



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

WP Board No. 987/05

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Executive Board
260th Meeting
31 January – 1 February 2006
London, England

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

**Communication from the
United States of America**

Background

The following paper has been received from the United States of America in response to the request of the Executive Director contained in document ED-1973/05.

Action

The Board is requested to consider this document.

**PRELIMINARY VIEWS OF THE UNITED STATES
RELATED TO THE FUTURE OF THE ICA 2001
19 DECEMBER 2005**

1. The following sets out preliminary views of the United States. Before finalising these ideas and providing definitive answers to the questions presented by the Executive Director¹, we will take into account the Executive Director's report on progress made by the Organization in achieving the objectives of the Agreement since 2001² and, as they become available, the views of other Members.

2. As we stated in September, we see the need for a number of structural and operational reforms that will improve the efficiency, effectiveness and attractiveness of the ICO. We wish to enhance the Organization's role as a forum for intergovernmental consultations, increase its contributions to market information and market transparency and ensure that the ICO has a key role in identifying and promoting implementation of innovative and effective capacity building in the coffee sector, including promoting sustainable approaches to coffee production.

3. We see these reforms as building on the strengths of the current ICA: providing a forum for intergovernmental dialogue on matters related to the coffee sector; ensuring close cooperation between governments and the private sector; and providing market information through the work of the ICO Secretariat. Although we recognize these strengths, we think the need for change is clear. The current Agreement contains decades-old vestiges that have little continuing relevance to the coffee sector. The current Agreement fails to recognize emerging interest in sustainable coffee production, especially in niche markets. The Agreement lacks many elements that will enable the Council and the Organization to function effectively in the future. Therefore, the scope of change that is required appears to us to be significant and most likely beyond the reach of procedures to amend the current Agreement. However, we welcome the Executive Director's assessment of progress and the Members' exchange of views on the future of the ICA as the basis for deciding the most appropriate way forward.

4. Based on our preliminary review of the current Agreement we conclude that at least half of the articles require revision. For example, the objectives of the Agreement should be reviewed and revised. Examples of the new and emerging issues that could be addressed in the revised objectives include: the increasing importance of specialty coffees and niche markets; implications of continuing international economic integration; increasing importance of developing countries as consumers; continuing and inevitable volatility in

¹ *Annex I of document ED-1973/05.*

² *Document EB-3902/05, to be presented to the January 2006 meeting of the Executive Board.*

coffee prices; experience with market-based mechanisms for commodity risk management in developing countries; and development of innovative mechanisms to provide access to capital and markets for small producers. A new Agreement also can better reflect a broader definition of “sustainability” to take into account environment and development concerns that are now prominent policy goals for many Members, both exporters and importers.

5. Rules on membership and voting, particularly those related to participation of Regional Economic Integration Organizations (REIOs), must be revised to ensure equity in representation and decision making. The usefulness of retaining “importer” and “exporter” as rigid categories of membership should be examined. It will also be important to examine and consider revising structures required under the current Agreement (such as subsidiary bodies) with a view to promoting greater efficiency and enhancing the effectiveness of the Council as a policy forum and decision making body.

6. As an illustration, eliminating the Executive Board or, at a minimum, diminishing its role will strengthen the Council as a deliberative body. Providing for flexibility in the number and functions of subsidiary bodies is likely to enable the Council and the Organization to be more effective and better able to adapt to changing circumstances. Reducing the frequency and duration of meetings will contribute to both efficiency and effectiveness.

7. Although we take note of concerns that negotiating a new Agreement may be time consuming, we also note that renegotiating the ICA will send a clear message that there is a “new” ICO and will highlight changes designed to give the Organization greater relevance and effectiveness. Therefore, a new Agreement should be attractive to existing Members and to potential new Members. In addition, negotiation of a new Agreement can better ensure participation of countries not currently members – thereby increasing the possibility of wider participation in a resulting Agreement. Finally, a variety of transition measures can be used to reduce or eliminate a “gap” between a new Agreement and the existing Agreement.