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International Coffee Organization  
Organización Internacional del Café  
Organização Internacional do Café  
Organisation Internationale du Café

28 September 2004

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**PRESS RELEASE**

**International Coffee Council  
September 2004**

The Executive Director of the International Coffee Organization (ICO), Mr. Néstor Osorio, today announced that over 200 delegates from the 73 ICO Member Governments together with observers from non-member countries and international organizations had met for the 91<sup>st</sup> Session of the Council from 21 to 24 September 2004 at the ICO headquarters in London and had considered the following issues:

**Membership**

A delegation from the United States participated in an observer capacity and made a formal declaration announcing the decision of the U.S. Government to rejoin the Organization. The International Coffee Council welcomed this decision and further noted that the Russian Federation and Peru were also making progress on taking steps to become Members.

**Sustainable coffee initiatives**

The Parliamentary State Secretary in the German Federal Ministry for Economic Cooperation and Development, Dr. Uschi Eid, introduced the Common Code for the Coffee Community. The draft Code has been developed by a multi-stakeholder group, comprising representatives from producing countries, trade and industry as well as the civil society. This process was organized and facilitated by the German Agency for Technical Cooperation (GTZ) and the Deutscher Kaffee Verband (DKV). While some Members supported this project the majority of producing countries was of the opinion that the Code as it stood should not be implemented because it could create an uneven burden on producers imposing high costs for verification and creating a two-tier market. It was also felt that the economic case for this Code was weak and was mainly driven by the coffee industry. More clarification and transparency were needed on the rules of participation and the selection criteria of pilot projects. Although the project is about to be implemented further, consideration should be given by the initiators of the project based on the views expressed by ICO Members and experiences gained in other dissemination platforms. It was also felt that more time was needed to study the Code and analyse its implications in more detail and that it was too early to take any decision within the ICO at this stage. The matter will continue to be discussed at future meetings of the Board, and possibly in special workshops or seminars.

## **Memorandum of Cooperation with FAO**

The Executive Director signed a Memorandum of Cooperation between the ICO and the Food and Agriculture Organization of the United Nations (FAO). The Memorandum which was signed by the Director-General, Mr. Jacques Diouf, on the part of FAO outlines agreement between the two organizations on global developmental objectives and mechanisms for cooperation.

## **Coffee development projects**

The Council approved two project proposals, including a US\$120,000 proposal for a Coffee trade Website with a Question and Answer service which will offer an updated version of the contents of the International Trade Centre's Coffee Exporters Guide in English, French and Spanish. The second proposal with a total cost of US\$6,637,858 involves the reconversion of small coffee farms into self-sustainable agricultural units in Ecuador. It will help to enhance food security for coffee growing families by providing them with a monthly income throughout the year, and to improve the profitability of coffee farms by improving quality, developing sustainable alternative crops to reduce risk, and encourage activities which would add value. Financing for both projects will be sought from the Common Fund for Commodities.

## **Increasing consumption of coffee**

The results of a project to assist producing Members in expanding domestic consumption in their countries were presented to ICO Members. Developed by a Brazilian consultancy firm, (P&A International Marketing) with funding from the ICO Promotion Fund, a CD-Rom and printed manual will provide a comprehensive guide to producing countries on the steps required to organize a programme to promote domestic consumption. The guide will include sections on coffee diagnosis, the institutional framework, promotional tools, programme design, strategies, financing, evaluation and background material.

## **Studies**

The Council reviewed two studies. The first study on the coffee sector in producing non-member countries examines the performance and prospects of coffee production in countries which have historically not been Members of the ICO, and analyses the extent to which their production could contribute to an increase in world production in the medium and long-term. The second study examines the correlation between negative price-elasticity and per capita consumption. Copies of these studies (documents EB-3869/04 and EB-3871/04) can be downloaded from the ICO Website.

## **Coffee market**

The Executive Director presented his regular report on the situation of the coffee market (see Letter from the Executive Director – August 2004). Mr. Osorio noted that the situation of coffee prices had improved somewhat in the month of September compared to the preceding months and drew the attention of the Council to the more balanced situation of supply and demand at the end of coffee year 2003/04 which indicated that the improvement is likely to be maintained. Mr. Luis Carlos Guedes Pinto, Chairperson, *Companhia Nacional de Abastecimento* (CONAB), Brazil, made a presentation on the GeoSafras coffee project involving the use of geo-satellite imaging to enhance information about coffee production in Brazil.

### **Coffee Quality-Improvement Programme**

Members reviewed progress on the implementation of the Coffee Quality-Improvement Programme since Resolution number 420 which was adopted by the Council in May 2004 and which provides that Certificates of Origin issued by exporting Members should contain an indication of compliance with quality standards in Box 17 as from 1 June 2004. In view of the short time since the adoption of the Resolution, some months will be needed before more detailed information becomes available on the quality of coffee shipments from Members.

### **ICO headquarters**

In view of the impending expiry in March 2006 of the lease on the premises occupied by the Organization, Members considered options for the future of ICO headquarters including options for remaining at the current premises in Berners Street or accepting an offer to relocate to Madrid made by the Madrid City Council and the Government of Spain. A meeting of the Executive Board and an extraordinary Session of the Council will take place from 26 – 28 January 2005 to enable a final decision to be taken on the premises.

### **Office holders for coffee year 2004/05**

The Council appointed the following office holders for 2004/05:

#### **Council:**

Chairperson:	Mr. Markus Schlagenhof, Counsellor (Economic Affairs, Commodities), Embassy of Switzerland, London
1 <sup>st</sup> Vice-Chairperson:	Mr. Enzo Barattini (Deputy Head of Unit VIII/B/1, Directorate General for Development, European Community)
2 <sup>nd</sup> Vice-Chairperson:	The Hon. Mr. Kipruto Kirwa, MP, Minister for Agriculture and Livestock Development, Kenya
3 <sup>rd</sup> Vice-Chairperson:	Ms. Delima Hasri Azahari, Director General of Agro Products, Processing and Marketing Development, Department of Agriculture, Indonesia

#### **Executive Board:**

Chairperson:	Mr. Saint-Cyr Djikalou, Permanent Representative of the Côte d'Ivoire to the ICO
Vice-Chairperson:	Mr. José Antonio Salavarría, <i>Promoción y Negocios de Café, Casa Presidencial, El Salvador</i>

**Composition of the Executive Board 2004/05:**

Exporting Members:

Brazil, Colombia, El Salvador, India, Mexico, OAMCAF, Papua New Guinea, Tanzania

Importing Members:

European Community (EC., Belgium, Germany, Italy, Spain, United Kingdom), Japan, Switzerland

***About the ICO:** The International Coffee Organization is an intergovernmental organization created under the auspices of the United Nations to serve the international coffee community. Established in 1963, the ICO is unique in bringing 73 producing and consuming countries together to exchange views and address policy issues. Average world coffee exports amount to some US\$9.5 billion worth of coffee, and average world imports amount to some US\$10 billion worth of coffee each year. The work of ICO includes: a Coffee Quality-Improvement Programme, up-to-date information and statistics; innovative projects to benefit the world coffee economy; economic studies; and promotion of coffee consumption in traditional and emerging markets.*

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