



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

PSCB No. 67/05

10 June 2005
Original: English

E

Report

**Report of the Private Sector
Consultative Board
on the meeting of 16 May 2005**

1. The Private Sector Consultative Board (PSCB), chaired by Mr. Christian Rasch Topke, met on 16 May 2005.

Item 1: Adoption of the Agenda

2. The draft Agenda contained in document PSCB No. 64/05 Rev. 1 was adopted.

Item 2: Report on the meeting of 25 January 2005

3. The PSCB approved the report on the meeting of 25 January 2005 contained in document PSCB No. 63/05.

Item 3: Market situation

4. The Executive Director introduced his report on the market situation contained in the ED-Letter – April 2005. Following this presentation, the Chairman reiterated the Executive Director's call for greater transparency and quicker collection of data. One delegate expressed concern about certain worrying aspects of production, particularly in Africa, which appeared to be due to neglect. Another delegate noted that the problem of accurate stocks figures had never been resolved, especially in consuming countries: discrepancies had existed in the past and continued to exist; he asked that this question be raised with the Executive Board. Another delegate commented that statistics were presented in an old format, using net figures, and that exports of roasted coffee did not equate to imports. He would like these concerns to be raised at the Statistics Committee. The PSCB took note of this report.

Item 4: Coffee and health

Item 4.1: Positively Coffee Programme

and

Item 4.3: Funding for Coffee and Health Programmes

5. The Programme Coordinator reported on the status of the Positively Coffee Programme. The programme for 2005 had covered four new topics, existing topics had been updated, the website had been further developed and a fourth Newsletter was being planned. She noted that the three year pilot Programme was now coming to an end and the Chairman reminded the PSCB of the appeal at its January meeting for contributions to the Programme. A delegate stated his opinion that the medical profession continued to be one of the biggest sources of apprehension about drinking coffee and it often based its opinions on information 30 years out of date. Up until now funding for the Programme had come entirely from industry, but he felt it was time for the producing countries to participate. This would be encouraging and would show the existing funding sources that their investment was appreciated. The Chairman noted that a formal proposal had been made to the producing countries to join in the Programme on a 50/50 basis, and that this should be raised again with the PSCB in September 2005.

6. The Chairman of the Positively Coffee Working Group said that, under the agenda item of funding, he was asking for time, not money: he wished to ask the Associations if they could make an in kind contribution relating to translations from English into Spanish, French and Portuguese. He requested delegates to consider this during the week and to contact him or the Programme Coordinator.

7. The Executive Director commented that Positively Coffee had made significant progress: it was no longer a pilot programme and it was time to take stock of its achievements. He believed that its impact had been highly positive and he endorsed the request for funding to develop a comprehensive strategy for the programme.

**Item 4.2: Health Care Professions
Coffee Education Programme (HCP-CEP)**

8. The Project Manager reported on the status of this Programme. She reported on its activities in Finland, France, Italy, Netherlands, Russia and the UK and on the topics covered which included antioxidants, cancer, cardiovascular disease, dehydration, diabetes, exercise, gastroenterology, Parkinson's disease and mood/alertness. She also outlined the timetable for 2005: an assessment of the individual projects had been made by the Board of the Institute for Scientific Information on Coffee (ISIC) in March and notification would be given to national Associations later in 2005 regarding the Programme for 2006 and potential new markets.

9. The PSCB took note of the reports on the two Programmes.

Item 5: Sustainable development

10. The Chairman reported that a pre-proposal for conducting a cost-benefit analysis of common sustainability standards serving the coffee sector had been submitted by the International Institute for Sustainable Development (IISD). It would be considered by the Executive Board later in the week.

Item 5.1: The Common Code for the Coffee Community

11. A representative of the Common Code for the Coffee Community (4Cs) made a presentation on the status of the 4Cs. He stressed that the Code was still being developed. The next step was to focus on reaching agreement on sustainability guidelines and practices. They were now working actively on a number of projects in the private and public sectors, which would be the focus of activity in 2005/06. Currently they were concentrating on finalising the “Rules of Participation”.

12. The Chairman reminded members of the PSCB that they were invited to a meeting at 8 p.m. on Tuesday 17 May at the Organization to discuss the 4Cs.

13. One delegate opined that the 4Cs was an important initiative which would apply not only to producing countries, but also to trade and industry in the consuming countries – everyone in the coffee value chain. Another delegate from a consuming country said that the initiative should be demand driven: there was a need for roasters and the industry to be an intimate part of the process. He remained enthusiastic about the 4Cs but it was important to take into account anti-trust regulations. A delegate from a producing country said that the concerns expressed in September 2004 remained and had not yet been addressed: they had been unable to reach a conclusion on the merits of the 4Cs because insufficient information had been made available. However, they remained apprehensive: the burden fell primarily on the Producers, but the benefits were primarily for the Consumers. It was also pointed out that no definition of sustainability had yet been determined.

Item 5.2: Worldwide Sustainable Coffee Fund

14. The Chairman reminded members that a proposal from the Worldwide Sustainable Coffee Fund had been made at the meeting in January 2005, when it was agreed that further consideration should be given to it by the PSCB. A proposal to support the implementation of the Fund would be considered later by the Executive Board under document reference WP-Board No. 966/05. He further reported that letters of support had been received from OAMCAF, Tanzania Coffee Board, VICOFA, ORCECA and Uganda. The proposal had

been sent to the Virtual Screening Committee for review. A delegate from the Fund had made himself available to answer any questions and a short document would also be made available to members outside the meeting.

15. The PSCB took note of this information.

Item 6: Food safety aspects

16. The representative of the National Coffee Association (NCA) said there was no further news on the question of bioterrorism regulation.

17. The representative of the European Coffee Federation (ECF) reported that the European Union had been working on a consolidation and harmonisation of Maximum Residue Levels (“MRL’s”) of pesticides in products of plant and animal origin. Coffee was likely to be included in the European Union’s list of products to be covered. He reported that they were half way in the process, which contained a framework, but was still incomplete. The PSCB and the Organization could play a useful role in this respect: to provide the European Union with information on pesticides being used and the frequency of their usage. Coffee was not a problematic commodity in this respect. However, there was a danger that the authorities would set very low limits because of this. The European Union had ambitious targets and he requested the producing country Associations to assist in this information flow.

18. In response to a question, the delegate from the All Japan Coffee Association (AJCA) reported that the Japanese Government was currently considering proposals in this area, but no decision had yet been taken.

19. The representative of the ECF reported that there was nothing further to report on the question of OTA at present. The representative from the NCA confirmed that the Food and Drug Administration (FDA) was not currently planning anything new on this issue. However, the authorities in California might require some new labelling regarding acrylimide: nothing was likely to happen within the next 6 months, but the question was under consideration.

20. The PSCB took note of this information.

Item 7: Implementation of the Coffee Quality-Improvement Programme (CQP)

21. The Executive Director drew the members’s attention to document WP-Board No. 971/05 and in particular to paragraph 6 regarding compliance. Fourteen exporting members had so far fully implemented Resolution number 420. Progress was being made,

but slowly. The message to those countries who were not complying was that they should do so; no sanction existed if the quality standards were not being met, but rather the objective was to offer assistance to those countries.

22. One delegate noted that most of the problems were centred on certain sectors of the Robustas market, not on the mainstream, nor on Arabicas. He suggested that attention should be focussed on looking again at Robusta quality in the light of ISO standards: some defects were less desirable than others. Another delegate from a producing country said that the Executive Director's report confirmed his fears about Resolution number 420 and compliance: nobody asked for poor quality coffee, only cheap coffee. This seemed to undermine the issue of quality and consumption: they were trying to boost consumption, but this could only be achieved by improving quality.

23. The PSCB took note of this information and noted that a further report would be received in September 2005.

Item 8: European Contract for Coffee

24. The ECF delegate reported that the FCA contract would be finalised shortly: the final text would be submitted to its Annual General Meeting in June 2005. Unfortunately this was without the input of the Producers. He noted that the proposed contract was merely a harmonisation of contracts which had existed since 1956. He regretted that the debate was moving into the political arena since the ECF was purely a private Association and the contract was between private parties.

25. A delegate commented that the document submitted by VICOFA (document PSCB No. 66/05) had highlighted the main discrepancy: namely FOB versus FCA. He also noted that the Producers would meet during the coming week to elect a spokesperson – the Producers would seek to agree on a FOB contract as an alternative to the European Contract for Coffee.

26. The delegate from the ECF wished to stress again that the contract represented a harmonisation, not a diktat. Another delegate commented that the question of creating a Contract Committee had arisen in the Executive Board Agenda. He felt that these documents were for private parties, not Governments, and therefore not in the province of the ICO.

27. The Executive Director commented that this was correct: it had been proposed that the ICO should set up such a Committee. This would be a matter for the Members to decide. However, he saw this at most as a Committee whose objective was to make a recommendation and he agreed that the issue was a private commercial matter. As such, it belonged more within the PSCB than the Executive Board/Council. Another delegate requested that the issue should be examined afresh at the next PSCB meeting when it was

hoped that the draft contract would be available. He agreed with the principle that contracts between private parties were not governed by the ICO: however, there were many issues within the ICO which overlapped between the private and public sectors and one could not segregate the two.

28. The Executive Director recommended that the PSCB should continue to listen to the parties as long as it wished to do so. He felt that the issue should not be debated within the Executive Board, nor was it appropriate to create Committees to decide on matters beyond its competence.

Item 9: 2nd World Coffee Conference

29. The Executive Director reported that arrangements for the 2nd World Coffee Conference were well under way. A document would be distributed to the Executive Board summarising arrangements¹. A web page was already in operation. He noted that Mr. Carlos Brando had been working actively to make the conference a success. Mr. Brando requested the support of members of the PSCB and their Associations to come to Brazil and to participate; he also asked the Associations to make available their mailing lists so that invitations could be sent to as wide an audience as possible. It was noted that a field trip to a coffee producing area in Brazil would be organized at the end of the ICO meetings, for which a small charge would be made to cover transportation costs. There would also be a small trade show of about 40 booths adjacent to the conference. He asked for help from the PSCB to contact its members to ask for sponsors.

30. The PSCB took note of this report.

Item 10: Other Business

31. The delegate of the Speciality Coffee Association of Europe (SCAE) made a brief presentation on the Coffee Guide website which had been created by the International Trade Centre/UNCTAD/WTO. An extensive Question and Answer service had been put in place and a panel of experts recruited to answer questions; the aim was to answer questions within one week. The site had originally been funded by the Danish Government, whose role had now been taken over by the Swiss Government. The website was available in English, French and Spanish.

32. The PSCB took note of this report.

Item 11: Future meetings

33. The next meeting was scheduled for 26 September 2005 in Salvador, Brazil.

34. There being no further business, the meeting was closed.

¹ *It was subsequently distributed as document ICC-93-6.*