



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

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Executive Board/  
International Coffee Council  
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Salvador, Brazil

**Future of the  
International Coffee Agreement 2001**

## **Background**

1. Under the provisions of Article 52 of the 2001 Agreement, the Agreement is due to expire on 30 September 2007. Article 32 of the Agreement provides that the Council may examine the possibility of negotiating a new International Coffee Agreement, while Article 52 specifies procedures for extension of the current Agreement.
2. This document has been prepared to assist Members in considering options for the future of the International Coffee Agreement (ICA) 2001, which may include extending it with or without amendments or commencing negotiations for a successor Agreement.

## **Action**

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

## **Background to the International Coffee Agreement (ICA) 2001**

1. The 2001 Agreement entered into force provisionally for a period of six years on 1 October 2001 and definitively on 17 May 2005. The negotiations for the Agreement commenced in January 1998, and concluded in September 2000, and were undertaken successively by a Working Group on International Cooperation on Coffee open to all Members, a Contact Group comprising four exporting and four importing Members, and a Negotiating Group open to all Members. Around 12 meetings involving almost 30 days were held over 33 months and over 120 documents were produced.

2. The 2001 Agreement opened for signature at the United Nations on 1 November 2000 and remained open until 25 September 2001. In September 2001, representatives of countries which had deposited necessary instruments decided by mutual consent that the ICA 2001 should enter into force provisionally among themselves on 1 October 2001 (8 producing and 7 consuming countries had completed the necessary procedures and a further 14 producing and 5 consuming countries had signed the Agreement but had not deposited instruments)<sup>1</sup>.

### **Options**

3. Options for the future of the Agreement are set out below.

#### *Extension*

4. Paragraph (2) of Article 52 provides that “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 beyond 30 September 2007 for one or more successive periods not to exceed six years in total.”

5. As the option of extension simply requires a vote by the Council, this would have the advantage of avoiding the need for Member Governments to commence procedures for signing a new Agreement and subsequently preparing and depositing instruments of ratification, approval or accession. The internal legislative and parliamentary procedures involved may take considerable time to complete (in May 2002 and 2003, there were only 34 and 53 Contracting Parties respectively).

6. As countries which have not completed membership procedures are not required to pay contributions to the Administrative Budget, this option would also avoid financial difficulties for the Organization and the need to draw on the Reserve Fund. It may be noted

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<sup>1</sup> See document EB-3791/01 Rev. 1.

that the Reserve Fund was depleted by £816,000 in the financial year 2001/02 as a direct result of a shortfall in contributions from Members who had not completed membership procedures for the 2001 Agreement.

7. An extension would allow the possibility of reviewing the Agreement and, if substantial changes were envisaged, amending it. Under the provisions of Article 53, amendments can be initiated through a distributed two-thirds majority vote, with the amendment becoming effective 100 days after the Secretary-General of the United Nations receives notifications of acceptance from the required number of Contracting Parties with the necessary votes.

#### *Renegotiation*

8. An alternative option would be to commence negotiations for a successor Agreement. Such negotiations could be conducted through the Executive Board (whose 16 Members represent their constituents) or alternatively by establishing a Working Group open to all Members of the Organization (with smaller groups established if needed for in-depth discussions on particular issues or Articles of the Agreement). An additional day of meetings could be allocated at the time of Board and Council meetings in January, May and September, with provision for further meetings at other times as required.

#### **Review of progress**

9. Article 32 of the Agreement provides that the Council shall examine the progress made by the Organization in achieving the objectives of the Agreement as specified in Article 1, to assist it in examining the possibility of negotiating a new Agreement. It may be noted that progress on achieving the objectives has been presented to Members on an annual basis in the form of the Annual Review. The Executive Director will prepare an overview of progress since 2001 for consideration in January 2006.

#### **Survey of Members**

10. As indicated in the attached outline schedules, the Executive Director will invite Members to give their comments on the present Agreement and suggestions on relevant issues for amendment or for renegotiation of the Agreement, and circulate a report on the outcome of these consultations.

#### **Outline schedule**

11. Annex I contains an outline schedule in the case of extension (with possible amendments) and Annex II contains an outline schedule in the case of renegotiation of the Agreement.

	<b>OUTLINE SCHEDULE (for the option of extension with possible amendments)</b>
<b>Phase I:</b>	<b>Preparatory</b>
<b>September 2005</b>	<ul style="list-style-type: none"> <li>• World Coffee Conference – ideas for action put forward</li> <li>• Board and Council examine options for the future of the Agreement and decide that it should be extended</li> </ul>
<b>January 2006</b>	<ul style="list-style-type: none"> <li>• Preliminary statements by Members setting out views on possible amendments</li> <li>• Executive Board agrees on working procedures and a schedule of work</li> </ul>
<b>February-April 2006</b>	<ul style="list-style-type: none"> <li>• ED document circulated to Members, the PSCB and relevant international organizations inviting formal proposals for amendment</li> <li>• Circulation of proposals to Members</li> </ul>
<b>May 2006</b>	<ul style="list-style-type: none"> <li>• Proposals reviewed and discussed by the Executive Board</li> <li>• Report and recommendations to the Council</li> </ul>
<b>Phase II:</b>	<b>Drafting</b>
<b>September 2006</b>	<ul style="list-style-type: none"> <li>• Executive Board continues its review of draft amendments</li> <li>• Report and recommendations to the Council</li> </ul>
<b>January 2007</b>	<ul style="list-style-type: none"> <li>• Executive Board continues its review of draft amendments</li> </ul>
<b>Phase III:</b>	<b>Concluding</b>
<b>May – September 2007</b>	<ul style="list-style-type: none"> <li>• Discussions and possible adoption of amendments by the Board and Council <sup>2</sup></li> <li>• Extension for a further period by the Council</li> </ul>
<b>June 2007 onwards</b>	<ul style="list-style-type: none"> <li>• Contracting Parties notify the Secretary General of the UN of their acceptance of amendments, and the amendment becomes effective 100 days after requirements of number of parties and votes are met</li> </ul>
<b>October 2007</b>	<ul style="list-style-type: none"> <li>• Extension of Agreement comes into effect</li> </ul>

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<sup>2</sup> *These discussions could continue after the extension enters into force, if necessary.*

	<b>OUTLINE SCHEDULE (for the option of renegotiation)</b>
<b>Phase I:</b>	<b>Preparatory/drafting</b>
<b>September 2005</b>	<ul style="list-style-type: none"> <li>World Coffee Conference – ideas for action put forward</li> <li>Board and Council examine options for the future of the Agreement and decide that it should be renegotiated</li> </ul>
<b>October – December 2005</b>	<ul style="list-style-type: none"> <li>Preparation by Secretariat of report on progress on achieving the objectives of the Agreement since 2001</li> </ul>
<b>January 2006</b>	<ul style="list-style-type: none"> <li>Preliminary statements by Members setting out views and expectations</li> <li>Executive Board examines the report on progress and results of the survey of Members, and agrees on working procedures and a schedule of work</li> <li>Establishment of a Working Group and Terms of Reference (if required)</li> </ul>
<b>February – April 2006</b>	<ul style="list-style-type: none"> <li>Survey/ED document circulated to Members, the PSCB and relevant international organizations inviting comments on the Agreement and proposals for renegotiation</li> <li>Circulation of working papers and proposals by Members</li> </ul>
<b>May 2006</b>	<ul style="list-style-type: none"> <li>Proposals and working papers reviewed and discussed by the Executive Board/ Working Group</li> <li>Report and recommendations to the Council</li> </ul>
<b>June – August 2006</b>	<ul style="list-style-type: none"> <li>Draft working text (containing proposals for a new Agreement) prepared by the Secretariat and circulated for discussion</li> </ul>
<b>Phase II:</b>	<b>Negotiating</b>
<b>September 2006</b>	<ul style="list-style-type: none"> <li>Draft text reviewed by the Executive Board/Working Group.</li> <li>Report and recommendations to the Council</li> <li>Progress reviewed and schedule of work for the next coffee year agreed by the Council</li> </ul>
<b>October – December 2006</b>	<ul style="list-style-type: none"> <li>The Secretariat consults Members and provides further clarifications and briefings as needed</li> <li>Additional meetings of the Executive Board/Working Group if required</li> </ul>
<b>January 2007</b>	<ul style="list-style-type: none"> <li>Discussions on draft text continue by the Board/Working Group</li> </ul>
<b>February – April 2007</b>	<ul style="list-style-type: none"> <li>Further clarifications/revised texts provided by the Secretariat as needed</li> <li>Additional meetings of Board/Working Group if required</li> </ul>
<b>Phase III:</b>	<b>Concluding</b>
<b>May – June 2007</b>	<ul style="list-style-type: none"> <li>Final discussions and adoption of text of a new Agreement by the Board and Council</li> <li>Definitive text of Agreement prepared by the Secretariat deposited with the UN, and circulated to Members with procedures for signature</li> </ul>
<b>July – August 2007</b>	<ul style="list-style-type: none"> <li>New Agreement opens for signature at the UN, followed by deposit of instruments of ratification, approval or accession</li> </ul>
<b>September 2007</b>	<ul style="list-style-type: none"> <li>Countries which have completed the procedures could decide that the Agreement should enter into force amongst themselves if the conditions for entry into force have not been met<sup>3</sup></li> </ul>
<b>October 2007</b>	Provisional entry into force of successor Agreement

<sup>3</sup> If Members consider that further time is needed to complete the necessary procedures for membership of a successor Agreement, consideration could be given to an extension of the 2001 Agreement for a short period.