INTERNATIONAL COFFEE ORGANIZATION

60 ANNIVERSARY

COFFEE PUBLIC-PRIVATE
TASK FORCE

Online Webinar

The EU initiative on Deforestation-Free Supply Chains:
Current status and how to ensure inclusivity of the coffee sector

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Welcome & Agenda & Actions taken by ICO

Vanúsia Nogueira

ED ICO

INTERNATIONAL COFFEE ORGANIZATION

Agenda (part 1)

1: Welcome / Opening remarks

Vanúsia Nogueira, Executive Director, International Coffee Organization **Massimiliano Fabian**, Chair , International Coffee Council

2: Update on latest status and expected timing of implementation of EUDR	
Key requirements Status and timeline	**Astrid Ladefoged,** Head of Unit Planetary Common Goods, Universal Values & Environmental Security, of the Directorate General of Environment of the European Commission
Plans, options and support activities for coffee sector	**Dr Leonard Mizzi,** Head of the Unit 'Rural Development, Food Security and Nutrition' of the Directorate-General for International Cooperation and Development of the European Commission and Sherpa EU in the Task Force

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Agenda (part 2)

3: coffee sector in action: examples of decisions and models for inclusivity	
ICO and Coffee Public Private Task Force CPPTF:	**Hannelore Beerlandt-** Senior Expert Political Economy – Coffee, Cotton, Cacao and Facilitator in the Public Private Taskforce / **Annette Pensel-** Executive Director Global Coffee Platform –GCP: **how collaborative space of national coffee platforms – link to tools/ information/ dialogue of new due diligence policies of importing countries - is contributing to the inclusivity of the EUDR**
Coffee industry Brazil:	**Marcos Matos**, CEO, CECAFE Brazil: **Brazilian Coffee: Sustainability and Traceability Platform**
ICO exporting member:	**Gustavo André Jiménez**, Executive Director, Costa Rican Coffee Institute – ICAFE: **Café de Costa Rica: Agricultural ecosystem and environmental services**
Technical tools and service:	**David Browning**, CEO Enveritas: **New deforestation detection tool**
4: Open Discussion: **What needs to happen to make the implementation of the legislation more inclusive and a success - Moderator: Massimiliano Fabian**	
5: Closing Remarks Vanúsia Nogueira- ED ICO	

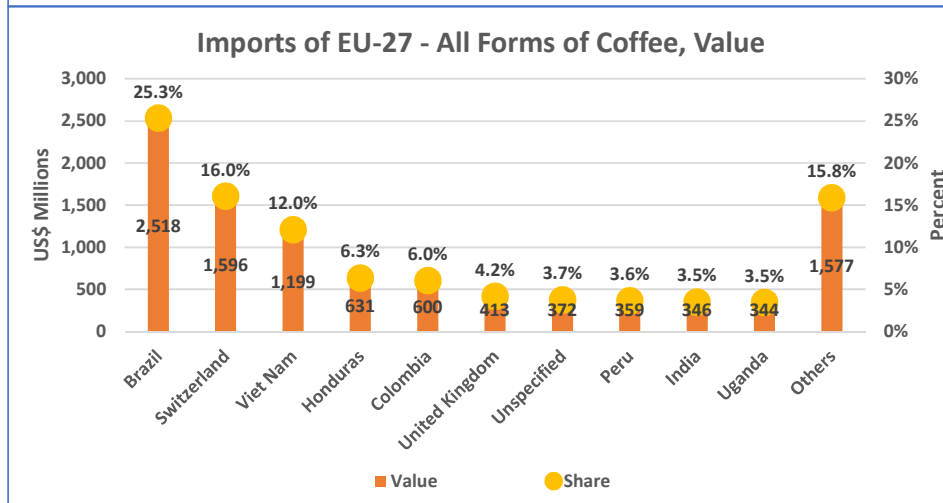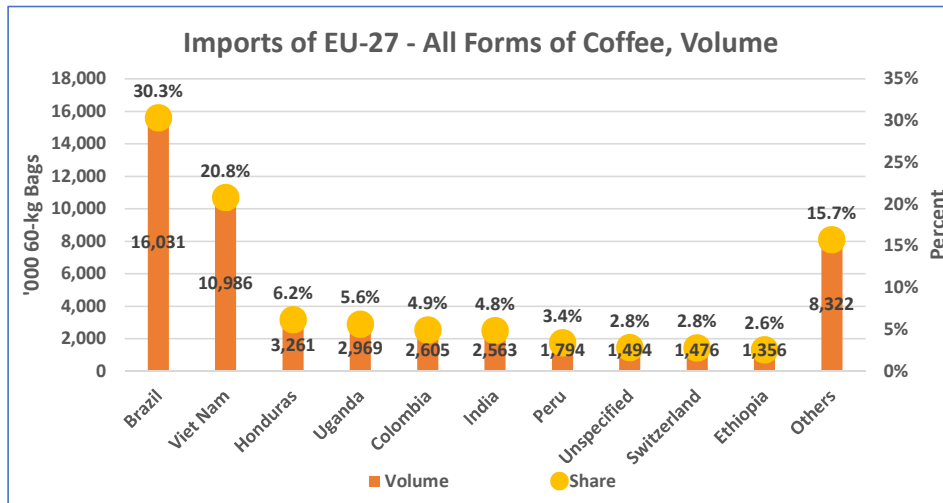# Importance of the coffee sector to the economies of EU and producing countries

Massimiliano Fabian

Chair ICC

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IMPORTS OF ALL FORMS OF COFFEE BY EU-27 – ALL COUNTRIES

Imports of EU-27 - All Forms of Coffee, Volume

Imports of EU-27 - All Forms of Coffee, Value

- The 27 countries of the EU imports all forms of coffee from 165 countries

- Average 53.8 million 60kg-bags are imported, at a cost of US$10.0 billion

- The sources of all forms of coffee are highly concentrated with the top 10 countries accounting for 84.3% of the imports by volume.

- All continents are represented within the top 10 countries, with Brazil and Vietnam leading the pack.
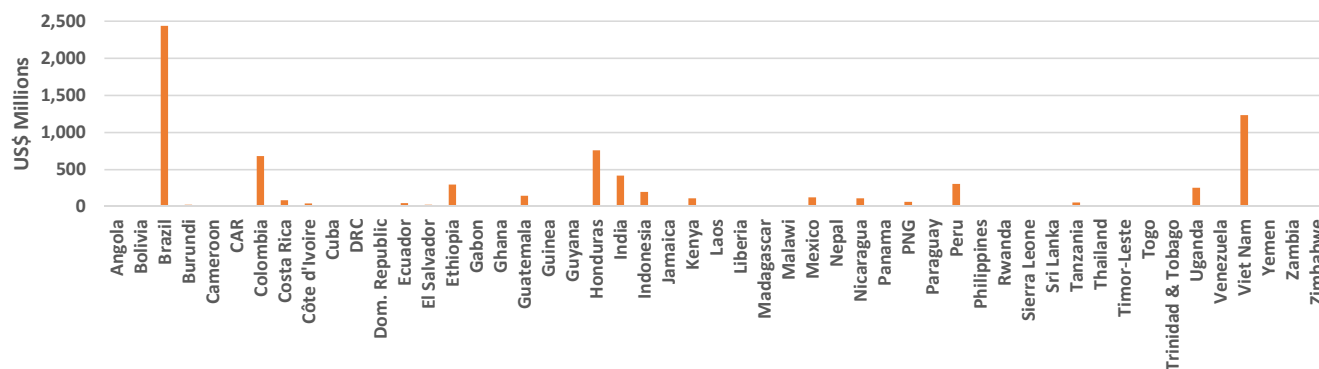
EXPORTS OF ALL FORMS OF COFFEE TO EU-27 – PRODUCERS, VOLUME

Exports of All Forms of Coffee to EU-27, Average 2016-20, Volume

EU-27's Share of All Forms of Coffee, Average 2016-2020, Volume Share
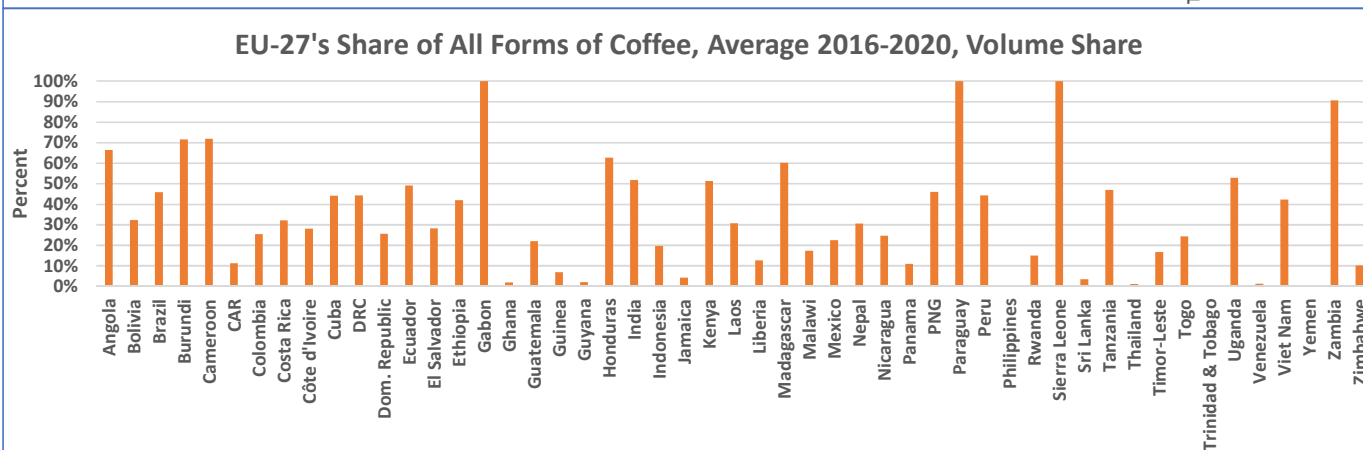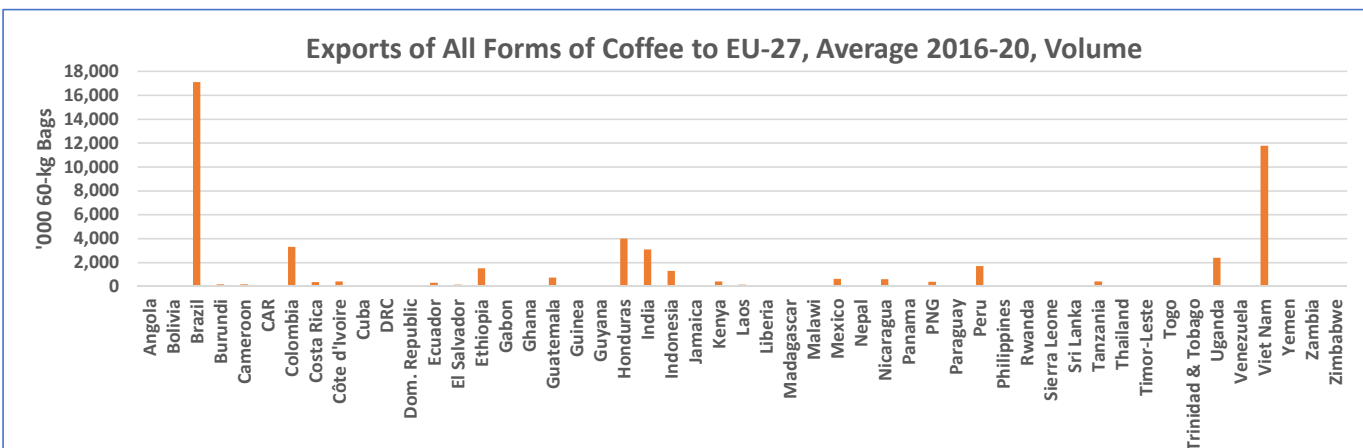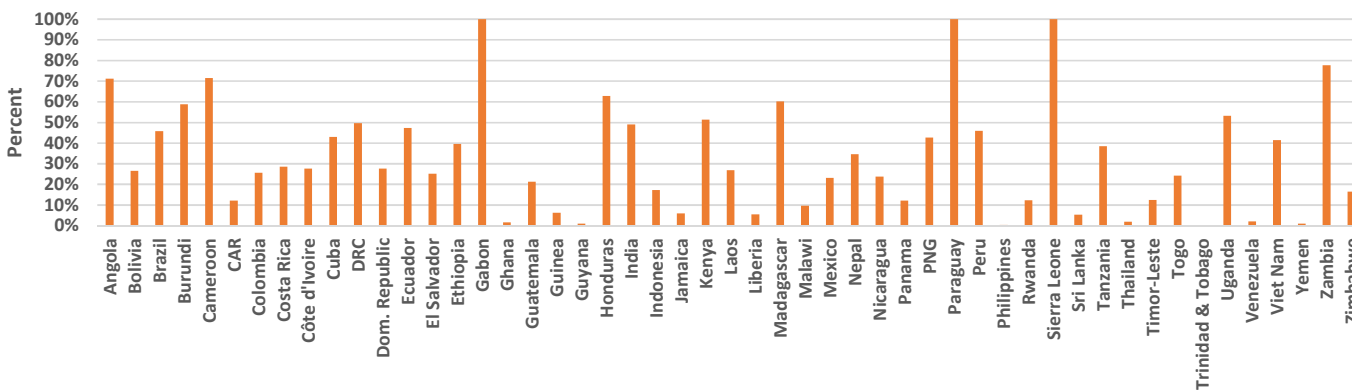
- 51 countries had exported to EU-27 countries in 2016-202.

- A combined average 51.2 million 60-kg bags of coffee was exported.

- Brazil and Vietnam are the two top exporters, accounting for 33% and 23%, respectively, of the total exports.

- On average, the EU-27 accounts for 34% of the total coffee exports of the 51 origins

- For 12 origins, the EU-27 accounts for over 50% of their total coffee exports.

EXPORTS OF ALL FORMS OF COFFEE TO EU-27 – PRODUCERS, VALUE

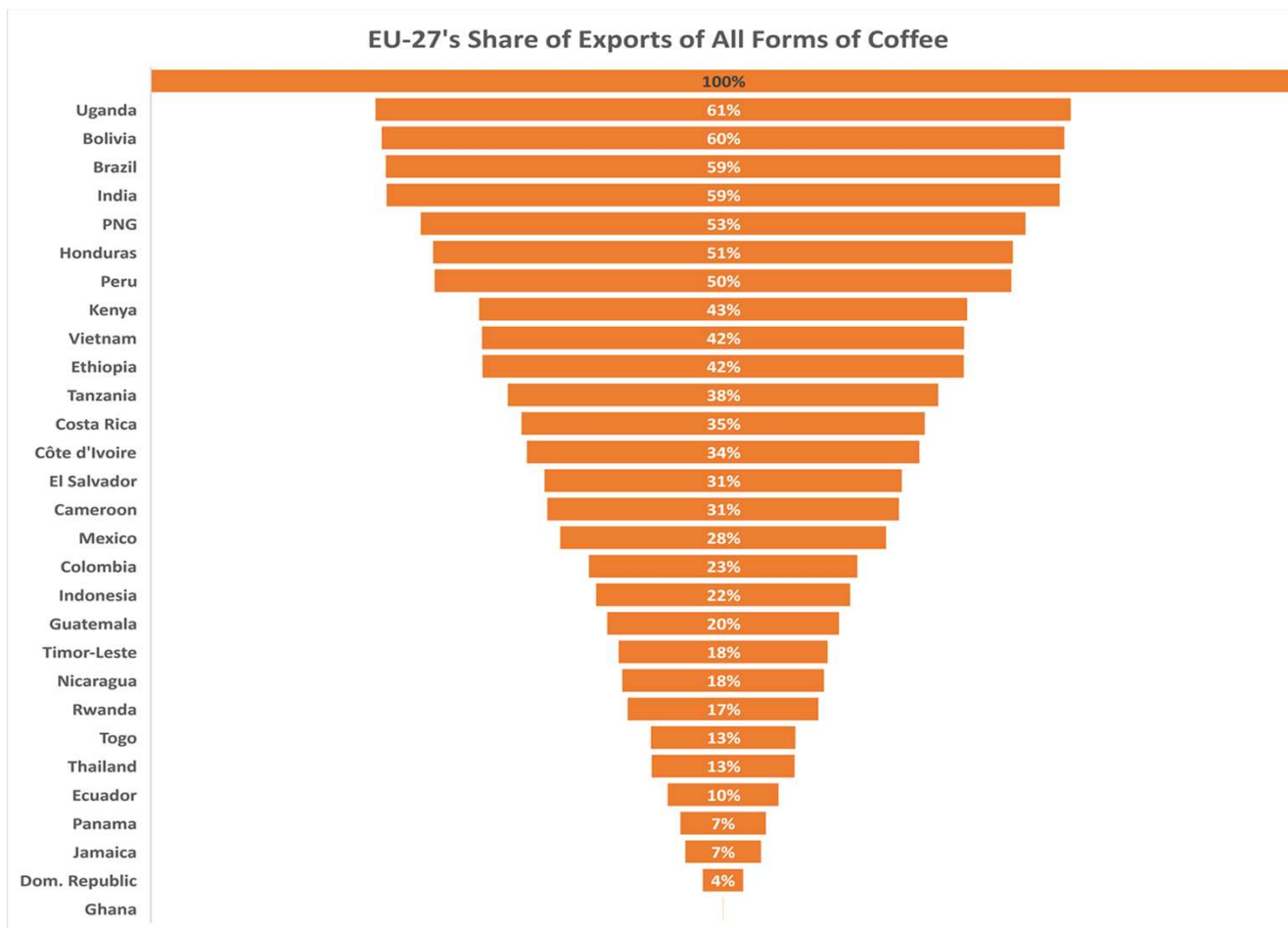**Exports of All Forms of Coffee to EU-27, Average 2016-20, Value**

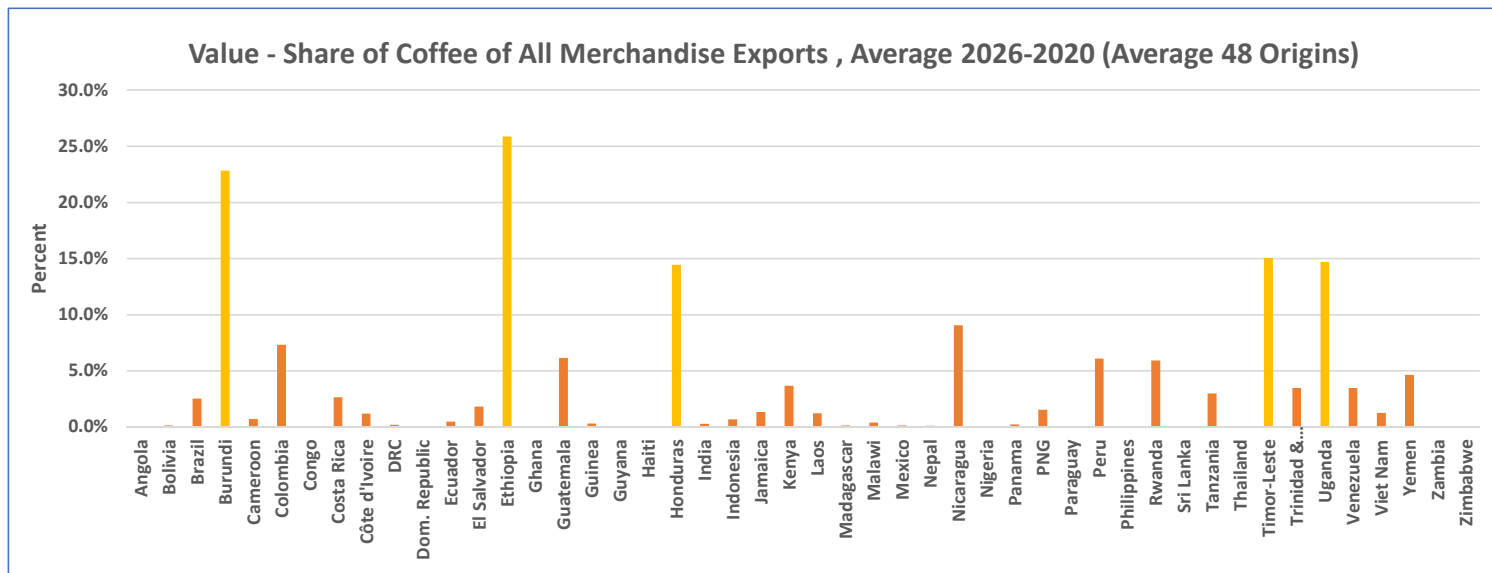**EU-27's Share of All Forms of Coffee, Average 2016-2020, Value Share**

- 51 countries had exported to EU-27 countries in 2016-202.

- A combined average US$7.5 billion was earned through exports of all forms of coffee

- Brazil and Vietnam are the two top exporters, earning US$ 2.4 billion and US$1.2 billion, respectively.

- On average, the EU-27 accounts for 33% of the earnings from total coffee exports of the 51 origins

- For 12 origins, the EU-27 accounts for over 50% of their total coffee exports.

EXPORTS OF ALL FORMS OF COFFEE TO EU-27 – PRODUCERS (26), VOLUME, 2022

EU-27's Share of Exports of All Forms of Coffee

Country	Share
	100%
Uganda	61%
Bolivia	60%
Brazil	59%
India	59%
PNG	53%
Honduras	51%
Peru	50%
Kenya	43%
Vietnam	42%
Ethiopia	42%
Tanzania	38%
Costa Rica	35%
Côte d'Ivoire	34%
El Salvador	31%
Cameroon	31%
Mexico	28%
Colombia	23%
Indonesia	22%
Guatemala	20%
Timor-Leste	18%
Nicaragua	18%
Rwanda	17%
Togo	13%
Thailand	13%
Ecuador	10%
Panama	7%
Jamaica	7%
Dom. Republic	4%
Ghana	

EXPORTS OF COFFEE AND ALL MERCHANDISES BY ORIGNS

Value - Share of Coffee of All Merchandise Exports , Average 2026-2020 (Average 48 Origins)

Average 2016-20
- For **5 origins (Burundi, Ethiopia, Honduras, Timor-Leste and Uganda)**, coffee account for a **double-digits** share of the total merchandiser exports

IMPORTANCE OF COFFEE TO THE ECONOMIES OF THE EU MEMBERS

Europe still world's largest coffee market:

• Job creation

• Coffee Machines/Processing/Retail/Out-of-home/SSU: considerable added value

• Consequent tax revenue

• R&D and innovation despite being a consolidated mature market

• Important values in transformed products export

2:
Update EUDR on status and support plans

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Key requirements, status and timeline of EUDR

Astrid Ladefoged

Head of Unit Planetary Common Goods, Universal Values & Environmental Security of the Directorate-General for Environment

The European Commission

INTERNATIONAL COFFEE ORGANIZATION

Update – EU Regulation on deforestation- and forest degradation free supply chains

European Commission
DG Environment

Legislative and implementation track

- **November 2021**: Commission proposal

- **June 2022**: Council general approach

- **September 2022**: European Parliament's resolution

- **December 2022**: Preliminary political agreement between EP and Council

- **May-June 2023 (tentative)**: Entry into force

- **December 2024 (tentative)**: Entry into application of obligations for operators (June 2025 for small enterprises)

European Commission

Implementation tasks

- **Information System**: IT developments, Implementing Acts, up and running by the entry into application.

- **Benchmarking**: Implementing act, to be adopted by the entry into application.

- **FAQ/Focus Groups/Guidelines**: For operators and traders, for competent authorities, on certain definitions as the one on "agricultural use" and regarding the technical questions of implementation.

- **Review**: First and second review within one and two years, respectively, of entry into force

Outreach activities

- **Information sessions for third country Ambassadors**
- **Local workshops in third countries**
- **Support contracts for public diplomacy for key regions**
- **Extensive interaction with third countries:** Bilateral meetings at technical and political level
- **Missions and relevant multilateral fora:** Information and discussion on deforestation and forest degradation
- **Deforestation platform**: Key forum for interactions and implementation; creation of two focus groups (traceability and smallholders)

Key features: traceability

- **Core requirement** : Traceability to plot of land of all commodities, necessary to ensure deforestation-free requirement and thus fight not only against illegal deforestation but also legal deforestation

- **Segregation**: Commodities to be kept separated along supply chains from those of unknown origin and non-compliant ones

- **Composite and bulk products**: Agregated traceability of all plots of land contributing to a shipment

- **Geolocation**: Mobile phones allow farmers to easily collect coordinates, bypassing potential problems with land registers

Key features: definitions

- **Agroforestry**: In line with FAO, agroforestry plantations are not considered forests – products are non compliant if grown on agroforestry plantation introduced on forest land after 2020

- **Forest degradation**: Converting one kind of forest into another kind or into other wooded land (FAO definitions) – agroforestry plantations are agricultural use and not concerned by definition of degradation

Key features: benchmarking

- **Timeline**: Implementing act to be delivered within 18 months of entry into force

- **Categories**: Low risk (1% checks and simplified due diligence), standard risk (3% checks) and high risk (9% checks)

- **No ban against any country or region**: Compliant products could still be sold on the Union market regardless of origin

- **Criteria**: Listed in the text, mandatory criteria and optional criteria

Thank you!

Learn more here:

https://ec.europa.eu/environment/publications/proposal-regulation-deforestation-free-products_en
https://data.consilium.europa.eu/doc/document/ST-16298-2022-INIT/en/pdf

Plans, options and support activities for coffee sector

Dr Leonard Mizzi

Head of the Unit 'Rural Development, Food Security and Nutrition' of the Directorate-General for International Cooperation and Development

The European Commission

INTERNATIONAL COFFEE ORGANIZATION

3: ICO and CPPTF: sector response

Hannelore Beerlandt-

Senior Expert Political Economy – Coffee, Cotton, Cacao and Facilitator in the Public Private Taskforce

Annette Pensel-
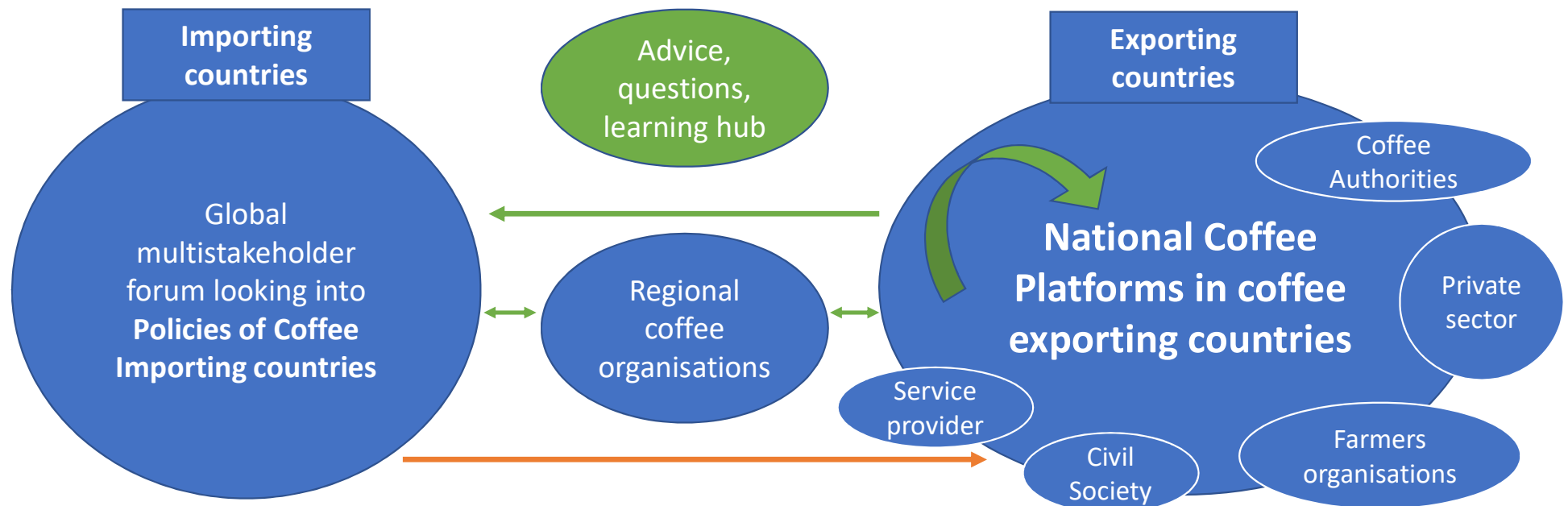
Executive Director

Global Coffee Platform –GCP

INTERNATIONAL COFFEE ORGANIZATION

How the ICO Task Force is including stakeholders in key conversations and how they can contribute to the inclusivity of the EUDEFP:
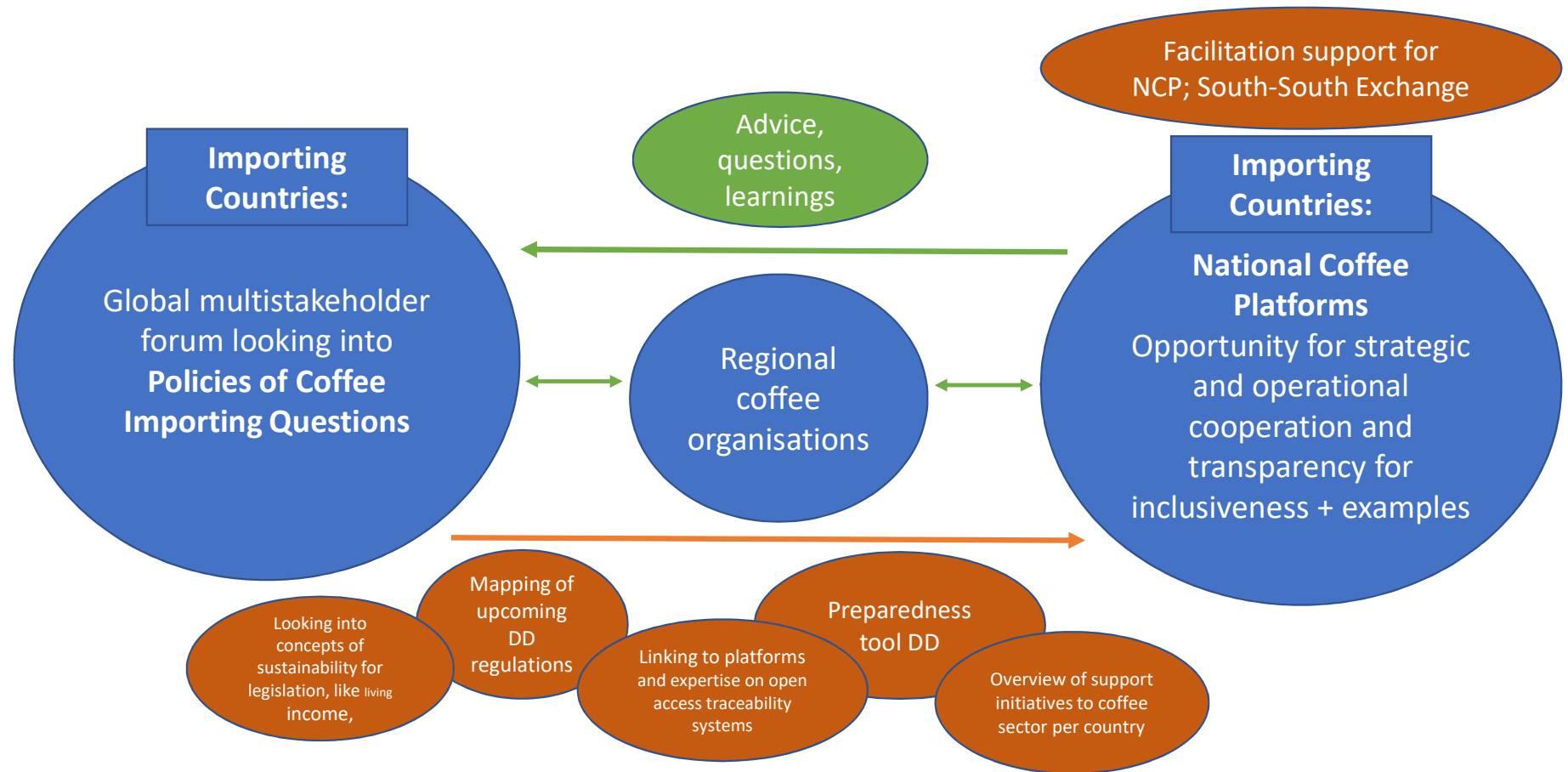
- Working **with existing** multi-stakeholder **National Coffee Platforms** (e.g. Honduras, Uganda, Kenya through GCP Network of Country Platforms): inclusive; holistic view on challenges incl. upcoming regulations; sharing of learnings
- **Supporting the development** of representative and participatory **multi-stakeholder dialogue space**s in other coffee-producing countries such as Rwanda and Mexico

- **Linking producing country and consuming country stakeholders** through dialogues
- **Connecting stakeholders** in producing countries with **tools and information** related to consuming country regulations

- **Fostering and supporting sectoral responses** in both consuming and producing countries
- **Challenge**: funding for national dialogue/national platforms and design & implementation of holistic strategies/plans, including preparedness for EUDEFP

Interaction on policies and strategies between Coffee Producing & Coffee Importing Countries

Interaction on policies and strategies between Coffee Producing & Coffee Importing Countries

Facilitation support for NCP; South-South Exchange

Advice, questions, learnings

Importing Countries:

Global multistakeholder forum looking into **Policies of Coffee Importing Questions**

Regional coffee organisations

Importing Countries:

National Coffee Platforms Opportunity for strategic and operational cooperation and transparency for inclusiveness + examples

Looking into concepts of sustainability for legislation, like living income,

Mapping of upcoming DD regulations

Linking to platforms and expertise on open access traceability systems

Preparedness tool DD

Overview of support initiatives to coffee sector per country

3: Brazilian Coffee: Sustainability and Traceability Platform

Marcos Matos, CEO, CECAFE Brazil

INTERNATIONAL COFFEE ORGANIZATION

Brazilian Coffee: Sustainability and Traceability Platform

Marcos Matos
CEO - CECAFÉ

CECAFÉ's History

- **Cecafé - The Brazilian Coffee Exporters Council** was created on July, 1999

- Represents the Brazilian coffee exporters sector

- **122** members

- **96%** of total green coffee exports from Brazil

- Exports to **147** countries in the last 5 years

Brazil remains the biggest success story in the coffee world

- **Small farmers production**
- **34 producing regions / R&D investments**
- **Best agricultural practices and preserve the environment**
- The export trade develops several **socio-environmental initiatives aligned with global discussions**

- ➢ **Reduction of 55.1% of the coffee area and 400% increase in productivity**

- ➢ Brazilian **Exports**
  - ➢ *civil year 2022*: *39,7* *million bags*
  - ➢ *Crop year 2021/2022: 39,6* *million bags*
- Export to **147 destinations** in the last 5 years
- **Second largest** consumer in the world: **21.3** *million bags* /year
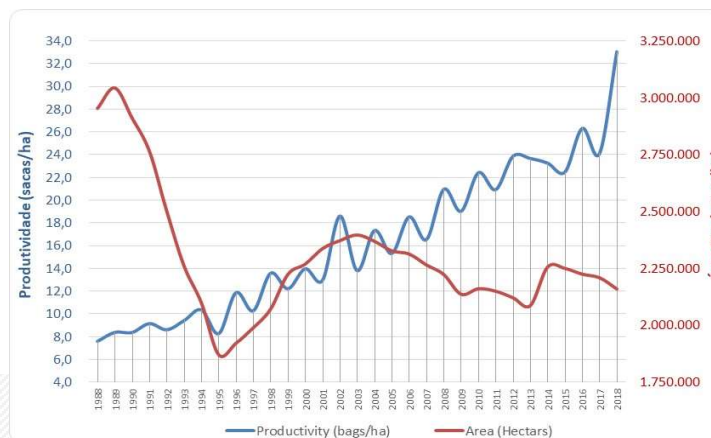
Coffee is very important for Brazil

264.9 thousand of Coffee Farmers in Brazil

(less than 20 hectares area) **= 72% of the total**

78% of these Farmers access PRONAF - National Program for Strengthening Family Agriculture

0-20 ha

The Municipal Human Development Index (IDHM) measures **longevity, education and income**

IDHM average of Minas Gerais municipalities grouped according to the coffee cultivated area

- Minas Gerais State (average): 0,668
- Municipalities with 5,000 to 10,000 ha of coffee: 0,682
- Municipalities with 10,000 to 20,000 ha of coffee: 0,696
- Municipalities with more than 20,000 ha of coffee: 0,730
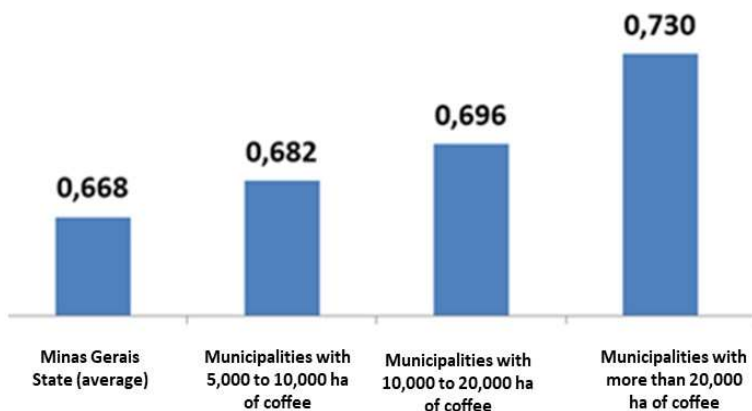
In other words, the larger the area cultivated with coffee in the municipality, the better the IDHM index.

The widespread consumption of Brazilian Coffees in the world is an **inducer of progress and human development in our producing regions.**

IPEP: Index evaluates the transfer of the **FOB - Free on Board price to farmers**

Arabic Coffee: 4 years

FOB

84.5%

Conilon Coffee: 2 years

FOB

93.6%

✓ **Such level shows logistic efficiency and transparency in the coffee production chain.**

Cecafe

Brazilian Coffee Producing Regions
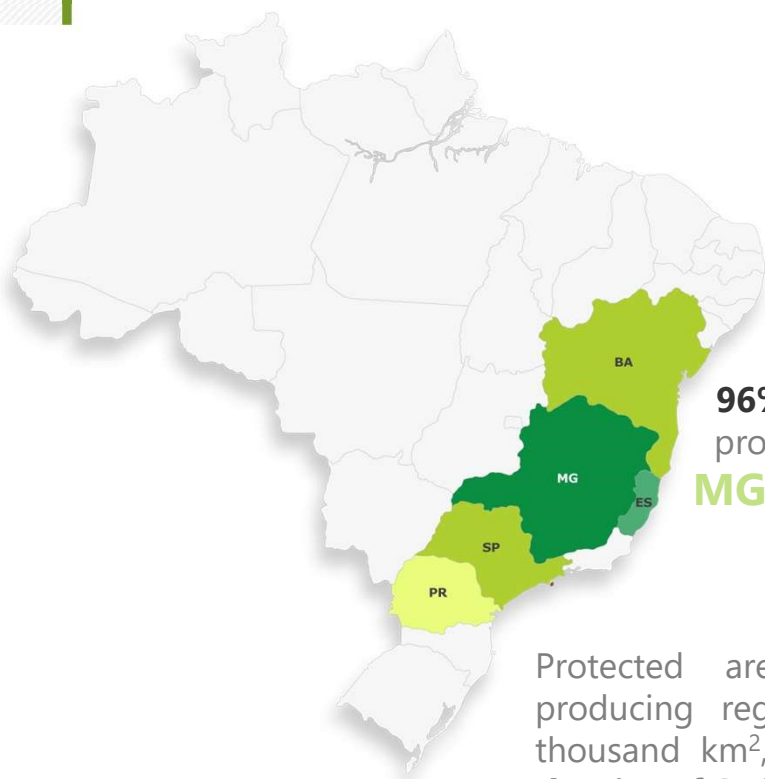
96% of Brazilian coffee is produced by the states in **MG, ES, SP, BA** and **PR**

Protected areas in the coffee producing regions represent 51.5 thousand km^2, that is, **1.25 times the size of Switzerland**

Source: CONAB

Brazilian Coffee is produced in consolidated agricultural areas, with **43.9 million hectares of native vegetation preserved within rural** properties in the main producing states. On average, this area is greater than 20% of state territories.
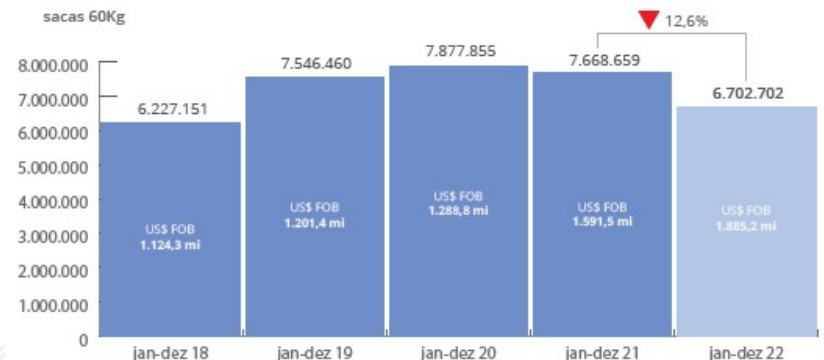
States	Area of States (ha)	Areas for the Preservation of Native Vegetation (ha)	% of State
Minas Gerais	58.652.111	15.615.841	26,60%
Espírito Santo	4.607.445	990.241	21,50%
São Paulo	24.821.949	4.172.094	16,80%
Bahia	56.476.043	12.127.812	21,50%
Paraná	19.929.898	4.509.007	22,60%
Rondônia	23.776.524	6.483.728	27,30%
Source: Embrapa Territorial			

Fonte: Embrapa Territorial

Cecafé

Brazilian Coffee Exports – Last 5 Years
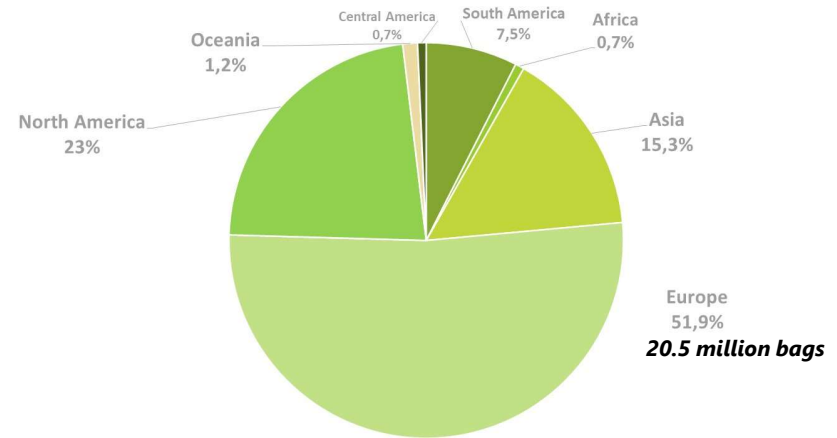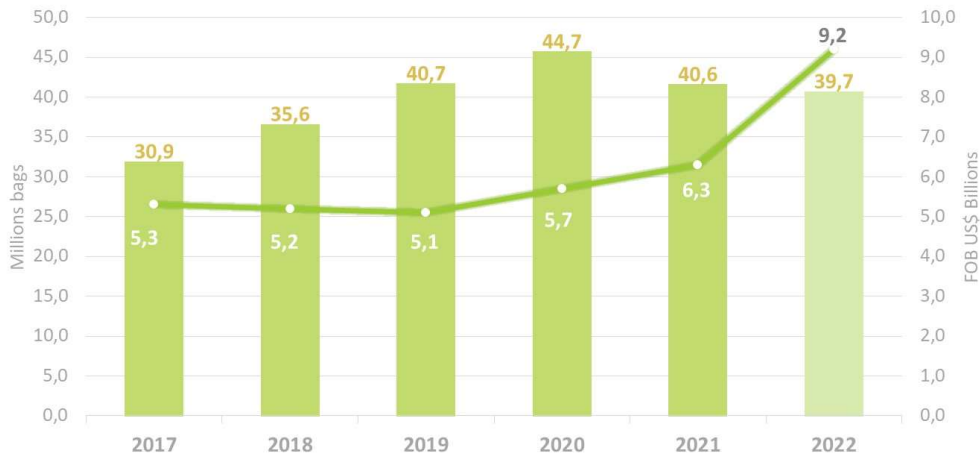
Brazilian Exports of Differentiated Coffees – Calendar Year
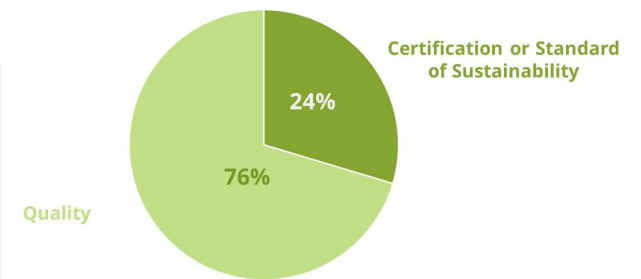
Fonte: CECAFÉ

Brazil, the Global Food Security and social- environmental audits

Valor | **Agribusiness**

Brazil to remain world leader in food supply, OECD and FAO say

Country expected to become largest exporter of beef with 22% market share, according to 2021-2030 outlook

By Assis Moreira — Geneva

Brazil will continue to increase its role as a major global food supplier, including in products such as beef and even with a slower pace of growth in demand from China.

These projections are in the report on agricultural outlook 2021-2030 released Monday by the Food and Agriculture Organization of the United Nations (FAO) and the Organization for Economic Cooperation and Development (OECD).

Brazil represents a strengthening of the Global Food Security. It is currently the largest net food exporter in the world.

Public sources to meet the Green Deal

Document Search: Certificates and licenses

Embargoes and Other Special Controls

IBAMA
ICMBIO
Secretary of the Environment (States)

Deforestation and Forest Fires

PRODES -INPE
DETER -INPE
Mapbiomas
GLAD -Global Forest Watch

Land overlays and intersections

FUNAI - Indigenous Lands

MMA - Conservation Units

INCRA – Slaves Historical Communities (Quilombos) - SIGEF

INCRA - Settlement - SNCI

ANA – Irrigation grant/administrative authorisation act

IPHAN – Archaeological Sites

"Red list" on modern slavery labour

Cecafe

Traceability Platform for Brazilian Coffees

Monitoring of georeferenced polygons

Embargoed Areas

Environmental Monitoring

✓ The implementation of the **Brazilian Forest Code -** Rural Environmental Registry (CAR)

✓ Brazil has **6.48 million registrations**

✓ These records are equivalent to **616.3 million hectares**.

Legal framework and implementation of the Law: regulations and database of all **georeferenced rural properties**

The Environmental Regularization Program: Objective of adapting and promoting the regularization of the property and to sign the owner's commitment to maintain, recover or recompose the protected areas

Deforestation

Rural E. Registry (CAR)

Cecafé

Traceability Platform for Brazilian Coffees

"Red list" on modern slavery labour

The Register of Employers - the "Red list", **is one of the main instruments** of public policy to combat modern slavery labour.

- It ensures **transparency and expanding social control**

- It is an instrument that organizes existing infringement cases.

- List based on pre-established criteria, guaranteeing a technical and non-political formulation of the register.

- The Register occurs after the final administrative decision on the infraction notice, drawn up as a result of a tax action,

Traceability Platform for Brazilian Coffees

- The export sector has been working on fundamental concepts and indicators for the Brazilian traceability platform.

- Based on the unification of technologies, processes and concepts among Cecafé members.

- Uses artificial intelligence and data crossing (various sources of information) to monitor coffee farmers at ESG levels **– the ESG Coffee Farmer Indicator**

Automation in the search for information (farmers)	**Automation in the search for information (rural Properties)**	**Automation in the search for lands certificates documents**	**Socio-environmental analysis**	**Socio-environmental monitoring**	**Image geoprocessing module**

ESG Coffee Farmer Indicator
According to information existing in databases. The ESG level of each coffee farmer is generated after crossing all the information available.

Cecafé

VALUE BRAZILIAN COFFEE PRODUCTION. ENJOY THE COFFEES FROM BRAZIL.

Thank you!

Marcos Matos

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3: Café de Costa Rica: Agricultural ecosystem and environmental services

Gustavo André Jiménez, Executive Director,

Costa Rican Coffee Institute – ICAFE

INTERNATIONAL COFFEE ORGANIZATION

Café de Costa Rica: Agricultural ecosystem and environmental services

Gustavo Jiménez Elizondo
Executive Director
ICAFE

Agenda

1. Café de Costa Rica Stats
2. Law and regulations
3. Coffee and ecosystems (biological corridors)
4. Payment for ecosystem services (PES) & GHG emissions
5. Next steps and Learned Lessons

Costa Rican Coffee Sector

CAFÉ DE COSTA RICA

93.697 ha
Coffee Area

27.393
Coffee Producers

304
Mills

105
Exporters

61
Roasters

	< 100	100 a 300	300 a 500	500 a 800	800 a 1000	> 1000
■ # Prod.	23,426	2,895	570	257	79	166

Fanegas: 24,000 / 19,000 / 14,000 / 9,000 / 4,000 / -1,000

Coffee Producers

ooIcafe
Instituto del Café de Costa Rica
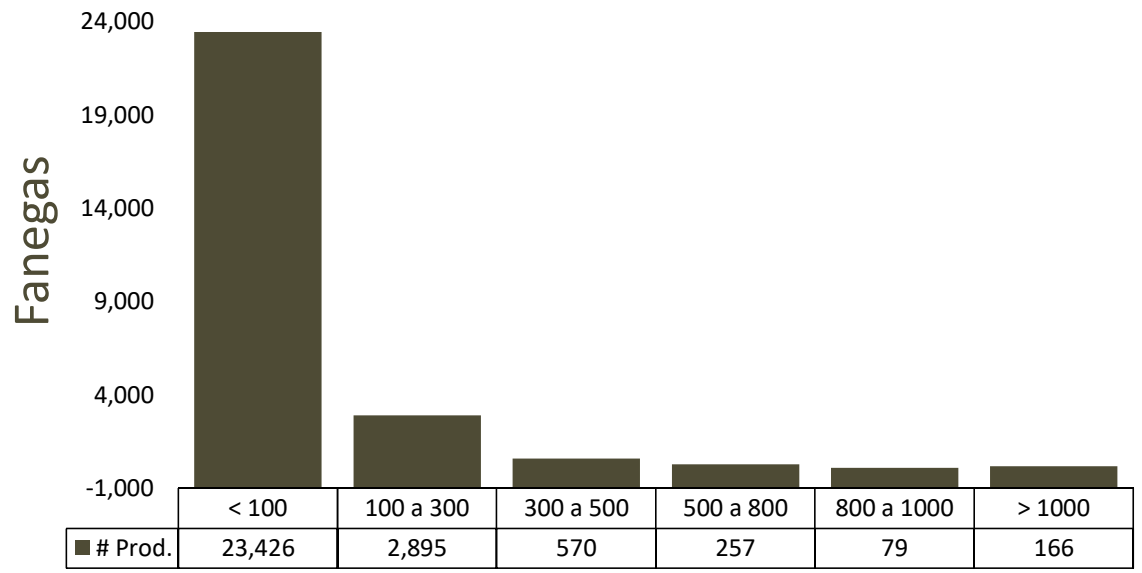
@cafédecostarica
@icafecr

Costa Rica has a unique law in the world

2762

SINCE 1961

Regulates the relations among Coffee Farmers, Millers and exporters

The Costa Rican Coffee Institute is not a coffee trader. ICAFE facilitates the process for companies to carry out the process of selling coffee in a regulated manner.

CAFÉ DE COSTA RICA

ooIcafe
Instituto del Café de Costa Rica

@cafédecostarica
@icafecr

Changes in forest cover Costa Rica

7575 FORESTRY LAW

- Establishes definition of Forest
- It does not allow the change of land use
- Payment for environmental services regulations

1940 Cobertura Forestal 75%
1950 Cobertura Forestal 72%
1961 (Bosque 53%)
1961 Cobertura Forestal 53%
1977 Cobertura Forestal 31%
1983 Cobertura Forestal 26%
1987 Cobertura Forestal 21%
1997 Cobertura Forestal 42%
2000 Cobertura Forestal 47%
2005 Cobertura Forestal 51%
2010 Cobertura Forestal 52,38%
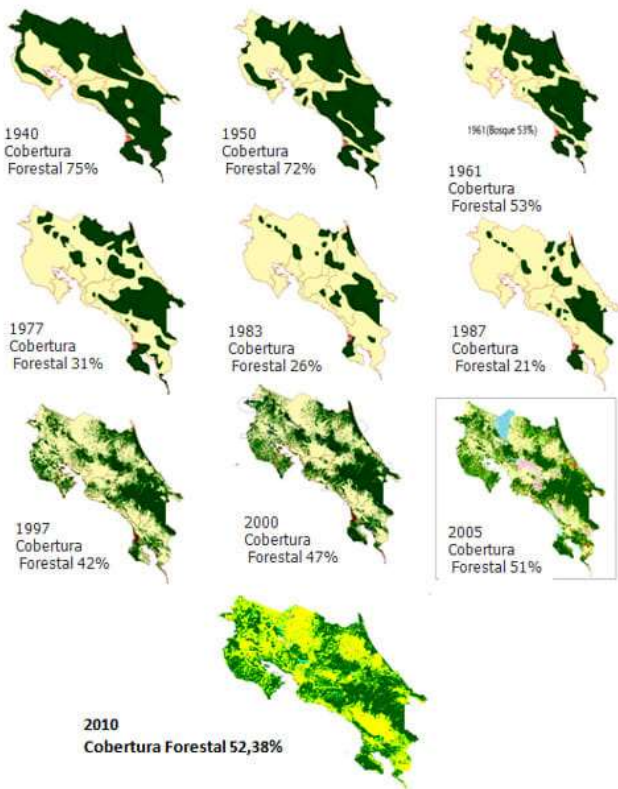
Fuente: Estudio de cobertura forestal de Costa Rica 2009-2010 -FONAFIFO

2015 – 60%
forest cover

Pillars: 7575 Forestry Law

Conservation of natural resources:	Pollution prevention:	Citizen participation:	Penalties for infractions:	Advances in forestry issues:
The law establishes the conservation of natural resources and the protection of ecosystems, promoting their conservation and sustainable use.	The law establishes the prevention of air, water and soil pollution, and the proper management of waste.	The law establishes citizen participation in environmental management, allowing the population to have a voice in decision-making on the use and conservation of natural resources.	The law establishes penalties for environmental infractions, promoting social and corporate responsibility in environmental management.	Costa Rica has been a world leader in forestry management and conservation of tropical forests.

Biological Corridors near Coffee areas

CAFÉ DE COSTA RICA

About 50% of the coffee cover is close to biological corridors
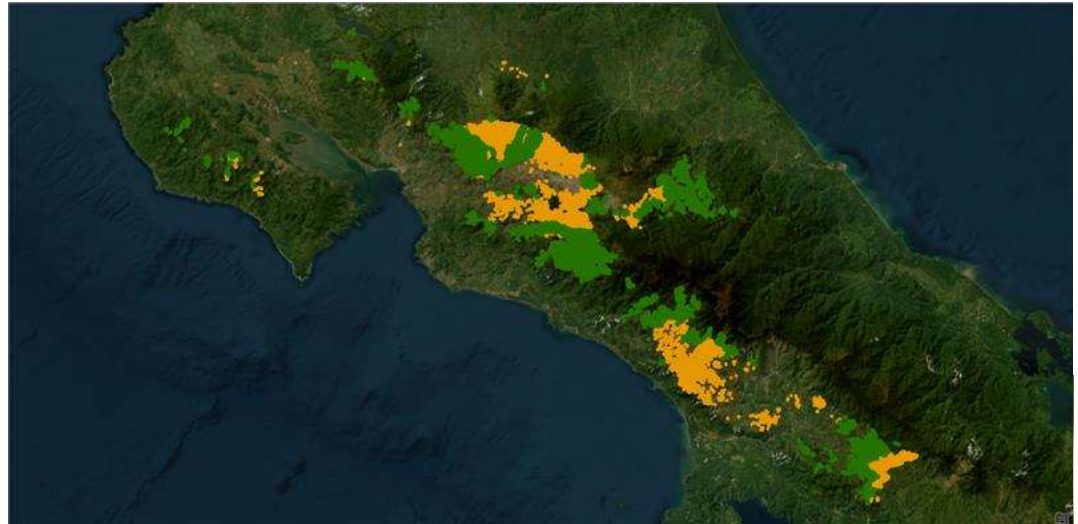
Real-time monitoring of new tree plantings

PES Payment for ecosystem services

121 K
Trees planted
(2022)

159
Join coffee
Producers

2,7 K
Area
impacted

35%
Women
participation

Quantification of greenhouse gas emissions of the sector

Tons of carbon equivalent emitted per year according to bushels processed by coffee mills

Distribution of coffee mills from the NAMA project

Tons of CO2 emissions for the coffee processing sector

Technologies implemented

Challenges

More regulation

Increase in certification costs

Costs of implementing evidence systems

Effects Climate Change

Social exclusion in vulnerable groups in fields

Increase in invesments in adaptation
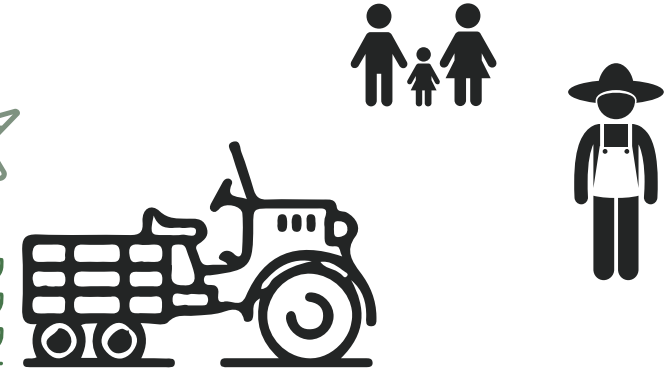
More impacted family groups

Regenera Programme (next steps)

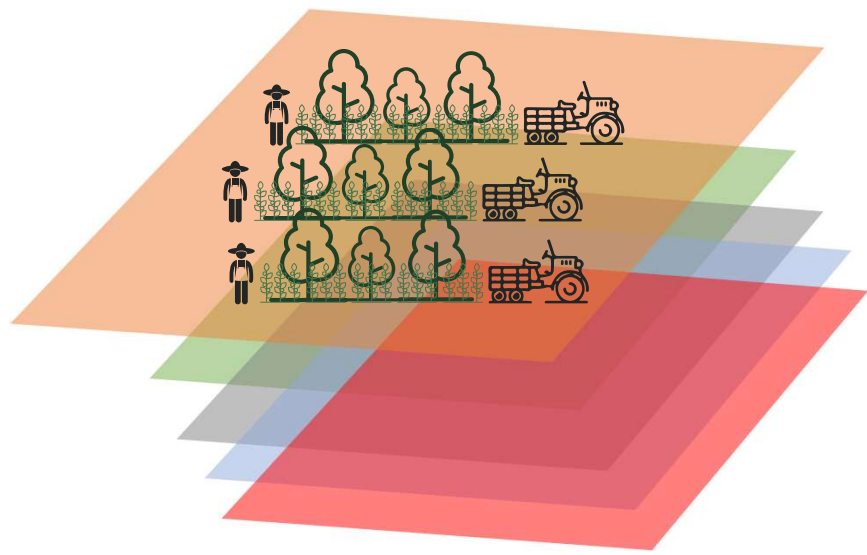**GAPs & International Regulations**

D.D. Germany Law

EU Regulation

How to migrate from a universal basic income (UBI) based on fossil fuels to a UBI based on a natural productive collection Basic Forestry Income (BFI)?

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Instituto del Café de Costa Rica

@cafédecostarica
@icafecr

PES Productive System
(coffee, avocado, livestock, others)

PES (forest carbon) $ χ1 /ha

Water $ χ3 /ha

Ecosystem $ χ4 /ha

Coffee plantation(carbon) $ χ5 /ha

PES Productive System
(current)

What should be the minimum considerations of a Basic Forest Rent (BFR)?

SAF Productive System
(coffee, avocado, livestock, others)

(shapes)

Productive Collection

PES (forest carbon) $ χ1 /ha

Carbon Soil $ χ1 /ha

Coffee plantation $ χ3 /ha

Ecosystem $ χ4 /ha

Water $ χ5 /ha

productive Chain $ χ6 /ha

Nχn /ha

Concept

...each layer (χ) has a value that adds value to the collection as a whole, without competing for the value of the others...
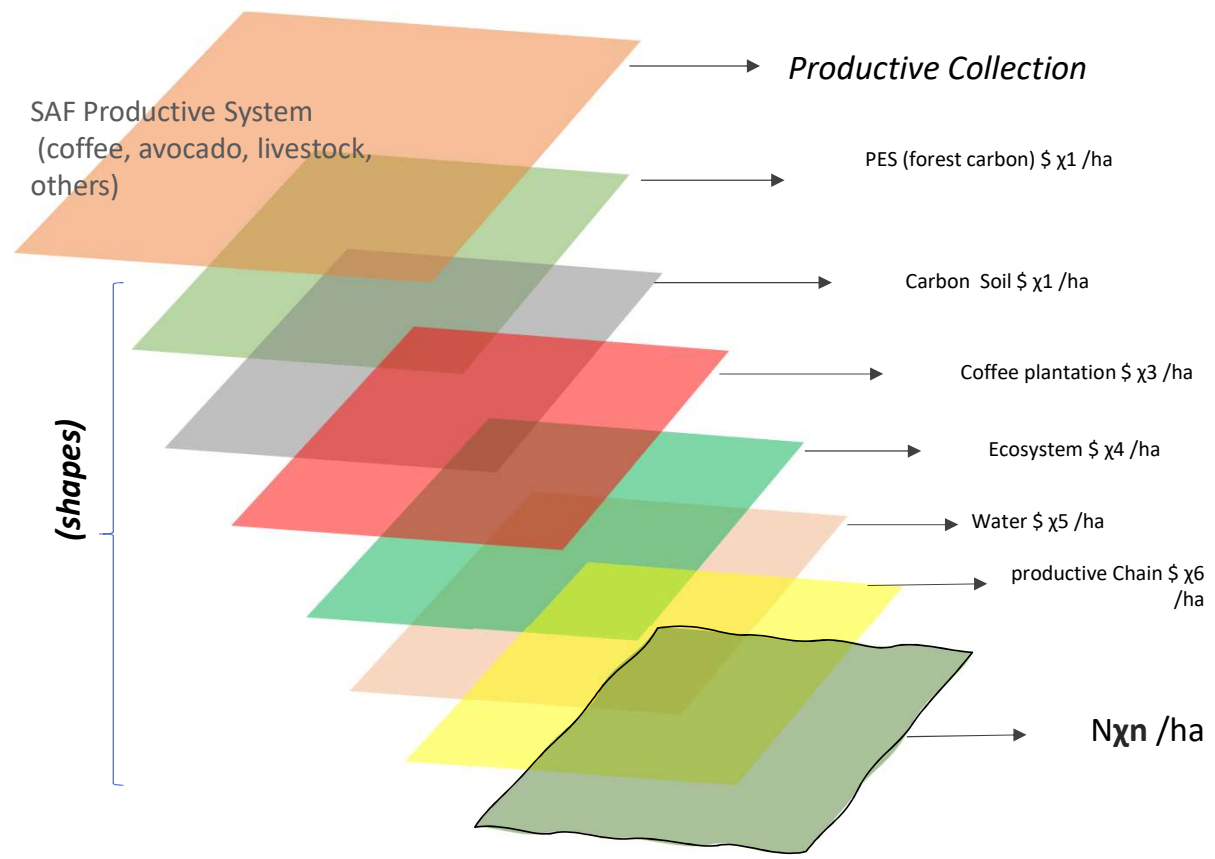
Lessons Learned

Development of mixed systems. Agroforestry systems

Training for the incorporation of new technologies

Financial mechanisms to promote change

ooIcafe
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3: new deforestation detection tool

David Browning, CEO
Enveritas

**INTERNATIONAL
COFFEE
ORGANIZATION**

4: Open Discussion:

what needs to happen to make the implementation of the legislation more inclusive and a success

Moderator:

Massimiliano Fabian

Chair ICC

INTERNATIONAL COFFEE ORGANIZATION

SAFE THE DATE: WORLD COFFEE CONFERENCE - WCC 2023

"Sustainability through Circular Economy and Regenerative Agriculture"

- 5th WCC + 5th CEOs and Global Leaders Forum + 136th Session of the International Coffee Council

- Networking and promotional events, B2B & B2C, capacity-building workshops, and plantation and cultural tours
- Expo

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