



Organización Internacional del Café
Organizaçào Internacional do Café
Organisation Internationale du Café

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Report

**Report of the Private Sector
Consultative Board
on the meeting of 25 January 2005**

1. The Private Sector Consultative Board (PSCB), chaired by Dr. Euan Paul, met on 25 January 2005.

Item 1: Adoption of the Agenda

2. The draft Agenda contained in document PSCB No. 57/04 Rev. 1 was adopted.

Item 2: Report on the meeting of 20 September 2004

3. The Board approved the report on the meeting of 20 September 2004 contained in document PSCB No. 56/04.

Item 3: Market situation

4. The Executive Director introduced his report on the market situation contained in the ED-Letter – December 2004. He noted that market movements had been exceptionally large recently, while the differences between the Robusta market and the Arabica market had become accentuated. He had an optimistic view of the market, but caution was needed: in particular he appealed to producers not to open the flood gates – the recovery needed to be managed. He noted that those producers who had emphasised quality had weathered the crisis best.

**Item 4: Implementation of the
Coffee Quality-Improvement Programme (CQP)**

5. It was noted that the meeting of the Quality Committee would take place the following day. Consequently no report could be given on the proceedings as was normally

the case at the PSCB. The Executive Director reported on progress in gathering information from Members regarding Resolution number 420: many Members were now providing the information – 40.7 million bags had been exported since the Resolution took effect and a regular flow of information had followed. He was hopeful that more countries would give the information required. This issue would be discussed further at the Quality Committee.

Item 5: Coffee and health

Item 5.1: Positively Coffee Programme

6. The Programme Coordinator reported on the status of the Positively Coffee Programme. The key topics addressed by the Programme had been Coffee and Exercise Performance, Parkinson's Disease, Type 2 Diabetes and Social Aspects. She noted that the primary tool of communication for the Programme was the website: 3 editions of the Newsletter had now been published and Positively Coffee coverage stretched over 25 countries. A programme of activities had been agreed for 2005 covering cardiovascular function, social enjoyment and myths and misconceptions, inter alia.

7. The Chairman reminded the Board that the concept of the Programme had originated some years ago and had been developed into a Committee of the PSCB. The Institute for Scientific Information on Coffee (ISIC) had provided the funding for the Programme on the understanding that funding would also be available from other sources. In mid 2005 the current funding came to an end. He appealed to members of the Board for contributions to the Programme, of whatever nature, in order to demonstrate to ISIC that the Programme was appreciated. He asked them to broach the matter with their delegations. He felt that the Programme had been highly positive and was widely used.

8. The PSCB took note of this report.

**Item 5.2: Health Care Professions –
Coffee Education Programme (HCP-CEP)**

9. The Programme Manager reported on the status of this Programme. Health remained one of the main reasons why people did not drink coffee. The goal of the Programme was to counter such fears. In September she had reported that a formal report would be made to the ISIC Board in November. In the course of the past week a joint meeting with the Programme Managers had been held at the ICO. She reported that the Steering Group had appreciated the focus and enthusiasm of the Programme Managers and was keen to move forward with the Programme.

10. She also noted that running the Programme under the banner of the ICO had been a positive move since it had opened a number of doors which would otherwise have been

closed if the Programme had been sponsored by a commercial organization. The next step was to give feed back to the ISIC Board in March 2005 and, pending receipt of the monies, the 2005 Programme would proceed.

11. The Chairman noted that a wealth of information had become available through the Programme which could be used by Members and he strongly urged them to do so.

12. The representative of the National Coffee Association (NCA) introduced two short films on DVD on the subject of Coffee Health Benefits. The first showed the results of the health programme after its first six weeks: the Programme had funding of US\$1 million spread over 3 years and represented a team effort with the producing countries. The second film was a clip from NBC News on 6 January 2005 which gave positive coverage to the issue of coffee and health.

13. The Chairman noted what could be achieved in terms of conveying a positive message on coffee and health and congratulated the programme makers. A delegate commented that it was important that the medical profession did not contradict this message – the medical profession often had information which was very out of date – hence the importance of the Programme in Europe.

14. The Chairman noted that the flow of research was important. Funding remained a major problem and he felt that there was a need to review this in the context of the ICO structure and especially in relation to the Promotion Fund.

15. The PSCB took note of progress on the HCP-CEP and of other information provided on coffee and health

Item 6: Sustainable development

Common Code for the Coffee Community (4C)

16. The representative and rapporteur of the producers' constituent group reported on the status of the Code. The question of economic viability was the most significant aspect under consideration at present. He highlighted the new criteria and the process of consultation with the World Trade Organization (WTO) regarding compatibility. Many suggestions had been made regarding improvements to the Code which remained a dynamic document. The task force would meet next week in Bonn regarding the duties of trade and industry in an effort to bring benefits to the producers. The Code was now entering its implementation and testing phase in several countries. Resources of euros 1.5 million were to be devoted to this and the cost of compliance amongst producers would be measured. The issue of a home for the Code in the long term still needed to be addressed. His belief was that the ICO would be an appropriate home, but this would be up to the Members.

17. A delegate commented that the participation of the Swiss Government was extremely welcome. The Netherlands Government had also committed itself through the offer of the services of an agronomist. He felt that the Consumers had shown significant commitment to the 4C project. The coffee crisis might be over for some, but it was not for others – the gulf between Arabicas and Robustas was great. He asked for the support of the PSCB.

18. The Chairman noted that the question of a home should be referred to the Board and Council. The PSCB took note of the discussions on this item.

Worldwide Sustainable Coffee Fund

19. The Chairman welcomed Mr. Walter Zwald who made a presentation on the Worldwide Sustainable Coffee Fund. Several letters had been received from Members supporting the concept. He urged the setting up of the Fund on a voluntary basis before it became a matter of compulsion because of consumer and political pressure. Mr. Zwald introduced Mr. Urs Kuchler of the Fund who also made a presentation concerning the mechanics and proposed operations of the Fund. The Fund's Board would consist of nominees from the ICO, NCA/SCAA and ECF/SCAE. The Origin Programme had 3 primary focuses: quality improvement, environmental sustainability and economic viability. On the consumption side, the goal was to increase overall consumption of coffee products in a number of selected markets. Mr. Kuchler introduced Dr. Patrick Dixon, a Professor at the London Business School, who gave a presentation appealing for support for the Fund. He felt that there was no conflict between the Fund and the 4C Code.

20. The Chairman thanked the contributors for their presentation. Several delegates felt they could not support it, while others had not yet made up their minds. One felt that any levy would be paid for by the weakest link in the chain – the farmer, not the consumer. It was also not clear that a Fund was needed – they were committed to 4C, a financially neutral solution. Another delegate said they were not in a position to support the Fund – they were supporting bilateral projects.

21. The Chairman reminded Members that letters of support for the Fund had been received from several Members. A delegate thought that it was too early to ask for support at the PSCB. He would support the idea of placing the concept in the same context as other approaches to this issue. It needed further discussion within the ICO and the PSCB.

22. The Chairman proposed that the subject should be put on the Agenda for the next meeting. The PSCB was not in a position to decide on support for the time being. The next step would be for the private sector associations to approach their members and ask if they were willing to contribute. Such funds had been levied in the past, on exporters. However,

funding mechanisms were now completely different and related to specific projects. This might be a better approach – viz the Executive Director’s Memorandum of Cooperation with the Food and Agriculture Organization of the United Nations (FAO), contained in document ICC-91-7 – and the possibility of starting a bank for seed funding of projects.

23. The Chairman thanked the contributors for their views and asked the PSCB to take note of the discussion.

Item 7: Food safety aspects

24. The representative of the NCA said there was no further news on the question of bioterrorism regulation.

25. The representative of the European Coffee Federation (ECF) commented on the latest situation on OTA. The EU legislation was ready, but not yet published. The maximum limits of 5 ppb and 10 ppb would apply to roast and soluble coffee, respectively. The question of green coffee was due for EU review in 2006. He also gave an update on acrylamide and furan which are formed during roasting. The representative of the NCA reported that there had been no change in the Food and Drug Administration’s (FDA) attitude to OTA, which remained under study, while their advice on acrylamide and furan was that there was no need for consumers to alter their habits.

26. The PSCB took note of this information.

Item 8: European Contract for Coffee

27. The Chairman noted that this subject had been raised with the Board and Council, which he considered inappropriate. The ECF delegate reported that a final draft had been produced and would be introduced to their associations in June and most likely would be approved. A delegate from the Producers said that their objections still existed and that the draft had been produced without the Producers’ input. They believed that they should negotiate the issue with the ECF at an early opportunity: hence the referral to the Board and Council. The ECF delegate said he would be happy to consider this later in the year, in September or October. The delegate from the Producers felt this was too late.

28. The Chairman suggested that the matter should be kept on the Agenda. He saw this as a private matter. Consequently he proposed that the discussions be left to the two parties and that the Board should receive information at the next meeting.

Item 9: World Coffee Conference

29. The Executive Director reported that arrangements were well under way and letters inviting speakers had been sent. The website would be able to give comprehensive information on the conference.

30. The PSCB took note of this report.

Item 10: Other Business

31. The Chairman reminded Members of the forthcoming V International Coffee Seminar in Rio de Janeiro on 28-29 March. He also asked that any Members who had items for the next meeting should communicate these to himself or the Secretary.

Item 11: Future meetings

32. The Board noted that its next meeting was scheduled to take place in London on 16 May 2005.