



Organización Internacional del Café
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Organisation Internationale du Café

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

**Proposals for amendments from
the United States of America**

Background

The following proposals for amendments to the ICA 2001 have been received from the United States of America, in response to the decision taken by the International Coffee Council at its 95th Session that Members should submit proposals on the future of the ICA 2001.

Action

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

Proposals by the United States for Amendments to the International Coffee Agreement, 2001

Introduction

The following builds on our May 2006 paper (WP-Board No. 1000/06) in which we made specific proposals for changes in the International Coffee Agreement, 2001. Using “themes” similar to those we outlined in May, this paper illustrates changes in the text of the Agreement necessary to implement our proposals. In this paper we focus on major elements of the ICA where updating is needed. Therefore, this paper is not a comprehensive proposal for amendments.

For clarity, we show “clean text” for articles, noting both updated and new paragraphs and highlighting in bold major changes as compared to text in the current agreement. We also have indicated some articles proposed for deletion.

We have organized the proposals in this paper into the following thematic areas:

- I Objectives
- II Membership and Votes
- III Efficiency of Deliberations and Decision Making
- IV Structural and Administrative Matters
- V New and Expanded Areas of Work

THEME I: OBJECTIVES

In May we proposed a thorough review of the objectives set forth in the ICA 2001 to better reflect themes relevant for the next decade and suggested that the updated objectives must focus the organization and effectively communicate a compelling and coherent vision of the ICO's reason to exist. To do this, we have: (i) introduced an "overarching" statement of the objectives of the Agreement and the Organization (a "mission statement"); (ii) revised the presentation of the former detailed objectives (they are now means of achieve the overarching objectives); (iii) updated some of these specific elements; and (iv) added additional actions to achieve the overarching objectives.

CHAPTER I – OBJECTIVES

ARTICLE 1 Objectives

***[new]* The objectives of the International Coffee Agreement, [date] are to strengthen the global coffee sector in a free market environment and provide for the sustainable expansion of the sector, for the betterment of all participants in the coffee value chain by:**

- (1) promoting international cooperation on coffee matters;
- (2) ***[updated]* providing a forum for intergovernmental consultations on coffee matters including on ways to achieve long-term economic, environmental and social progress in the coffee sector;**
- (3) providing a forum for consultations on coffee matters with the private sector;
- (4) facilitating the expansion and transparency of international trade in coffee;
- (5) ***[updated]* collecting, disseminating and publishing economic and technical information, statistics and studies, as well as research and development, in coffee matters;**
- (6) *[deleted (incorporated in the chapeau)]*
- (7) ***[updated]* promoting the development of markets for coffee, including in exporting Members;**
- (7bis) [new]* facilitating the availability of information on financial tools that may be of value to coffee producers, including access to credit and approaches to managing risk;**
- (8) ***[updated]* developing, evaluating and, as appropriate, assisting in financing and implementing projects that benefit Members and the world coffee economy;**
- (9) ***[updated]* promoting coffee quality and enhanced consumer satisfaction;**

(10) promoting training and information programs designed to assist the transfer to Members of technology relevant to coffee; and

(11) *[new]* **encouraging Members to develop strategies to enhance the capacity of local communities and small producers to benefit from coffee production and adapt to fluctuations in coffee markets.**

THEME II: MEMBERSHIP AND VOTES

We seek to clarify the terms for membership, in particular to clarify terms for membership of the European Community. We note that consequential changes will also be required in relevant definitions (for example, of a “Contracting Party”) as well as provisions for signature, ratification, entry into force and accession (article 2 and articles 43-46 in the current agreement).

CHAPTER IV – MEMBERSHIP

ARTICLE 4

Membership of the Organization

(1) Each Contracting Party, together with those territories to which this Agreement is extended under the provisions of paragraph (1) of Article 48, shall constitute a single Member of the Organization, except as otherwise provided for under the provisions of Articles 5 and 6. **Where an intergovernmental organization representing the collective interests of multiple States or territories constitutes a Contracting Party, membership shall accrue solely to the intergovernmental organization as a single Member.**

(2) A Member may change its category of membership on such conditions as the Council may agree.

(3) *[deleted]*

(4) *[moved to Article 13]*

(5) *[deleted]*

ARTICLE 13

Votes

(1) The exporting Members shall together hold 1,000 votes and the importing Members shall together hold 1,000 votes, distributed within each category of Member – that is, exporting and importing Members, respectively – as provided for in the following paragraphs of this Article.

(2) Each Member shall have five basic votes.

(3) 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.

(4) The remaining votes of importing Members shall be divided among such Members in proportion to the average volume of their respective imports of coffee in the preceding four calendar years.

***4 bis [new]* An intergovernmental organization representing the collective interests of multiple States or territories shall hold votes as a single member and shall have five basic votes and additional votes in proportion to the average volume of the imports or exports of coffee, in the preceding four calendar years, of its Member States or territories. In such cases, the member States or territories of such intergovernmental organizations shall possess no individual voting rights.**

(5) The distribution of votes shall be determined by the Council in accordance with the provisions of this Article at the beginning of each coffee year and shall remain in effect during that year, except as provided for in paragraph (6) of this Article.

(6) The Council shall provide for the redistribution of votes in accordance with the provisions of this Article whenever there is a change in the membership of the Organization or if the voting rights of a Member are suspended or regained under the provisions of Article 25 or 42.

(7) No Member shall hold more than 400 votes.

(8) There shall be no fractional votes.

THEME III: EFFICIENCY OF DELIBERATIONS
AND DECISION MAKING

These proposed changes are intended to strengthen the Council as a consultative body and to emphasize consensus as the basis for decision making. These changes include: reducing the number of Vice-Chairmen (to a single position); reducing sessions of the Council to one per year; emphasizing decision making by consensus; and eliminating the Executive Board.

CHAPTER VI – THE INTERNATIONAL COFFEE COUNCIL

ARTICLE 11

[updated] **Chairman and Vice-Chairman of the Council**

- (1) *[updated]* The Council shall elect, for each coffee year, a **Chairman and a Vice-Chairman**, who shall not be paid by the Organization.
- (2) *[updated]* As a general rule, **the Chairman shall be elected either from among the representatives of exporting Members or from among the representatives of importing Members and the Vice-Chairman shall be elected from among representatives of the other category of Member.** These offices shall alternate each coffee year between the two categories of Member.
- (3) *[updated]* Neither the Chairman nor Vice-Chairman acting as Chairman shall have the right to vote. His or her alternate will in such case exercise the voting rights of the Member.

ARTICLE 12

Sessions of the Council

- (1) *[updated]* **As a general rule, the Council shall hold one regular session a year.** It may hold special sessions should it so decide. **Special sessions shall also be held at the request of any ten Members, or of Members having collectively at least 500 votes.** Notice of sessions shall be given at least 30 days in advance except in cases of emergency when such notice shall be given at least 10 days in advance.
- (2) Sessions shall be held at the seat of the Organization, unless the Council decides otherwise by a distributed two-thirds majority vote. If a Member invites the Council to meet in its territory, and the Council agrees, the additional costs to the Organization involved above those incurred when the session is held at the seat shall be borne by that Member.

(3) The Council may invite any non-member country or any of the organizations referred to in Article 16 or Article 37 to attend a Council session as an observer. At each session, the Council shall decide on the admission of observers. Requests to attend a Council session must be made prior to each session by writing to the Executive Director or Council Chair.

[the remaining paragraphs of Article 12 are unchanged]

ARTICLE 15
Decisions of the Council

(1) *[updated]* Except as otherwise provided, the Council shall continue the practice of taking decisions by consensus.

(2) Members undertake to accept as binding all decisions of the Council under the provisions of this Agreement.

CHAPTER VII – Executive Board

Article 17 [deleted]

Article 18 [deleted]

Article 19 [deleted]

Article 20 [deleted]

THEME IV: STRUCTURAL AND ADMINISTRATIVE MATTERS

We propose a number of changes that will streamline the work of the Organization. These changes include introducing flexibility in the location of the Headquarters and a longer initial period for the duration of the agreement.

We recognize the importance of the Private Sector Consultative Board (PSCB) as an innovative forum for consultations and seek to retain and strengthen it to effectively represent private sector interests in the coffee sector. In order to achieve that, membership of the PSCB may need to be expanded, and we are open to considering corresponding changes in the Agreement. We propose to provide for more effective dialogue between the PSCB and civil society, including non-governmental organizations.

A proposed forum for consultations on financing for the coffee sector (see Article 7 paragraph 3) is elaborated further under Theme V (New and Expanded Areas of Work) of this paper.

CHAPTER V – THE INTERNATIONAL COFFEE ORGANIZATION

ARTICLE 7

Seat and structure of the International Coffee Organization

- (1) The International Coffee Organization established under the International Coffee Agreement 1962 shall continue in being to administer the provisions and supervise the operation of this Agreement.
- (2) *[updated]* **The seat of the Organization shall be decided by the Council.**
- (3) *[updated]* The Organization shall function through the International Coffee Council, which will be assisted as appropriate by the World Coffee Conference, the Private Sector Consultative Board, **the Consultative Forum on Coffee Sector Finance**, and specialized committees.

CHAPTER VIII – THE PRIVATE COFFEE SECTOR

ARTICLE 22

The Private Sector Consultative Board

- (1) *[updated]* The Private Sector Consultative Board (hereinafter referred to as the PSCB) shall be a consultative body which may make recommendations on any **topics brought before** the Council and may invite the Council to give consideration to matters related to this Agreement.

(2) *[updated]* **The Council shall designate members of the PSCB.** The PSCB shall consist of eight representatives of the private sector in exporting Members, eight representatives of the private sector in coffee importing countries. **The Council may also designate one or more alternates for each member of the PSCB.**

(3) *[updated]* Members of the PSCB shall be **individuals**, associations or bodies designated by the Council every two coffee years, and may be re-appointed. The Council in so doing shall endeavor to designate:

- (a) *[updated]* two private sector coffee associations or bodies from exporting Members or regions representing each of the four groups of coffee, preferably representing both growers and exporters; and
- (b) *[updated]* eight private sector coffee associations or bodies from coffee importing countries, whether Members or non-members, preferably representing both importers and roasters.

(4) Each member of the PSCB may designate one or more advisers.

(5) The PSCB shall have a Chairman and a Vice-Chairman elected from among its members, for a period of one year. These officers may be re-elected. The Chairman and the Vice-Chairman shall not be paid by the Organization. The Chairman shall be invited to participate in meetings of the Council as an observer.

(6) *[updated]* The PSCB shall normally meet at the seat of the Organization **at a frequency to be decided by the PSCB, subject to approval by the Council.** In case of acceptance by the Council of an invitation by a Member to hold a meeting in its territory, the PSCB shall also meet in that territory, in which case the additional costs to the Organization involved above those incurred when the meeting is held at the seat of the Organization shall be borne by the **Member** or private sector organization hosting the meeting.

(7) The PSCB may hold special meetings subject to approval by the Council.

7 bis [new] **In its efforts to promote the long-term economic, social and environmental sustainability of the coffee sector, the PSCB may seek, as appropriate, the views of non-governmental organizations with relevant expertise.**

(8) The PSCB shall submit regular reports to the Council.

(9) The PSCB shall establish its own rules of procedure, consistent with the provisions of this Agreement.

CHAPTER IX – FINANCE

ARTICLE 25

Payment of contributions

- (1) Contributions to the Administrative Budget for each financial year shall be payable in freely convertible currency and shall become due on the first day of that financial year.
- (2) *[updated]* **A Member that is arrears in the payment of its financial contributions shall have no vote in the Organization if the amount of its arrears equals or exceeds the amount of contributions due from it for the preceding two full years. The voting rights of such a Member shall be suspended until its contribution has been paid in full. The Council may permit such a Member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member.**
- (3) Any Member whose voting rights have been suspended either under the provisions of paragraph (2) of this Article or under the provisions of Article 42 shall nevertheless remain responsible for the payment of its contribution.

CHAPTER XII – GENERAL PROVISIONS

ARTICLE 33

Removal of obstacles to consumption

- (1) *[updated]* **Members recognize the importance of the sustainable expansion of the coffee sector and of the removal of obstacles which may hinder trade and consumption, while recognizing at the same time the right of Members to regulate, and to introduce new regulations, in order to meet national health, environment and other policy objectives.**

[the remaining paragraphs of Article 33 are unchanged]

[Article 34 is moved to chapter XI (Statistics) and revised]

ARTICLE 35

Measures related to processed coffee

[updated] Members recognize the need of developing countries to broaden the base of their economies through, *inter alia*, industrialization and the export of manufactured products, including the processing of coffee and the export of processed coffee, as referred to in subparagraphs (d), (e), (f) and (g) of paragraph (1) of Article 2. In this connection, Members shall **endeavor to** avoid the adoption of governmental measures which could cause disruption to the coffee sector of other Members. Members are encouraged to consult on the

introduction of any such measures which might be considered to pose a risk of disruption. If these consultations do not lead to a mutually satisfactory solution, parties may invoke the procedures provided for in Articles 41 and 42.

ARTICLE 37

**Consultation and cooperation with
non-governmental organizations**

[updated] **In pursuing the objectives of this Agreement, the Organization may, without prejudice to the provisions of Articles 16, 21 and 22, establish, maintain and strengthen links and cooperative activities** with appropriate non-governmental organizations having expertise in **relevant aspects of the coffee sector** and with other experts in coffee matters.

[Article 39 deleted (sustainability is addressed in the revised objectives)]

CHAPTER XIV – FINAL PROVISIONS

ARTICLE 52

Duration and termination

(1) *[updated]* **This Agreement shall remain in force for a period of 10 years unless extended under the provisions of paragraph (2) of this Article or terminated under the provisions of paragraph (3) of this Article.**

(2) *[updated]* **The Council may, by a vote of a majority of the Members having not less than a distributed two-thirds majority of the total votes, decide to extend this Agreement for one or more successive periods not to exceed eight years in total. Any Member which does not accept any such extension of this Agreement shall so inform the Council and the Secretary-General of the United Nations in writing before the commencement of the period of extension and shall cease to be a Party to this Agreement from the beginning of the period of extension.**

[the remaining paragraphs of Article 52 are unchanged]

THEME V: NEW AND EXPANDED AREAS OF WORK

In the following proposals for new and expanded areas of work, we begin with the recognition that the ICO plays a key role in the coffee sector. Therefore, we wish to build on the strengths of the current agreement and organization and enhance their effectiveness and relevance.

We propose expansion of the ICO's statistical work through updates to existing articles (30 and 31) and new articles. We propose new provisions that highlight the importance of the Organization's activities related to market information in order to emphasize the need to, among other things, identify emerging trends and structural changes in the coffee sector. We also propose a new article that highlights the importance of effectively disseminating information for the benefit of all market participants.

We propose to move Article 34 from Chapter XII (General Provisions), update it and add it to an expanded chapter on "Statistical Information, Studies and Surveys." We replace "promotion" with the broader concept of market development and integrate this work into the Organization's activities related to gathering and disseminating information that is relevant to all participants in the coffee value chain.

In order to enhance the relevance of the Organization to the sector, especially to coffee producers, we propose that the Organization play a role in facilitating access to information on credit and risk management tools. Therefore, we propose a new chapter, including provisions to establish a Consultative Forum on Coffee Sector Finance. We also emphasize the importance of disseminating information on financial tools for coffee producers.

We also propose a new chapter to guide the ICO's project work, including clear criteria for consideration of projects, and detailed procedures for review, approval and implementation of projects.

[updated] **CHAPTER XI – STATISTICAL INFORMATION, STUDIES AND SURVEYS**

ARTICLE 29

[updated] **Statistical Information**

- (1) The Organization shall act as a centre for the collection, exchange and publication of:
 - (a) *[updated]* statistical information on world production, prices, exports, imports and re-exports, distribution and consumption of coffee, **including information on production, consumption, trade and prices for specialty coffees and products containing coffee;** and
 - (b) in so far as is considered appropriate, technical information on the cultivation, processing and utilization of coffee.

(2) The Council may require Members to furnish such information as it considers necessary for its operations, including regular statistical reports on coffee production, production trends, exports, imports and re-exports, distribution, consumption, stocks, prices and taxation, but no information shall be published which might serve to identify the operations of persons or companies producing, processing or marketing coffee. Members, in so far as is possible, shall furnish information requested in as detailed, timely and accurate a manner as is practicable.

(3) *[deleted]*

(4) If a Member fails to supply or finds difficulty in supplying within a reasonable time statistical and other information required by the Council for the proper functioning of the Organization, the Council may require the Member concerned to explain the reasons for non-compliance. If it is found that technical assistance is needed in the matter, the Council may take any necessary measures.

ARTICLE 30
Certificates of Origin
[unchanged]

ARTICLE 31
Studies, Surveys and Reports

(1) *[updated]* **In furtherance of the objectives set out in article 1, the Organization shall promote the preparation of studies, surveys, manuals, guidelines and other documents concerning any relevant aspects of the coffee sector. The scope of this work may include but is not limited to the economics of coffee production and distribution, financial tools potentially available to coffee producers including credit and approaches to managing risk, the impact of governmental measures in producing and consuming countries on the production and consumption of coffee, links between coffee and health and the opportunities for expansion of coffee markets for traditional and possible new uses, including information on labeling and certification programs.**

(2) *[new]* **The Council shall establish on a regular basis an action plan to guide the development of studies and surveys and identify priorities. Priorities identified in the action plan shall be reflected in the annual work programs approved by the Council.**

(3) *[updated]* **In order to carry out the provisions of paragraph (1) of this Article, the Council shall adopt an annual work programme of studies, surveys and reports, with estimated resource requirements including, as appropriate, contributions from the Administrative Budget.**

(4) The activities referred to in paragraph (1) may be undertaken by the Organization jointly or in cooperation with other organizations and institutions. In such cases, the Executive Director shall present to the Council a detailed account of the resource requirements from the Organization and from the partner or partners involved with the activity.

[new] ARTICLE 31 *bis*
Dissemination of Information – Coffee Observatory

(1) *[new]* **In order to further the goals of this Agreement and facilitate access to information, the Organization shall use a variety of tools and technologies to widely disseminate information relevant to the coffee sector.**

(2) **The Organization shall place particular emphasis on promoting access to information among small coffee producers.**

(3) **Information collected, compiled, analyzed and disseminated shall include, but not be limited to:**

- (a) **quantities and prices of coffees differentiated on the basis of geographic, “sustainability” programs and other quality-related conditions of production;**
- (b) **information that will assist producers, especially small producers, improve their financial performance, including tools for managing credit and risk;**
- (c) **information on lessons learned from coffee-related projects implemented by Members; and**
- (d) **information on market structures, niche markets and emerging trends in regional and global production and consumption.**

ARTICLE 34 *[moved from Chapter XII]*
[updated] **Market Development**

(1) *[updated]* **Members recognize the benefits to both exporting and importing Members from efforts to develop markets for coffee, including in exporting Members.**

(2) *[updated]* **Market development activities** may include information campaigns, research and studies related to coffee **production and** consumption.

(3) *[updated]* **Such activities may be included in the Council's annual work program and may be financed by contributions from the Administrative Budget and/or** voluntary contributions from Members, non-members, other organizations and the private sector.

(4) *[updated]* **Specific market development projects may also be included among the project activities of the Organization referred to in articles [xx and xx]** and may be financed by voluntary contributions from Members, non-members, other organizations and the private sector.

[paragraphs 5 and 6 are deleted]

[new] CHAPTER [xx]: FINANCIAL TOOLS FOR COFFEE PRODUCERS

[new] ARTICLE [XX]

The Consultative Forum on Coffee Sector Finance

- (1) The Council shall make arrangements to convene, at appropriate intervals and in cooperation with other relevant organizations, a Consultative Forum on Coffee Sector Finance (hereinafter referred to as the Forum). The Forum shall be composed of Members, representatives of relevant intergovernmental organizations, representatives of financial institutions, representatives of the private sector, non-governmental organizations and other interested participants, including participants from non-member countries.**
- (2) The objectives of the Forum shall be to facilitate consultations on topics related to finance in the coffee sector, with a particular emphasis on the needs of small and medium scale producers and local communities in coffee producing areas. Information resulting from the Forum shall be published and widely disseminated including through mechanisms established in accordance with Article 31 *bis* (the Coffee Observatory). The Council, in coordination with the Chairman of the Forum, shall ensure that the Forum contributes to furthering the objectives of this Agreement.**
- (3) The Chairman of the Forum shall be appointed by the Council for an appropriate period, and shall be invited to participate in meetings of the Council as an observer. The Chairman of the Forum shall not be paid by the Organization.**
- (4) The Forum shall be held normally at the seat of the Organization. If the Council decides to accept an invitation by a Member to hold a session in its territory, the Forum may also be held in that territory, in which case the additional costs to the Organization involved above those incurred when the session is held at the seat of the Organization shall be borne by the country hosting the session.**
- (5) The Executive Director shall invite organizations participating in the Forum to contribute to the costs associated with convening the Forum. Additional costs associated with convening the Forum shall be included in the Administrative Budget of the Organization.**
- (6) The Chairman of the Forum shall report to the Council on the results of each Forum.**

[new] CHAPTER [xx]: PROJECT WORK

[new] ARTICLE [XX]

Project Activities of the Organization

- (1) **Members and the Executive Director may submit project proposals which contribute to the achievement of the objectives of this Agreement and one or more of the priority areas for work identified in the action plan approved by the Council.**
- (2) **The Council shall establish a schedule and procedure for submitting, appraising, approving and prioritizing projects and mechanisms for funding projects, as well as for their implementation, monitoring and evaluation, and dissemination of findings.**

[new] ARTICLE [XX]

Reviewing and Approving Project Activities

- (1) **The Council shall establish on a regular basis an action plan to guide the project activities of the Organization and identify priorities. Priorities identified in the action plan shall be reflected in the project activities approved by the Council.**
- (2) **The Council shall establish a Project Screening Committee to advise the Council regarding studies and projects to be considered for Council approval. The Project Screening Committee shall be composed of representatives of four Exporting Members and representatives of four Importing Members.**
- (3) **The Council shall establish explicit criteria for approving projects. These criteria shall include relevance to the objectives of this Agreement, technical feasibility, cost effectiveness, the need to avoid duplication of efforts, consideration of environmental and social effects, the need to incorporate lessons learned and the benefits of a balance of work among regions.**

[new] ARTICLE [XX]

Monitoring and Reporting

- (1) **At each session of the Council the Executive Director shall report to the Council on the status of all projects approved by the Council, including those awaiting financing, under implementation, or completed since the previous Council session.**
- (2) **In order to increase the benefits of projects to all Members and others, the Organization shall widely disseminate information on projects completed and their results, including lessons learned, in accordance with Article 31 *bis*.**