregulation, traceability standards and intellectual property management.

ii) Developing common framework manuals on agronomic and sustainable best practices

16. Developing common framework manuals on agronomic and sustainable best practices. The manual should be developed in partnership with local institutions and distributed to coffee producers at coffee events and fairs.

iii) Working in partnership with other institutions and non-governmental organizations involved in agriculture

17. Local institutions and non-governmental organizations are already involved in agriculture. The aim is to work together with the local institutions and non-governmental organizations to build up the best practices feasible for each country.

IV. FINANCING

18. The following sources of funding have been identified:

Private sector

19. Funds may be provided by the private sector on a voluntary basis in a number of ways:

- Company sponsorship.
- Company collaboration in activities designed to harmonize with an ICO programme;
- Contributions from specialist bodies.
- Through national or regional associations.

Multilateral agencies

20. Multilateral development finance agencies have traditionally been oriented towards supply chain projects. The ICO is working to build awareness that projects designed to increase consumption in producing countries could have positive developmental effects through encouraging small enterprises as well as making a contribution to greater balance in the global coffee market. Such projects – together with diversification projects – are one of the few ways in which market imbalance can be tackled using market-oriented means.

21. Non-governmental organizations may also financially support activities toward coffee promotion and market development.

ICO Promotion and Special Funds

22. The Promotion Fund has a balance of approximately US\$1,000 after payment has been made to the 2012 Conference of the Association for Science and Information on Coffee (ASIC). This balance of US\$1,000 should remain in the account in order to avoid liquidating the Fund.

23. The Special Fund has a balance of around US\$1.3 million. It was created to permit the ICO to adopt and finance additional measures required to ensure that the relevant provisions of the ICA 1976 could be implemented. The Fund ceased to finance activities after 1991. The Executive Director has previously invited exporting Members to consider using Special Fund monies for promotion activities, most recently in 2009 (see document PC-54/09). Members noted that the Special Fund had been set up for a specific purpose. In the case of some countries, their legislation might not allow resources allocated for one purpose to be used for another activity. Some countries which had contributed to the Fund

were no longer members of the Organization. It was suggested that it would be preferable to wait until a significant project had been identified, rather than spending resources on a number of smaller activities. The value of using some of the resources for activities such as dissemination of information on coffee and health, or investing them in a domestic consumption project which was important at this time of economic crisis, was also noted. Members may wish to consider the use of the Special Fund again in the light of the entry into force of the 2007 Agreement. This matter was considered by the Finance and Administration Committee at its meeting in September 2012 (see paragraphs 18 and 19 of document FA-51/12).

V. ADMINISTRATIVE CONSIDERATIONS

24. The Committee may wish to consider establishing a Steering or Working Group to assist with implementing the plan.

VI. CONCLUSIONS

25. The Plan focuses on promotion and market development by promoting value and differentiation through a multi-stakeholder network of partners by:

- Promoting value through quality, health, sustainability and differentiation.
- Supporting producing countries in de-commoditizing coffee through programmes to increase income.

VII. NEXT STEPS

- Consideration of Plan by Committee and Council.
- Dissemination of Plan to all Members and potential stakeholders.
- Establishment of network of potential stakeholders.
- Recruitment of promotion agents.
- Meeting with the Executive Director to review potential programmes.
- Circulation to Members of programme proposals.
- Meeting of Committee to consider financing arrangements and programme proposals.
- Review of implementation and progress.