



Organización Internacional del Café
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Organisation Internationale du Café

PSCB No. 79/06

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**Report of the Private Sector
Consultative Board
on the meeting of 30 January 2006**

1. The Private Sector Consultative Board (PSCB), chaired by Dr Euan Paul, met on 30 January 2006.

Item 1: Adoption of the Agenda

2. The PSCB adopted the draft Agenda contained in document PSCB No. 72/05 Rev. 1.

Item 2: Report on the meeting of 26 September 2005

3. The PSCB approved the report on the meeting of 26 September 2005 contained in document PSCB No. 71/05.

Item 3: Market situation

4. The Chairman invited the Executive Director to introduce his report on the market situation contained in the ED-Letter – December 2005. He reported that average prices had risen from a level of around 77 cents in early October to 85.93 cents in November and around 90 cents at the end of December. Supply and demand were generally well balanced, although stocks in producing countries continued to be a cause for concern. No verification had taken place since 1988 and considerable doubt must attach to the figures for stocks. He would recommend that the Statistics Committee should look at this issue and he would also raise it with the Executive Board. The PSCB took note of this report.

Item 4: 2nd World Coffee Conference

5. The Executive Director introduced document EB-3901/05 which would be reviewed at the Executive Board later in the week. The Brazilian authorities intended to make a presentation during the forthcoming meetings in May 2006 and would present a full and conclusive report to the Council. The Board took note of this report.

**Item 5: Future of the
International Coffee Agreement (ICA) 2001**

6. The Chairman introduced documents EB-3902/05, WP-Board No. 987/05 and WP-Board No. 988/05 on the subject of a future International Coffee Agreement. The Executive Director noted that the objective at these current meetings was to start the process of analysis and to generate thoughts and new ideas. The private sector would, he hoped, play an important role in this process. He had already received proposals directly from a number of non-governmental organizations (NGOs). However, he did not think this was an appropriate way to proceed: proposals should be channelled through Member governments in order to ensure an orderly process. The role of the PSCB was clear: to act as an advisory Committee of the ICO and to act as a channel of opinion for the private sector. The question of renegotiation versus renewal should be posed at the end of the debate and a good starting point would be an analysis of the 2001 Agreement.

7. The Chairman confirmed that this was an important matter for the PSCB. The objective here should be for members to take questions back to their organizations, debate the issues and return to the next meeting with clear views. He invited the European Coffee Federation (ECF) to present its views. The representative of the ECF reported that it had held a general meeting the previous Friday at the ICO and had debated the issue. It would be easy to continue with the status quo. However, it was now the appropriate time to take stock and to develop a view on the need for a new ICA. The ICO and the ICA were both founded to implement economic clauses. However, the quota system had not been in operation for many years and the ICA 2001 had been drafted without economic clauses. The ICO had many uses: it could tackle subjects which were relevant to the entire coffee chain. However, it was something of a half way house. There was room for improvement and the focus should be on content. It was not the role of the PSCB to assume the function of governments, but it was its role to discuss issues such as food safety and health, and sustainability. It could also discuss a wider range of issues such as port security, environmental impact, impact management and demand in producing countries. These issues emanating from the PSCB would be picked up at intergovernmental level. He agreed with the Executive Director that the debate should happen at the end of the process of analysis of the existing ICA and the future role of the ICO. He admitted that many of the issues were difficult, but this should not deter the Board from exploring them.

8. The representative of the ECF circulated a document which had been produced by the ECF summarising its views – this was subsequently circulated as document PSCB No. 78/06. This document had not yet been discussed with the European Union.

9. The representative of the Association of Indonesian Coffee Exporters (AICE) noted that the PSCB had started as one of the ICO's major advisory committees and it was important to conduct a sensible debate. He felt that not only the content was important, but also the structure. The representative from the National Coffee Association (NCA) felt that the PSCB could play a more significant role than that of a purely advisory body: it should not wait to be asked for its views, but should be proactive. It was also correct that the Board should use the intergovernmental channels. His association continued to believe that the ICO was a good organization which had achieved many objectives. However, the opportunity had now arisen to turn it into a tremendous organization which could deliver a new range of projects and programmes. Many of the representatives had lived in the same house for many years: were they now going to rebuild it as a dream house, or just refurbish it? The PSCB would need to rely on the Executive Director to guide this debate and relay the PSCB's concerns to the intergovernmental sector.

10. In a question relating to timing and process, the Executive Director said that this had not yet been discussed. He also suggested that, in future, meetings of the PSCB should take place half way through the schedule of meetings rather than being the first meeting of the week.

11. Summarising the discussion, the Chairman said that the period up to the next meeting would provide an adequate opportunity to formulate the PSCB's ideas and to be creative about where the ICO should be positioned in the long term. He asked delegates to take these issues back to their own organizations and to seek as broad a dissemination of them as possible. The PSCB took note of this information.

Item 6: Coffee and health

12. The Programme Coordinator made a presentation concerning the Positively Coffee Programme and the Health Care Professions – Coffee Education Programme (HCP-CEP). The latter had been reviewed the previous week and results examined in detail from each of the six participating countries. Targets had been met in each country: these included objectives such as increasing the number of doctors and nurses recommending coffee drinking (Finland), increasing the number of people identifying four to five cups of coffee daily as “moderate intake” (United Kingdom), and conducting a survey amongst 2,500 doctors confirming the positive role of coffee (Italy). The conclusions of the review meeting had been that 50/50 financing of the six markets should not continue beyond 2006, that new markets should be added in 2007 and that a consolidation of best practice should take place between central support and meetings of programme managers.

13. The Programme Coordinator for the Positively Coffee programme gave an overview of the use of materials produced by the programme in a variety of producing countries, including Brazil, Côte d'Ivoire and El Salvador. She outlined the programme for 2006, including three new topics, developing the website to cover all four ICO languages, producing two new Newsletters, developing an exhibition stand in order to participate in selected meetings, and to maintaining support for coffee associations and other institutions. She also confirmed that the Exporting Members had agreed to co-fund the Programme for three years at US\$50,000 per annum.

14. The Executive Director congratulated the Programme Coordinator on the results achieved in both programmes. He noted that the main constraint had been the availability of resources to follow up on the dissemination of the material and felt that it might be possible to share the experiences of similar programmes in the United States and Canada in a more formal way: the health concerns were the same, but the approaches were different. The Chairman invited the delegate of the NCA to give a brief report on their programme. This created much interest and the delegate was asked to make a presentation to the Board at its next meeting on the NCA's experience in its campaign on coffee and health.

15. The PSCB took note of this information.

Item 7: Sustainability initiatives

16. The Executive Director reviewed the status of sustainability initiatives including a cost-benefit analysis of sustainability practices in the coffee sector: A programme for building management capacity in producing countries, presented by the International Institute for Sustainable Development (document WP-Board No. 970/05 Rev. 1) and a report of the three Rapporteurs of the 4Cs initiative (document PSCB No. 75/06). Two of the Rapporteurs gave reports on the latter initiative and informed the Board that the whole system of the 4Cs would be in place towards the end of 2006. However, the initiative still needed an institutional home. The Executive Director informed the Board that the issue had been debated at length in both the Executive Board and the Council. The PSCB took note of these reports.

Item 8: Food safety aspects

17. The Chairman noted that the situation on OTA legislation, which had been covered in Item 7 of the Report of the last meeting, remained unchanged. A formal meeting with the European Union authorities had taken place in January 2006. A considerable body of research showed that clean and sweet smelling containers did not harbour OTA. This finding had been accepted by the Dutch authorities and therefore there was no need to undertake testing of green beans, other than those which were affected by moisture and smell. A report on

genotoxicity would be available later in 2006. However, if the report were negative, this could lead to the imposition of limits on green coffee. It was also reported that the Organization had been granted observer status at the Codex Alimentarius Commission.

18. The representative of the ECF reported on the latest status of acrylamide: this was an inevitable consequence of roasting and it was currently believed, after extensive research, that very little could be done to reduce the level with current scientific knowledge. It would remain a challenge for the coffee industry. The ECF and other associations had been trying to move the debate away from individual substances such as acrylamide and furan towards a more holistic approach to coffee. However, this would entail a radical change in risk management procedures and it could therefore be a target only in the long term.

19. He also reported that furan had been subjected to a review by the UK Food Standards Agency: coffee appeared to remain the biggest contributor of furan amongst all foodstuffs. Again, little was known about how to reduce levels of furan in coffee.

20. In response to a question, the representative of the NCA said that the position of the Food and Drug Administration (FDA) was unchanged: they did not believe that the scientific evidence relating to acrylamide and furan was convincing and therefore had no plans to impose limits at present. He also confirmed that there had not been any recent developments with regard to legislation on bioterrorism.

21. The Chairman reported on the current situation relating to pesticides. The Executive Director had asked exporting countries in document ED-1970/05 to provide information for an EU review of maximum residue levels of pesticides. To date, no response had been received. The Chairman said that this was unsatisfactory and underlined the importance of this information: otherwise it was likely that the European Union would impose its own list of permitted pesticides and residue levels. The representative of the Specialty Coffee Association of Europe (SCAE) highlighted the danger of having a default level of zero imposed in the absence of any action and he voiced his Association's concern on this subject.

22. The Chairman asked the representative of the All Japan Coffee Association (AJCA) to introduce two documents (PSCB No. 76/06 and PSCB No. 77/06) relating to the Revised Food Sanitation Law in Japan and a communication relating to Genetically Modified Coffee Beans. The representative of the AJCA reported that his Association had detailed documentation on testing procedures. This was at present in Japanese, but would be translated into English in the near future. Referring to the latter document, he highlighted the request to exporting countries to pay particular heed to the sentiment of Japanese consumers in relation to genetically modified foods, a highly sensitive issue in Japan: even if products containing GM elements passed the tests of the Food Sanitation Law and the Cartagena Protocol, consumers in Japan were highly reluctant to purchase goods which had been genetically modified.

23. The Chairman thanked the representative of the AJCA for his contribution. He agreed that it was important to address consumers' concerns. The Executive Director noted that at the seminar on Genetically Modified Coffee organized by the ICO in 2005, it had been specifically stated that no genetically modified coffee was commercially available. This was an important message. Additionally Dr Illy on behalf of Illycaffè presented their policy on safety control of pesticides in raw coffee and results of tests to date. A copy of their paper is available on request. The PSCB took note of this information.

**Item 9: Implementation of the
Coffee Quality-Improvement Programme (CQP)**

24. The Executive Director said that the latest report of the CQP was contained in document WP- Board No. 989/06. He drew the PSCB's attention to paragraph 2 of the document which stated that 20 exporting Members had implemented Resolution 420 fully and to paragraph 7 which stated that 98% had met the quality standards. This represented encouraging progress, although there was still some considerable room for improvement. He drew the Board's attention to the International Standards Organization's coffee defect reference chart which could not be copied for reasons of copyright, but could be reviewed in the ICO's library, or could be purchased directly from the ISO. The representative of the SCAE expressed his concern that only 20 Members were currently complying with Resolution number 420: he accepted that this covered 76% of coffee exported, which was an improvement, but still too low. The PSCB took note of this information.

Item 10: European Contract for Coffee (ECC)

25. The Chairman asked representatives if any delegate wished to comment on the ECC. There was no comment, but it was agreed that the issue should be kept on the PSCB's agenda.

Item 11: International Coffee Genome Network (ICGN)

26. The Chairman referred to document PSCB No. 73/05 which had requested nominations of the industry to the ICGN Steering Committee. The Chairman of the Promotion Committee nominated Professor Graziosi of the University of Trieste.

Item 12: Other business

Codex Alimentarius Commission

27. It was confirmed that the ICO would receive an invitation to attend the FAO/WHO Codex Alimentarius Commission as an observer in relation to coffee matters.

Coffee Guide Website

28. It was confirmed that the Council had approved the proposal concerning the Coffee Guide Website for submission to the Common Fund for Commodities¹.

Representation of the ECF

29. The representative of the ECF drew the Board's attention to document PSCB No. 74/06 concerning the representation of the ECF on the PSCB. The ECF was now one body, but represented three sectors: soluble, roast and ground, and green coffee. The Federation asked the Board if it would approve the retention of its three seats on the PSCB. This was agreed.

Cooperation between Vietnam and Indonesia

30. The representative of the NCA reported that one of his members had asked him to question a report about a cartel between Indonesia and Vietnam and whether any Board Member knew of the accuracy or existence of this report. The representative of the AICE believed that such a report had emanated from Vietnam. He reported that Indonesia had maintained a dialogue with the Vietnam Coffee and Cocoa Association (VICOFA) in order to discuss matters of mutual concern and common problems. However, they had no intention of introducing any measures which could be seen as encouraging the creation of a cartel in any way: they had no desire to distort the market, and only wished to engage in orderly marketing designed to be beneficial both for the consumer and the producer. He did not know how or why the report had originated in Vietnam. The representative of VICOFA said that he was not acquainted with the report, but would investigate and report back to the Board.

Speculative Interest / Robusta prices

31. The representative of AICE asked the Board to consider two further items: his Association was concerned that a significant quantity of coffee was held by people who had no interest in coffee; he also noted that conventionally the price of Robusta was in the order of 2/3 of the price of Arabica. However, recently Robusta had been trading at 1/3 of the price of Arabica. The Board took note of these concerns.

PSCB contact details for 2005/06 and 2006/07

32. PSCB representatives were requested to confirm details of their representatives and alternates to the PSCB for 2005/06 and 2006/07 on a form provided (attached as an Annex to this report).

¹ The project proposal was rejected by the CFC Consultative Committee in July 2006.

Item 13: Future meetings

33. In accordance with the earlier discussion concerning the position of the PSCB's meeting in the context of other ICO meetings, the Executive Director proposed that the next meeting be held on Wednesday 24 May 2006. This was agreed.

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PSCB CONTACTS FOR 2005/06 AND 2006/07

PSCB representatives and alternates are kindly requested to complete and return the attached form to the Secretariat to enable the ICO to update its records and ensure that all PSCB representatives and alternates receive PSCB documents and other relevant information. The form can be sent by fax or email to the ICO.

Please complete using block capitals

PSCB ASSOCIATION:

Contact: *Delete as appropriate:*
• **Representative**
• **Alternate**

Name:

Title:

Address:
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Country:

Telephone: **Fax:**.....

Email address: **Website:**.....

PSCB ASSOCIATION:

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