



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

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

**Communication from Guatemala,
El Salvador and Costa Rica**

Background

The following proposals regarding the future of the ICA 2001 have been received from Guatemala, El Salvador and Costa Rica, 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.

ANACAFE
NATIONAL COFFEE ASSOCIATION

21 September 2006

Dr. Néstor Osorio
Executive Director
International Coffee Organization
22 Berners Street
London, England

Dear Mr Osorio,

I respectfully wish to inform you of the consensually agreed position of the representatives of Guatemala, El Salvador and Costa Rica on the future of the International Coffee Agreement.

It should be emphasized that in the course of our discussions it was recognized that there was a need to have an intergovernmental body not only to discuss and resolve matters related to the development of the coffee economy but also to promote and publish studies and official statistics, to encourage sustainability and coffee-quality improvement, to promote world consumption of coffee, and to promote projects for submission to the Common Fund for Commodities.

In our discussions it was also recognized that renegotiation would require too much time as well as presenting legislative difficulties. It was considered, however, that an extension of the existing International Coffee Agreement would only be justified if major amendments were made to it in order to ensure that the ICO would become an even more effective organization.

Yours sincerely,

(Signed) Lic. José Angel López Camposeco
 Chairman

**Central American Proposal regarding the
Future ICO Agreement
SECOND WORK DOCUMENT**

The delegates of the Central American members of the International Coffee Organization: Guatemala, Costa Rica and El Salvador, considering the convergence of their aspirations regarding coffee, have decided to present in a unified way their points of view regarding the future International Coffee Agreement-ICA.

In that respect the group of Central America, notwithstanding the economic effort by their leading organizations of coffee activities that participate through their countries in the International Coffee Organization-ICO, where the resources for this purpose are funded by the producer, recognize the importance of coffee in the development of their villages and the economy of their countries. Therefore, they consider it timely to continue having a forum favored by an intergovernmental organization in which the private sector also participates, only if in it there is enough capability to approach and solve subjects related to the development of a prosperous world coffee economy.

With that purpose, following are the points of view regarding the main issues that will be discussed and have been identified in document WP-140/06, among others.

Mission/objectives

The progress that the ICO has achieved under ICA of 2001 is recognized. Especially regarding the positioning in the international agenda of the coffee matter, its importance and incidence for the development of producing countries, as well as the encouragement of sustainability, the sensitization regarding the value of consumption promotion and quality improvement, the contribution to the market's transparency generating and disclosing the studies and official statistics, as well as encouraging projects under the Basic Products Common Fund's framework and its role as forum to discuss issues of interest to the world, specially since the inclusion of the JCSP.

However, it seems timely, considering the constant evolution of world's coffee markets and economy, to strengthen, for more incidence, the role that ICO has in these spheres, including new purposes that justify from an integral vision, that reason of being. In that sense, it seems that redefining the present objectives cannot be delayed so that they transmit members' aspirations according to the reach of the matters that follow:

Promotion/consumption

Encouraging consumption is considered as a priority sphere to attain coffee activity's economic sustainability. In that sense, we consider that the functions of ICO should go further than the role it has had up to now and undertake, considering its charter, a decisive role in obtaining funds and in the execution of promotional projects, both in traditional markets as well as in emerging ones, including those of producing countries.

The CA group supports the recommendation presented by the Promotion Committee's President so that a new ICA objective is introduced: *facilitating consumer's satisfaction*. In the same way, it considers necessary that the final consumer has access to information regarding the origin and the final product's quality attributes, thus facilitating that producing countries have information regarding their tastes and preferences. This way, free market's imperfections that have led to unwanted excess production are solved.

The issue of origin is also of particular interest not only for the consumer's wellbeing, but also because it allows a better traceability of the product's chain, while simultaneously solving part of the worries of being innocuous stated by some consumer members. Also, through that information, a better congruency between respect and support to norms of origin are established. These are an essential part of free trade agreements.

Coffee market/remunerative prices

Considering the growing interest for differentiated coffees, it is convenient to coordinate actions with special coffee associations of consumer countries so that ICO pays more attention to those markets' tendencies. The CA group supports Brazil's recommendation that there is more coordination regarding the resolutions and activities regarding sanitary and fitosanitary barriers, as well as duty barriers.

Information/statistics/studies

In order to achieve more transparency in the market information field, it is desired that the ICO plays a firmer role as source of official statistics, specifically regarding demand and supply forecasts. For that matter, it is necessary to define coercive mechanisms that force the supply of accurate and timely information. The Us's proposal regarding the concept of coffee observatory and inclusion of statistics regarding tendencies of incipient and specialized markets is supported.

Projects

Projects have to respond to ICO's priorities and objectives, as well each of beneficiary countries' interests. For that matter, it is necessary that execution of them is coordinated with

the coffee institutions that officially represent producer countries in this organization. In that sense, a facilitating and entrepreneurial platform of the Organization is required so that presented projects have the timely impulse of the organization to guarantee a quick attainment of them.

Health

It has been demonstrated that the publication of coffee's positive effects on health is an effective tool to increase consumption and counteract misinformation that has been an obstacle to increase consumption. This way, the health matter should be an integral part of promotion strategies and, therefore, initiatives to investigate and publish their results should be supported.

Quality

Encouraging quality is closely related to customer satisfaction, which is essential to stimulate consumption. For that reason, quality should continue to have priority in the organization's objectives.

Private Sector

Its inclusion as an ICO instance is another achievement of ICA 2001. Its reach should be strengthened. It is important to notice the ample representation of coffee organizations of producer countries that already are part of JCSP. These associations should play an active role in communicating to its bases regarding development of ICO's agenda.

Sustainability

Like transparency, it is necessary to visualize the need to achieve long-term sustainability throughout the coffee chain. Also, the postulate that achieving economic sustainability is a previous and unavoidable condition to having social and environmental sustainability should be formally included.

Structure

Avoiding work duplication and repletion of procedures for decision making seems like necessary work. Japan's proposal regarding member representation is supported. It is necessary to reconsider different ways of meeting and exchanging opinions without members having to remain in London for so long. With that purpose, article 12 of the agreement should be analyzed, so that the number of meetings is reduced and new communication ways are used so that expenses of member countries are reduced.

Organizational matters

Having as main principle achieving productive meetings in an austere framework both for secretary and delegates, procedures and organizational matters should be reconsidered in light of the spirit of simplification of organizational structure.

Procedures

The CA group recognizes that a renegotiation requires too much time and presents legislative difficulties but considers that continuity without deep reforms to the current ICA that would turn ICO into a more effective organization is unjustified.

Committee of CA countries members of ICO

July 05, 2006