



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

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**Future of the International
Coffee Agreement (ICA) 2001**

Communication from Vietnam

Background

The following communication on the future of the ICA 2001 has been received from Vietnam.

Action

The Executive Board and the International Coffee Council are requested to consider this document.

FUTURE OF THE INTERNATIONAL COFFEE AGREEMENT 2001

International Coffee Agreement 2001

It can be said that the International Coffee Agreement (ICA) 2001 satisfies the needs of Member countries, many issues of concern are clearly presented.

With the ICA 2001, the International Coffee Organization has really functioned as a forum for importers and exporters.

Vietnam, however, also sees some points to be amended and supplemented as follows:

1. Firstly, matters related to Articles 31, 33, and 34,

Such as Studies and surveys, Removal of obstacles to consumption and Promotion.

The studies and surveys shall help the Organization to better understand Members' situations and then make plans to support Members to practical effect.

Through studies and surveys, the Organization may clarify the situation of Member countries, then the ICO can have a specific view about obstacles which may hinder the increase in consumption of coffee to the exporters.

Regulations against pesticide residues and OTA contamination, etc. and also the combination of Resolution 420 and ISO 10470: 2004 in methods of counting defects in coffee samples, etc. should be re-considered and then an official decision should be introduced by the ICO.

Promotion activities to expand markets for domestic consumption also need support from the International Coffee Organization.

2. Related to the Private Sector Consultative Board (Article 22)

The Private Sector Consultative Board (PSCB) is really very important. In PSCB meetings, issues can be discussed to create mutual understanding among exporters and importers. This organization's activities should be strengthened, creating an information network so that members can communicate and discuss issues not only in meetings but at any time.

3. Related to the Administrative Budget and assessment of contributions

On studying Articles 24 and 13 of the Agreement, we suggest the ICO reconsider this matter.

We agree that the contribution of each Member to the Administrative Budget for each financial year shall be in the proportion which the number of its votes at the time the Administrative Budget for that financial year is approved bears to the total votes of all the Members.

Item (3) Article 13 notes: “The remaining votes of exporting Members shall be divided among such Members in proportion to the average volume of their respective exports of coffee to all destinations in the preceding four calendar years”.

In our opinion, this point is irrational inasmuch as prices of Robusta and Arabica are quite different. Although with the same export volume, in the Arabica producing countries, the proportion of contributions for the financial year of their respective exports of coffee is much lower compared to their export turnover than that of Robusta producing countries. Thus, we suggest replacing “in proportion to the average volume of their respective exports” by “in proportion to the average turnover of their respective exports”. And therefore we would be less disadvantaged and the Organization’s treatment would be more equitable. Otherwise Vietnam will face many difficulties in contributing yearly fees to the Organization in the coming years since the amount Vietnam had to contribute last year was up to £150,000, equivalent to about US\$279,000. Meanwhile, the annual coffee export turnover of Vietnam is around US\$600 million; this contribution accounts for some 0.0465% of the export turnover. It means that Vietnamese coffee exporters who are usually poor then have to contribute an annual amount of 0.0465% of their export turnover. Therefore, if the assessment of contributions is divided not in proportion to the average volume, but to the export turnover, the amount of contribution will be lower, Vietnamese coffee exporters can conform to the regulation better. I think that this is our coffee farmers’ idea and maybe this is the idea of many other Robusta coffee producers.