



**INTERNATIONAL
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ORGANIZATION**

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**Report of the 15th Meeting of the Working
Group on the Future of the International
Coffee Agreement held on 8 July 2021**

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The Working Group on the Future of the International Coffee Agreement (WGFA) met for the fifteenth time on 8 July 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, Congo Dem. Rep., Cuba, Ecuador, European Union (Germany and Sweden), Honduras, India, Indonesia, Japan, Mexico, Panama, Papua New Guinea, Peru, Russia, Switzerland, and Togo.

Item 1: Adoption of the Agenda

1. The agenda contained in [WGFA 68/21 Rev. 2](#) was adopted.

Item 2: Report of the 14th meeting of the Working Group held on 10 June 2021

2. The Chair presented the report of the previous meeting, contained in document [WGFA-67/21](#).

3. The Working Group took note of the report.

Item 3: Votes and contributions

4. The Chair recalled the substantial progress made on the question of votes and contributions and the agreement reached within the WGFA on the use of a mix of volume and value as the basis for the calculation of votes and contributions.

5. In addition to point 4, the Executive Director made a summary of the progress made, based on the first version of document [WGFA-65/21](#). He focused on the five major key outcomes obtained after the presentation to the Drafting Group and discussion within the WGFA:

- Decision to cut the link between votes and contributions, if so desired by Members.
- Decision to maintain the distinction between exporting and importing countries in the determination of votes.
- Openness to change, in principle, the distinction between exporting and importing countries in the determination of contributions.

- Consensus on adoption of a different variable for the calculation of votes, one using a mix of 50% of value and 50% of volume.
- Openness to adopt, in principle, a different variable for the calculation of contributions (value or a combination of both volume and value).

6. With reference to the calculation of votes, seven options divided into two major branches were initially considered: branch V1 maintains the 50%-50% split between exporting and importing Members; while branch V2 no longer maintains the abovementioned 50%-50% split. Both the Drafting Group and the WGFA coalesced around outcome V1.3, according to which votes are based on a mix of 50% value and 50% volume, while 50% of the votes are still attributed to Exporting Members and 50% to the Importing Members.

7. With reference to the calculation of contributions, seven options divided into two major branches were initially considered: under branch C1, contributions are proportional to votes; while under branch C2 contributions are no longer proportional to votes. In this sense, no definitive conclusion had been reached, although a general preference had been expressed for option C2.3, according to which the 50%-50% split between the exporting and importing Members for the calculation of contributions would no longer exist and contributions would be based on a mix of value and volume of total trade.

8. The Executive Director then reported on the update of two previously circulated documents by the Secretariat: [WGFA-53/21 Rev. 3](#) and [WGFA-65/21 Rev. 1](#).

9. With reference to [WGFA-53/21 Rev. 3](#), although the tables were correct, some inconsistencies between them and the graphs had been identified. For this reason, the document would be revised and circulated again.

10. With reference to [WGFA-65/21 Rev. 1](#), a close reading had been made of paragraph 5 of Article 12 of the current ICA, which contained provisions on calculations for the European Union and other intergovernmental organizations. After consultations with some delegates, the decision had been taken to present new tables that excluded intra-EU trade from data. In this sense, the Executive Director pointed out that the revision of the current ICA would represent an excellent opportunity to clarify the unclear wording of the abovementioned article. On a final note, he clarified that the calculation for the European Union for statistical purposes and for calculations of contribution might differ and stressed that the statistics of the ICO would continue to be published on a technical basis.

11. Given the considerable decrease in the total volume of trade of the EU that the exclusion of intra-EU trade from data would imply, the impact on the calculation of contributions could be summarized in three main points:

- The fall in the share of the EU might conflict with the rationale underlying the adoption of a different basis for the calculation of contribution (C2.3 option would no longer be applicable).
- The relative shares among all Members would change if one of the options without the 50%-50% split were to be adopted.
- The relative shares among importing Members would change if one of the options with the 50%-50% split were to be adopted.

12. In summing up the progress made so far, the Chair highlighted the following:

- For votes, the Working Group strongly supported the Outcome V1.3 in document [WGFA-65/21](#). Under this scenario, the 50%-50% split between exporting and importing Members is maintained. However, votes would be based on a mix of 50% value and 50% volume of exports or imports, instead of just on volume, as was the case in the 2007 Agreement.
- For contributions, the Working Group also supported a move to a mix of value and volume. Preference was shown for Outcome C2.3, which is based on a mix of 50% value and 50% volume of total trade (i.e. the sum of exports and imports), without the current 50%-50% split between exporting and importing Members. Other arrangements, especially Outcome C1.2.3, were also considered. However, several delegations still needed to consult capital before defining their position.

13. The Chair expressed her concerns on excluding intra-EU trade data from the calculations of contributions, as this would go against the guiding principle followed so far of trying to strike a more equitable balance in contributions between exporting Members and importing Members.

14. The Delegate of Brazil affirmed that, for the sake of transparency, it had been important to present the outcomes and data derived from the two options (including/excluding intra-EU trade data). However, the results of this exercise indicated that including intra-EU trade was the best way forward. The focus of the WGFA should be on discussing all the other pending items to be agreed upon.

15. The delegate of the EU concurred with the proposal of Brazil.

16. The Chair noted that members of the Working Group had expressed a clear preference for calculations that included intra-EU trade.

17. The delegates of the EU and Brazil stated that the discussion could move forward more easily if Members were to examine draft versions of the articles on votes and contributions.

18. The Chair therefore requested the Secretariat to draft versions of Articles 12 and 20 that reflected options V1.3, C1.2.3 and C2.3. These drafts would be first submitted to the Drafting Group, and then presented to the WGFA.

Item 4: Role of the Private Sector

19. The Head of Operations presented a decision tree based on based on previous discussions within the WGFA and summarized the progress made so far on the role of the Private Sector within the next ICA:

- Agreement had been reached that the Coffee Public-Private Partnership (CPPTF) should be formally integrated in the 2021 International Coffee Agreement, as it is an already existing body and an effective instrument established by the decision of the ICC.
- Agreement had been reached, in principle, on maintaining and reforming the PSCB.
- The possibility of having new non-governmental members, without changing the intergovernmental nature of the ICO, was open for discussion.

20. The delegate of the European Union pointed out there was a clear link between better integrating the private sector and streamlining the structure of the ICO. He also highlighted the importance of integrating not only the private sector, but also civil society while ensuring clear representations also for smallholders and sector associations through a renewed PSCB.

21. The delegate of Brazil expressed his approval for the proposed new structure of the ICO governance and suggested the PSCB should be reformed and be granted an intermediate role between the other committees and the Council. The delegate also stressed the importance of clarifying which non-governmental members would potentially be able to join the Organization and of identifying a mechanism to select them, as well as defining how the CPPTF's membership will work in the future.

22. The delegate of Papua New Guinea agreed with the necessity to grant proper representation to the private sector and with the importance of guaranteeing the PSCB would assist and not only advise the International Coffee Council, in order to ensure the private sector will effectively perform a role and be engaged as expected. A point on the need to better integrate the PSCB and the CPPTF was also raised.

23. Delegates of Brazil and the European Union shared a common position on the utility of a two-part structure for the integration of the private sector; in this sense, the CPPTF would have a more operational role while the PSCB could perform a representative role.

24. The Executive Director noted that subordinating the CPPTF to the PSCB would contradict the private-public nature of the CPPTF itself.

25. Further on paragraph 24, the Head of Operations underlined that any such coordination would possibly mean that many of the actors that are currently members of the CPPTF, such as NGOs and development agencies, would no longer fit within the body.

26. The Chair asked the Secretariat to prepare concrete proposals on the role and integration of the Private Sector for the evaluation of the Members in order to facilitate the way forward in this sense.

Item 5: Next Steps

27. With regard to the next steps of the WGFA, the Chair proposed that the group begin its examination of the text of the new Agreement, starting with the Preamble. For this purpose, the delegations who had promised, in earlier meetings, to furnish specific language on amendments had been contacted. The Secretariat reported that replies had been received from Nicaragua, Papua New Guinea and Peru. Colombia, Kenya and Mexico were again invited to send their proposals to the Secretariat.

28. The Chair noted that the WGFA would be unable to conclude its work in time for the 130th Session of the Council and therefore the group would have to continue meeting after September. This implied Members needed to extend the Agreement after its current conclusion date in February 2021.

Item 6: Appointment of the Vice Chair

29. Following up on this item, the Chair asked Ambassador Marco Farani, spokesperson of the exporting Members, if any name had been identified for appointment as the Vice Chair *ad interim* of the WGFA.

30. Ambassador Farani informed that he had contacted all exporting Members on this subject. No conclusion had yet been reached and he hoped to present a name in the next meeting.

Item 7: Other business

31. No requests for Other Business were made.

Item 8: Date of next meeting

32. The Chair noted that the next WGFA Meeting would be held on 5 August 2021.