



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

PSCB No. 71/05

8 November 2005
Original: English

E

**Report of the Private Sector
Consultative Board
on the meeting of 26 September 2005**

1. The Private Sector Consultative Board (PSCB), chaired by Dr. Euan Paul, met on 26 September 2005. The Chairman opened the meeting by thanking the Minister of Agriculture, Livestock and Food Supply of Brazil and Chairman of the 2nd World Coffee Conference, Mr. Roberto Rodrigues and the Organizing Committee for the excellent arrangements and the offer to host the meeting in such a beautiful city. The Chairman also expressed condolences to the delegates of the National Coffee Association (NCA) and Specialty Coffee Association of America (SCAA) in relation to the hurricanes in the Gulf area of the USA and the effects on people employed in the coffee industry.

Item 1: Adoption of the Agenda

2. The PSCB adopted the draft Agenda contained in document PSCB No. 68/05 Rev. 1.

Item 2: Report on the meeting of 16 May 2005

3. The PSCB approved the report on the meeting of 16 May 2005 contained in document PSCB No. 67/05.

Item 3: Market situation

4. The Head of Operations introduced the report of the Executive Director on the market situation contained in the ED-Letter – August 2005. He noted that in the last few days, the ICO composite indicator price had fallen from 86.22 US cents per lb at the start of the month to 76.59 on 26 September 2005. Coffee prices had fallen during August despite a sharp rise in the last week of the month immediately following the passage of Hurricane Katrina, since the New Orleans infrastructure was responsible for a significant share of the coffee processed in the United States and held some 27% of stocks in the USA. The fall in prices was more

marked in the case of Robustas, which were down 10.2% compared to the July average. In the light of recent information provided by Members, estimates of production for crop year 2005/06 had been revised upwards to 108 million bags, with around 33.33 million bags likely to be produced by Brazil, according to the estimate published by CONAB in August. The setback in prices recorded in July continued in August despite some rallies following Hurricane Katrina. With the first rainfall in Vietnam on the one hand and the upward revision of the Brazilian production figure on the other, investment funds had shortened their long-term positions on futures markets speculating that, contrary to initial market perceptions, there was not likely to be a supply shortage. However, since roasters would need to provide for the high level of consumption during the winter months in the northern hemisphere, this might help to provide some support for the market. The PSCB took note of this report.

Item 4: 2nd World Coffee Conference

5. The Head of Operations introduced the preliminary summary report of the 2nd World Coffee Conference which had taken place in Salvador, Brazil from 23 to 25 September 2005, which had been prepared by the Chairman of the Conference, Minister Roberto Rodrigues, and which would be presented to the Council at its 94th Session. A copy of this report was subsequently circulated as document ICC-94-13. The PSCB expressed its appreciation to the Chairman of the Conference for this well organised and fruitful Conference. Following some discussion relating to the findings and actions for the future based on the results of the Conference, the PSCB noted the need for a set of proposals for actions to be developed in good time for consideration before the next ICO meetings in January 2006.

Item 5: Coffee and health

Positively Coffee Programme

6. The Programme Coordinator reported on the status of this programme which was nearing the end of its initial three year funding agreement from the Board of the Institute for Scientific Information on Coffee (ISIC). The programme was run under the auspices of the ICO and the materials generated had attracted considerable international interest and were widely used, including in producing countries. A number of exciting new developments were in the pipeline. The ISIC Board would consider funding beyond 2005 and reach a decision on this in November 2005, but sought co-financing from the Promotion Fund. Document WP-Promotion No. 6/05 Add. 1 contained information to assist exporting Members in considering the request to support the Programme and would be considered by them during the course of the week¹. The PSCB took note of this information.

¹ At its meeting on 29 September 2005, the Promotion Committee noted that exporting Members had agreed to allocate US\$50,000 per annum for three years from the Promotion Fund for the Programme.

Health Care Professions – Coffee Education Programme (HCP-CEP)

7. The Project Manager reported on this European programme which was run under the auspices of the ICO and which was fully funded by the ISIC Board until the end of 2006. The objective of the HCP-CEP was to educate health care professionals who frequently gave inappropriate advice about cutting out or reducing coffee consumption. It currently operated in six European countries which contributed 50% of the costs. The Programme was now halfway through its timetable and most of the participants had reported a positive impact. A database was being developed to include different ways to respond to the issue which could form the basis of programmes for other countries in the future. Funding from January 2007 onwards was not yet confirmed.

8. The PSCB took note of this information and further noted an update by the representative of the NCA on the public relations programme on coffee and health in the United States and the success of the actions taken. The current programme received funding assistance from several producing countries and would be amplified in the coming year.

Item 6: Sustainability initiatives

9. The Head of Operations reported on a number of sustainability initiatives, including a survey on sustainability of the coffee sector contained in document EB-3893/05 which would be reviewed by the Executive Board at its meeting from 27 to 29 September 2005. The PSCB noted that a meeting of the organizers of the Common Code for the Coffee Community (4Cs) and associated parties had taken place in Salvador the previous week. A copy of the report of the three Rapporteurs of the 4Cs was circulated at the meeting as document PSCB No. 70/05. Two of the 4Cs Rapporteurs present gave a report on progress. In general, good progress had been made with a better understanding achieved of the objectives and principles of this initiative. Agreement on the Rules of Participation had been reached and workshops would now be held in geographically strategic areas to provide information about the programme's aims and activities.

10. The PSCB noted that a proposal for the implementation of the Worldwide Sustainable Coffee Fund (contained in document WP-Board No. 966/05) would be considered by the Executive Board later in the week. An additional communication from the Fund had been received and had been circulated as document PSCB No. 69/05. Following some discussion, the PSCB agreed that, while the aims of the project were worthwhile, it did not wish to support such action now or in the future and considered that the initiative should not be pursued further.

Item 7: Food safety aspects

11. The Chairman, as Chairman of the European Coffee Co-operation Task Force, gave an update on Ochratoxin A (OTA). EU legislation introducing limits of 5 ppb for roasted and ground coffee and 10 ppb for soluble coffee had taken effect in April 2005 (Commission Regulation No. 396/2005). This legislation would be reviewed in 2006 when the possibility of limits on green coffee would also be considered. In Member countries some problems had been identified with inspection authorities demanding self imposed green limits as part of a Hazard Analysis and Critical Control Point (HACCP) process. Excellent work in the Netherlands had resulted in an agreement being reached with the authorities. This would be translated and made available to interested parties so that it could act as a model for discussion. The toxicology of OTA was under review by the EU Scientific Committee for Safety (SCS) and decisions were expected in early 2006. The issue was the level of genotoxicity. If the level were considered to be similar to previous declarations by the SCS, there might be no requirement for further changes in the legislation. If the level of genotoxicity were decreed to be serious, the legislators would have to look at current controls and reduce them to the lowest possible levels achievable.

12. The Secretary of the Task Force gave an update on acrylamide which was present in all cooked foods (other than boiled). The coffee industry in Europe had undertaken research on ways to reduce levels in brewed coffee, but to date there was no way to achieve this. The time and temperature of roasting had an insignificant effect and Robusta coffee produced slightly higher levels than Arabica. The European coffee industry was continuing research to determine if any other actions to lower levels could be identified. The anomaly of lower levels of acrylamide in roast and ground coffee left on the shelf for nine months was being investigated. Currently coffee was one of the highest contributors to total daily intake. In the USA, California might require labelling of products containing acrylamide as a cause of cancer; coffee was not in the first round of named products, but could be included in future references.

13. In the case of furan, this carcinogenic chemical was present in the aroma from coffee, and quickly disappeared as the brew aged. It was also present in many foods but coffee was one of the highest contributors to daily intake. The Task Force had approached the EU to discuss the issue of identifying single chemicals and their risks. There were possibly more cancer related chemicals in the many components found in coffee; however there was extensive scientific evidence that consumption of coffee as a product was not harmful to humans and might be beneficial in some cases. This holistic approach continued to be debated.

14. In the case of bioterrorism legislation, the PSCB noted that there were no new developments to report and agreed that this should not be included on future agendas.

Pesticides

15. The PSCB noted that, as reported at its meeting in May 2005, the EU was in the process of harmonizing existing legislation on Maximum Residue Levels (MRLs). The Executive Director had circulated document ED-1970/05 inviting exporting Members to provide information on the use of pesticides in coffee in their countries. The Chairman reiterated the need for all exporting Members to provide the ICO with a list of pesticides permitted in their country, identified by chemical names, so that this could be submitted to the EC. Failure to provide such information could result in a listing of pesticides that the EU considered appropriate, and might not include some pesticides used in producing countries. The cooperation of producers was urgently sought. The PSCB took note of this request.

Item 8: Implementation of the Coffee Quality-Improvement Programme (CQP)

16. The Head of Operations introduced document WP-Board No. 981/05 containing a report on the CQP. He said that in the period October 2004 to June 2005, some 56.17 million bags were exported, of which 39.96 million were Arabica and 16.21 million Robusta. The volume of coffee exported by the 16 Members complying with Resolution number 420 represented 65.15% of the total volume exported in the period – of which 98.93% had reached the quality standards. The low volume of Robusta coffee exporting countries in compliance with the Resolution continued to cause concern. Nevertheless, there was evidence of a decrease in sub-standard coffee graded at LIFFE.

17. The PSCB took note of this report. In discussions on this item, some questions were raised over missing figures. It was disappointing that the number of countries complying with the CQP had not increased since the last meeting. In the case of the new ISO Standard on green coffee defects, it was suggested that this should be referred to the Quality Committee for consideration as to how to incorporate it into major grading systems. A copy of the full text of ISO 10470-2004 could be purchased from the ISO at www.iso.org.

Item 9: European Contract for Coffee

18. The Board noted that the European Contract for Coffee had been agreed at the European Coffee Federation (ECF) Annual General Meeting in June 2005 and copies of the Contract could be downloaded from: www.ecf-coffee.org/publications.html. The Board further noted that representatives of producing countries needed to discuss this further and wished the item to be included on the Agenda for the next meeting.

Item 10: PSCB representatives and office holders

Item 10.1 PSCB representatives for 2005/06 and 2006/07

19. The Board noted that the terms of office for members of the PSCB who were appointed by the Council in September 2003 for coffee years 2003/04 and 2004/05 would expire on 30 September 2005, and that the Council would designate members of the PSCB for 2005/06 and 2006/07 during its 94th Session. The Executive Director had circulated document ED-1952/05 inviting PSCB representatives to indicate to their Member Governments their willingness to be reappointed, and requesting Member Governments to inform him in writing of their nominations by 1 September 2005. Document WP-Council No. 134/05 contained information received from Member Governments as at 9 September 2005. The PSCB took note of the representatives of importing Members listed in document WP-Council No. 134/05 and noted that exporting Members would finalise their representatives following the meeting².

Item 10.2: PSCB Chairperson and Vice-Chairperson for coffee year 2005/06

20. The PSCB re-appointed Dr. Euan Paul of the British Coffee Association as Chairman of the PSCB and Mr. Christian Rasch Topke of ANACAFE as its Vice-Chairman for coffee year 2005/06.

Item 11: Other business

International Coffee Genome Network (ICGN)

21. The Chairman said that a letter had been received from the Chairman of the founding group of the ICGN which was in the process of setting up a Steering Committee and sought a representative from the industry. After discussion, the PSCB agreed that this letter should be circulated to the PSCB for consideration, so that a representative could be nominated at the next meeting in January 2006.

Coffee Guide Website

22. The PSCB noted that a proposal for the operation of the Coffee Guide Website for 2006/07 and identification of funding for 2007 and 2008 would be considered by the Executive Board during its meeting from 27 to 29 September 2005³.

² The Council subsequently designated the members of the PSCB for the next two coffee years as listed in document WP-Council No. 134/05 Rev. 1.

³ The Board and the Council subsequently approved this proposal for submission for Fast-Track financing by the CFC.

Item 12: Future meetings

23. The PSCB noted that the next meeting was likely to take place on 30 January 2006 at the ICO headquarters in London, instead of 26 January, and this would be confirmed by the Secretariat after the meeting⁴.

⁴ *The dates of ICO meetings in January 2006 were subsequently confirmed by the Board and Council as taking place from 30 January – 1 February 2006.*