



Organización Internacional del Café
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PC 37/06

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**Decisions and Resolutions adopted by
the Promotion Committee at the
Ninth meeting**

1. The Promotion Committee, chaired by Dr. Ernesto Illy, met for the ninth time under the 2001 Agreement on 25 May 2006.

Item 1: Adoption of the Agenda

2. The Committee adopted the draft Agenda contained in document PC-34/06 Rev. 1.

Item 2: Report of the Steering Group on Promotion

3. The Executive Director said that the Steering Group on Promotion had met on 30 January 2006. The report of this meeting was contained in document PC-33/06. The Group had considered progress on use of the Step-by-step guide to promote coffee consumption, and had also considered an outline proposal to renew promotional activity in China contained in document WP-SGP No. 15/06. It had decided that at this stage it would be preferable to consider funding for a comprehensive programme rather than proceeding with this proposal. The Group had also reviewed a proposal for cooperation with the Norwegian Coffee Association (NKI) on a Seal of Approval but had considered that this had commercial implications and it would not be appropriate for the ICO to get involved. In the case of the Salon International de l'Agriculture, the Group had also not supported a suggestion for participation by ICO Members at this event in 2007. Finally, the Group had considered a request to make a contribution of US\$5,000 from the Promotion Fund to the 21st Association Scientifique Internationale du Café (ASIC) Conference which would take place in Montpellier, France from 11 to 15 September 2006, and had noted that a decision on this matter would be taken by exporting Members in May 2006.

4. The Committee took note of this report and further noted that the request for a contribution of US\$5,000 from the Promotion Fund to the 21st ASIC Conference (contained in document PC36/06) was approved by exporting Members at this meeting.

Item 3: Promotion activities and proposals

Item 3.1: Step-by-step guide to promote coffee consumption

5. The Executive Director said that the French version of the CD-Rom with the Step-by-step guide to promote coffee consumption was now available and had been circulated to delegations attending this meeting. It would also be made available on the ICO website (along with the English and Spanish versions) and additional copies could be sent to Members on request. He expressed his appreciation to Mr. Djikalou of Côte d'Ivoire for his assistance in reviewing the French version. The Committee took note of this information.

Item 3.2: Proposal from Brazil to expand world coffee consumption

6. Mr. Carlos Brando of P&A Marketing International made a presentation on a proposal from Brazil. He noted that there was a balance of over US\$1 million in funds which had been contributed by producers, which was currently invested at low interest rates. Brazil had been a major contributor to these funds and had great interest in promotion and considerable experience in this area. It had a concrete proposal to make use of available funds and know-how to promote coffee consumption, by creating a sustainable promotion programme making use of modern low-cost communication technologies. The programme would comprise an idea bank and help desk, which could be used as tools to reach two billion young people and other audiences and help to create future consumers. The idea bank/help desk could be outsourced, with or without a presence at the ICO, and could be used to generate and coordinate projects for donors. There would be frameworks for producing countries, emerging markets and traditional markets which could be loose or structured as required. While the proposal would use existing funds as seed money to develop the system, it would ultimately be self-financing. This was an initial presentation of a new concept which would need to be discussed and developed further. Copies of Mr. Brando's presentation were circulated at the meeting and are available to Members on request.

7. In discussions on this item a number of Members highlighted the need to receive more detailed information about this proposal. The point was made that it would have implications for the Steering Group, which would need to supervise it, and the management input of the ICO would also need to be clarified. Young people were not uniform in their approach; while some might be interested in modern technologies, others were not. Members would want to see data which were available on this and information about costs. While there were some interesting ideas it would be important to distinguish between different markets and whether young people were receptive to messages such as coffee and health, sustainability or

whether they gave priority to other aspects. It would also be important to have clarification on the extent to which self-financing could be achieved and on the Checkoff Fund. With the expansion of the Committee to include importing Members, exporting Members had hoped they would also contribute resources so that promotion activities were funded by all Members. This new proposal would represent a change of direction in promotion activities and would use up remaining resources. Traditional methods of marketing should be given a chance. Exporting Members had funded the Step-by-Step Guide which had only recently been published and were still working with this tool, which would have an input into the proposal to expand market development. There was also great potential for consumption in China, where 10,000 new baristas were needed to satisfy increased demand; this interest stemmed in part from previous ICO activities in Russia and China.

8. The Committee took note of this information and further noted that Mr. Brando would present a more detailed proposal for consideration by Members in September 2006.

Item 3.3: Domestic consumption

9. The Secretary introduced document WP-Promotion No. 7/06 regarding the engagement of a consultant to prepare a pilot project to expand and develop the market in selected producing countries for submission to the Common Fund for Commodities (CFC). The CFC had indicated in January 2006 that it would be willing to consider a fully developed project in this area, and the Executive Director had been advised that some EC funding could be made available through the CFC for this purpose. The Executive Director had consulted a number of Members with the result that India, Indonesia and Mexico were willing to contribute US\$15,000 each to cover the costs of preparing a full project which would involve appropriate activities in their countries to increase domestic consumption. Suggestions for specific consultants to prepare the proposal (in particular Michael Heath, former ICO Promotion Manager and Carlos Brando of P&A Marketing International) had been discussed at the meeting of the Steering Group on Promotion in January 2006. The Committee took note of this information and of document WP-Promotion No. 7/06 and approved the development of the project as proposed.

Item 3.4: China

10. The Committee noted that the Executive Director was in the process of consulting private sector representatives about their interest in participating in promotion activities in China. Concerning the matter of tariffs and taxes on coffee in China which had been raised at the meeting of the Steering Group on Promotion in January 2006, the Executive Director had requested from China the position of tariffs and taxes on coffee in that country and information on whether these were likely to be reviewed in the near future. He had received a reply giving details of import duty rates for coffee and its products for 2006 in China and had been advised that, according to the commitments of the Chinese Government on

accession to the WTO, the final bound rates on coffee and its products within the framework of the schedule had been achieved. A further reduction of tariff rates was not under consideration at the moment.

Item 3.5: Coffee and health

11. Mrs. Sylvia Robert-Sargeant, Programme Coordinator for the Positively Coffee Programme, gave an update on this programme which included three new topics (coffee and social pleasure, coffee and blood pressure and coffee and cancer) and the Positively Coffee Website which was being developed to operate fully in the four official languages of the ICO. She invited delegates interested in developing programmes in this area to contact her for information and advice. The Committee took note of this information.

Item 4: Financial matters

Item 4.1: Accounts of the Promotion Fund for the financial year 2004/05 and Report of the Auditors

12. In response to a question about the item relating to travel expenditure in the Accounts of the Promotion Fund for the financial year 2004/05, the Head of Finance and Administration said that this related to the costs of the Executive Director's participation at meetings of the National Coffee Association of USA and the Specialty Coffee Association of America, the costs of which had traditionally been covered by the Promotion Fund. It was felt that while it was important that the Executive Director should attend these events, any expenditure from the Promotion Fund should be included in relevant budget proposals.

13. The Committee noted that in future the Secretariat would submit requests for expenditure from the Fund such as an allowance for travel costs for the prior approval of exporting Members. The Accounts of the Promotion Fund for the financial year 2004/05 and the Report of the Auditors contained in document PC-35/06 were approved by exporting Members.

Item 4.2: Accounts for the Special Fund for the financial year 2004/05 and Report of the Auditors

14. The Accounts of the Special Fund for the financial year 2004/05 and the Report of the Auditors contained in document SF-38/06 were approved by exporting Members.

Item 5: Contribution to the 21st ASIC Conference

15. The Promotion Committee noted that this contribution of US\$5,000 had been approved during discussions on Item 2 of the Agenda.

Item 6: Other business

16. There was no other business to discuss.

Item 7: Date of next meeting

17. The Committee noted that meetings of the Promotion Committee and the Steering Group on Promotion would be scheduled during the 96th Session of the Council which would be held at the ICO headquarters in London during the week commencing 25 September 2006.