

Finance and Administration Committee
59th Meeting
7 September 2023
London, United Kingdom

Russia

**Payment of arrears in contributions to
the Administrative Budget**

RESTRICTED

Background

1. As indicated in document [FA-356/23](#), the Russian Federation currently has outstanding contributions for coffee years 2021/22 and 2022/23 (GBP 76,240 and GBP 98,032 respectively). Russia has stated that this is due to financial sanctions imposed by the UK Government.
2. As a result, after coffee year 2022/23, Russia's membership will be temporarily suspended in accordance with the Article 21 of the International Coffee Agreement 2007 and [Resolution 470](#) of the International Coffee Council (ICC).
3. The Secretariat previously proposed that Russia use the licence granted by the UK Government's Office of Financial Implementation Sanction (OFSI) to make a payment to the ICO.
4. The Russian Government subsequently informed the Secretariat that the ICO's proposal had been presented to its high authority to obtain a decision on whether to make a payment using said licence.
5. On 6 September 2023, the Deputy Director of the Russian Ministry of Economic Development submitted a letter to the ICO (see attached **ANNEX I**) highlighting that the Russia has previously always met its financial obligations to the ICO on time.
6. In light of the above and the aforementioned sanctions, Russia requests that the ICC approve its membership for the 2023/24 coffee year and that it re-visit discussions on moving the ICO headquarters from the UK at its next Session.

Action

The Committee is requested to consider whether this proposal is acceptable, and to make a recommendation to the Council in connection with maintaining Russia's membership in view of efforts being made to repay its outstanding contributions.

6 September 2023

Mr. Massimiliano Fabian
Chairman of International Coffee Council
for the 2022/23 coffee year

Dear Mr. Massimiliano Fabian,

In anticipation of the 136th session of the International Coffee Council to be held on 25-29 September 2023 the Russian Federation sends its petition regarding the request to the International Coffee Council to approve its ICO membership for the 2023/24 coffee year due to ongoing issue with payment of contributions to the ICO caused by financial sanctions that the UK government imposed on Russia in 2022.

Yours sincerely,

Mr. Alexander Dyukarev
Deputy Director
Ministry of Economic Development
Russian Federation



Petition of the Russian Federation
regarding the request to the International Coffee Council
to approve its ICO membership for the 2023/24 coffee year
6 September 2023

TO: All Members of the International Coffee Organisation

The Russian Federation presents its highest consideration to Members of the International Coffee Organisation (hereinafter referred to as the ICO), the ICO Secretariat and Chairman of the International Coffee Council (hereinafter referred to as the Council) and submits its petition regarding the request to the Council to approve on Russia's ICO membership for the 2023/24 coffee year.

According to Article 20 of the International Coffee Agreement 2007, during the second half of each financial year, the Council shall approve the Administrative Budget of the ICO for the following financial year and shall assess the contribution of each Member to that Budget. According to Article 21, contribution to the Administrative Budget shall become due on the first day of that financial year and each Member is expected to pay its full contribution within six months of the date on which the contribution is due.

The Russian Federation has never rejected its financial obligations to the ICO and has always fulfilled them in due time. However, financial sanctions that the UK government imposed on Russia in 2022 created obstacles to paying Russia's contributions to the ICO for 2021/22 and 2022/23 financial years (GBP 174,272 in total).

From 2022 to the present, the Russian Federation together with the ICO Secretariat have been looking for workable options to pay contributions for the indicated period. As of now, we are working on a pilot transfer using a special license of the Office of Financial Sanctions Implementation (hereinafter referred to as the OFSI) which provides Russia with an exemption to the UK's financial sanctions regime within a one-year period.

Although the OFSI license has been issued on 14 July 2023, the technical negotiations between all parties involved into the pilot scheme are still in progress and will take more time. In this context, the Russian Federation would like to reaffirm the intention to fulfill its financial obligations to the ICO once it is technically possible and therefore request the Council to approve its ICO membership for the 2023/24 coffee year.

At the same time, payment of annual contributions using the OFSI license is a case-by-case option and cannot be considered resilient in the long term. In regard of the above as well as considering the active role of developing countries at the global coffee market, Russia suggests that it is timely for the Council to revisit the discussion on potential moving the ICO headquarters from the UK to one of the developing countries during its upcoming session.