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**Working Group on the Future of the
International Coffee Agreement**

6th Meeting

30 April 2020

London, United Kingdom

International Coffee Agreement 2007

**Communication from the
Government of Brazil**

RESTRICTED

Background

The attached communication from the Brazilian Coffee Exporters Council (CeCafé), is being circulated at the request of the Government of Brazil.

Action

Members are invited to consider the enclosed submission with a view to agreeing any recommendations for consideration at the 126th Session of the International Coffee Council.

UNOFFICIAL TRANSLATION

To H. E. Ambassador Marco Farani
The Permanent Representative of Brazil to International Organisations in London.

Mr. Ambassador,

Cecafé – the Brazilian Coffee Exporters Council, in legitimate defense of the interests of its 120 associated exporters - which represent about 90% of the country's green coffee shipments - is pleased to greet you and, in the position of a delegate of the Brazilian representation to the International Coffee Organization (ICO), to highlight the importance of postponing discussions regarding the new International Coffee Agreement (ICA), as well as the proposal to restructure the Organization, aiming at a broad debate for the strengthening of the institution and its directions for the development of the global coffee trade, which, at this moment, becomes difficult due to the challenges imposed by Covid-19 in the various producing countries.

It is common knowledge that Brazil is an important global player, with approximately 38% of the world coffee market, achieving in 2019 its record export of 40.7 million bags and an internal consumption of 22 million bags, which positions the country as the largest producer and second largest consumer in the world. These results demonstrate the importance of Brazil in the discussions of the new ICA and the restructuring of the ICO.

In view of the topics related to the ICO, during the meeting held in London in 2019, Cecafé followed the progress of discussions regarding the future of the ICA 2007, which expires on 2 February 2021. In this period, which preceded the Covid-19 pandemic, three options for the future of the ICA were demonstrated: (i) extension, with or without amendments; (ii) negotiation of a new agreement; and (iii) extinction.

In order to work on these options, a Working Group (WG) was installed with the Member Countries in July 2019, initially coordinated by Brazil, and currently by Switzerland. However, the final decision will be the responsibility of the International Coffee Council and, given the impacts of Covid-19, that affects the health of the global population and the economy of the countries, Cecafé presents the position of the Brazilian coffee exporting sector.

Thus, CECAFÉ presents below a brief summary of the themes that have broad impact, as detailed in the following items:

1) Postponement of discussions of the new International Coffee Agreement 2007

The coronavirus pandemic is imposing challenging scenarios on countries, especially among producing nations, with the expectation of a conjuncture that could result in a global depression. During this time, all efforts are aimed at mitigating the impacts on human health, and public and fiscal policies are being proposed to reduce the risk of a collapse in demand and economic activity - far beyond the direct impact of the health emergency.

At this time of unpredictability and agglomerations avoidance, Cecafé calls for the postponement of discussions on the new ICA for next year and the extension of the current Agreement to the end of 2021.

As for the 5th World Coffee Conference, scheduled to take place in Bengaluru, India, from 10 to 16 September, Cecafé stresses the importance of continuing to follow the development of Covid-19 around the world and keep following the recommendations of the World Health Organization, proposing the event to be reviewed and rescheduled for next year, if necessary.

2) Restructuring of the ICO

In recent years, several suggestions have been noted focused on the search for the improvement of ICO's actions, aiming at the promotion and increase of coffee consumption in producing countries and emerging markets, as well as the discussion of global coffee sustainability.

Evaluating such initiatives as positive and in line with the positions of Cecafé and various actors in the production chain, the ICO, based on the new ICA, should be structured to promote major mobilizations and important transformations with the aim of increasing the consumption and production of sustainable coffees, based on free initiative and free market, to achieve a balance between supply and demand and, consequently, the sustainability of the global coffee market.

Aligned with the Classical Pillars of Sustainability, the governance, mission and vision of the ICO should be established on bases that allow understanding and acting on global challenges and opportunities, resulting in impacts in the spheres of global coffee trade, which are: Health, Sanitation and Sustainability.

Therefore, the main points are presented below:

- Conceptual restructuring of the ICO, with the objective of improving governance, transparency, process management and the proposition of a Strategic Planning, with the proactive participation of its members;
- The new Strategic Planning should establish the new Mission, Vision, Values and Strategic Objectives of this Organization, linked to the objectives of the new International Coffee Agreement, with a view to meeting future challenges and opportunities in the global coffee market;
- Career and salary plan, including process mapping and the necessary requirements for positions and meritocracy as an instrument for the management of human resources;
- Strengthen transparency and traceability of information, in a democratic way, with modern information technology resources, guiding countries in the adoption of systems, in case of need for support;

- Improvement of financial management, audited annually, following the precepts of good governance and evaluated by a committee of members, aiming at greater transparency to the signatory members;
- Optimization of human, financial and material resources, through the modernization of internal process flows;
- Extensive program to promote coffee consumption, through the development of communication intelligence, interacting with the respective organizations of all segments of each member country;
- Work plan for the aggregation of new member countries, as well as return of those who have left the organization in recent years. Therefore, the need for a global reference organization, especially in the context of the Covid-19 pandemic, the proposed restructuring and strategic planning will be the arguments for global engagement;
- Through the articulation with the coffee organizations of each member country, the general guidelines should be defined, with the implementation of action plans aimed at health and the protection of people with emphasis on health and sustainability actions.
- As an important Information Center of the global coffee market, the ICO must continuously improve its way of capturing and publishing its data, aiming at greater speed and transparency, seeking to mitigate price volatilities with information disclosed by the Organization;
- Finally, it is recommended to hire a world-class consultancy to conduct the restructuring process of the ICO, with specific knowledge, organizational intelligence methodology and sectorial and strategic human capital. The work should be structured with the engagement of member countries, aligning all knowledge of strategy, organizational environment, communication, marketing, value networks and technologies, generating innovation, collaboration and results to all members.

Cecafé, as coordinator of the issuance of Certificates of Origin ICO in Brazil will be fully willing to act in the restructuring process of this Organization.

Final Considerations

Cecafé reaffirms its position of urgent need to extend the meetings of the International Coffee Council and the debates of the AIC to the year 2021. It also highlights the necessary restructuring of the ICO, involving the governance, mission and vision of the Organization.

The proposed recommendations seek that the ICO guidelines are established on bases that allow understanding and acting on the challenges and opportunities of the global coffee market, even if this implies a deeper evaluation by all its members.

Cecafé is at your disposal, certain that joint collaboration will result in benefits for all Brazilian and worldwide coffee agribusiness.

Best Regards,