



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

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**Preliminary summary of proposals  
from Members concerning the  
future of the 2001 Agreement**

**Background**

1. This document contains a preliminary summary of proposals from Members concerning the future of the 2001 Agreement. It provides an approximation, in abbreviated form, to Members' positions, which have been developed more extensively in their individual submissions. The summary is divided into a number of principal issues or themes and the relevant article or articles covering these issues are specified. Members' proposals are listed within each issue section. Themes and ideas raised at the 2<sup>nd</sup> World Coffee Conference are contained in Annex I.

2. To facilitate analysis a coding system has been used by the Secretariat to indicate the type of action which may be required to deal with each particular proposal. This classification is subject to review by Members. The codes are as follows:

- A** No changes appear necessary. Results should be obtained by decision or resolution, or plans of action.
- B** Changes to article may be needed. Results could be obtained by expanding the relevant article.
- C** Matter not covered by existing articles – a new article seems to be needed.
- D** Requires changes to articles.
- F** Financial implications.

3. This document has been updated to reflect proposals received from Members by **15 August 2006**, the deadline agreed by the Council at its 95<sup>th</sup> Session in May 2006. Proposals from the Private Sector Consultative Board will be presented to the Council on Monday 25 September.

**PRELIMINARY SUMMARY OF PROPOSALS FROM MEMBERS  
CONCERNING THE FUTURE OF THE 2001 AGREEMENT**

**Principal issues**

<p>1. Objectives/ mission</p> <p><b>Article 1</b></p>	<p><b>Brazil:</b> Objectives of ICA satisfactorily cover areas requiring action by the ICO. <b>A</b></p> <p><b>Burundi:</b> ICA is well structured but has proved limited in terms of its operation <b>A/B</b></p> <p><b>EC:</b> Considers current objectives are still up to date and this Article does not need to be enlarged. Additional issues proposed could be followed up within general strategies for coffee, including special attention to small producers. These are regularly reviewed by the Council and would allow more flexibility. <b>A</b></p> <p><b>Mexico:</b> Need to examine relevance of the ICO/need to redefine mission and strategy. <b>B</b></p> <p><b>Papua New Guinea:</b> Need to examine relevance of ICO/Mission. <b>B</b></p> <p><b>USA:</b> Propose thorough review of objectives and changes e.g. ICO role in promoting contemporary concept of sustainability, including environmental sustainability. <b>C</b></p> <p>Revised objectives must focus the ICO and communicate a compelling vision of its reason to exist. Changes big enough to require more than amendments to the current Agreement. <b>D, C</b></p>
<p>2. Coffee market/ Remunerative prices</p> <p><b>Articles 29, 33</b></p>	<p><b>Angola:</b> Need to target improved earnings and alleviate poverty affecting most LDCs. Need for balance in world trade and domestic markets. <b>A</b></p> <p><b>Brazil:</b> Increased coordination on rules and activities relating to sanitary and non-sanitary barriers and tariff barriers. <b>A</b></p> <p>Enhanced coverage of market trends (niche markets, speciality coffees, sustainability). <b>A</b></p> <p>Greater attention to Member countries' requirements (i.e. capacity building, mechanism for regulation of crops). <b>A, F</b></p> <p>Incentives for adding value to exports by producing countries. <b>A/B</b></p> <p>ICO should be body responsible for negotiating interest of Members with organizations like WTO with a view to creating a balanced and equitable market. <b>A</b></p> <p><b>Burundi:</b> ICA should include details of short-term strategies or measures for recovery and support of production in Member countries facing difficulties. <b>B</b></p> <p><b>Côte d'Ivoire:</b> Include means to deal with price volatility. <b>B</b></p> <p><b>USA:</b> New provisions identifying a role for ICO in facilitating access to financial credit and providing information on appropriate risk management tools relevant to needs of small producers. <b>C, F</b></p> <p><b>Vietnam:</b> Through studies and surveys the ICO can clarify the situation of Members and then take a specific view about obstacles to consumption. <b>A</b></p>
<p>3. Information/ research</p> <p><b>Articles 29, 31, 34</b></p>	<p><b>EC:</b> Article 31 provides a very comprehensive framework for studies and projects, and does not need to be amended. Rejects the idea of transforming the nature of International Commodity Organizations. <b>A</b></p> <p><b>USA:</b> New ways of disseminating information e.g. internet based tools and expanded role for ICO as coffee observatory. <b>A, F</b></p> <p><b>Vietnam:</b> Studies and surveys can help the ICO to better understand the situation of Members and then make plans to support Members to practical effect. <b>A, F</b></p>

<p>4. Statistics</p> <p><b>Article 1 (4) and (5), Articles 29 and 30</b></p>	<p><b>Brazil:</b> Not enough emphasis on need for transparency. Inadequacy of statistical data which requires improvement. <b>A, F</b></p> <p><b>Colombia:</b> Strengthen statistics either through Statistics Committee or the Statistics Unit. <b>A, F</b></p> <p><b>Japan:</b> Desirable for ICO to further analyse statistical data and forecast world coffee supply and demand. <b>A</b></p> <p><b>USA:</b> Emphasize obligation of Members to provide timely data, strengthen technical assistance to Members to increase capacity to meet these obligations. <b>A, F</b></p> <p>Enhance statistical work, emphasis on gathering and disseminating information on market conditions, structural changes in the coffee sector and emerging trends e.g. value added, niche markets. <b>A, F</b></p>
<p>5. Projects</p> <p><b>Articles 1, 16</b></p>	<p><b>Brazil:</b> Intensify contacts with alternative project funding sources. Strengthen relationships with bodies like FAO and WTO to avoid duplication of activities and secure greater benefits in case of project financing. <b>A, F</b></p> <p><b>Colombia:</b> Explore additional sources of funding for projects. <b>A, F</b></p> <p><b>Indonesia:</b> Review projects – e.g. the project would be responsible for all its costs which reduce the costs of preparing projects in the budget. <b>A</b></p> <p><b>USA:</b> New chapter on project activities with provisions highlighting importance of projects, establishing link between approved projects and Council’s priorities and with mechanism for reviewing, approving, monitoring and evaluating projects. Clear mandate and institutional framework for technical and policy review, approval etc. of projects. <b>C</b></p>
<p>6. Promotion/ consumption</p> <p><b>Articles 33, 34</b></p>	<p><b>Angola:</b> Need for domestic markets to retain locally any surplus production not required. <b>A</b></p> <p><b>Brazil:</b> With regard to increased consumption at world level, given new demands for coffee in emerging markets where growth is very rapid, ICO should redouble its efforts in these markets to ensure the sustainability of this growth. <b>A, F</b></p> <p>New and unique opportunities for increasing consumption in traditional markets following recent moves to restrict consumption of soft drinks require ICO to act as instigator and catalyst of programmes designed to increase consumption in both mature and emerging markets. ICO to modernize its role and act as project executing agency in promotion activities. <b>A, F</b></p> <p>Undertake viability study on the creation of a tax to be levied on the marketing of coffee which would create a fund of the “American Checkoff” type to support promotion and work of capacity building in Member countries. <b>A, F</b></p> <p><b>Colombia:</b> Strengthen promotion (lack of resources a problem). <b>A, F</b></p> <p><b>Vietnam:</b> Promotion activities to expand domestic consumption need support from the ICO. <b>A, F</b></p>
<p>7. Health</p> <p><b>Article 34</b></p>	<p><b>Brazil:</b> Encourage activities in both consuming and producing countries presenting coffee as a natural product (no chemical additives). Programmes linked to coffee and health, given impact on consumption. <b>A, F</b></p> <p><b>Japan:</b> To make good use of results of research on Coffee and Health, this element should be introduced into the objectives. <b>D</b></p> <p><b>Vietnam:</b> Regulations against pesticide residues and OTA contamination etc. and Resolution number 420 and ISO 10470: 2004 (coffee defects) should be re-considered and an official decision introduced by the ICO. <b>A</b></p>

<p>8. Quality</p> <p><b>Article 1</b></p>	<p><b>EC:</b> Quality should remain a key priority. <b>A</b></p> <p><b>Chairman, Promotion Committee:</b> Quality crucial factor in increasing consumption – customer satisfaction a valuable tool: link objective on quality with customer satisfaction: to promote quality and customer satisfaction. <b>D</b></p> <p><b>Japan:</b> Agrees with proposal to introduce customer satisfaction as a new objective. <b>D</b></p> <p>Quality and safety very important: proposes two new objectives: to provide a forum for consultations on coffee matters to investigate and prevent safety problems such as pesticide residues, toxic mould etc. AND To ensure the security and safety of coffee. <b>D</b></p>
<p>9. Private sector</p> <p><b>Article 22 and 23</b></p>	<p><b>Angola:</b> Need for strong private sector with access to the latest information on the coffee trade and know-how on risk management. <b>A</b></p> <p><b>Brazil:</b> PSCB has worked well, could extend scope of activities by inviting other private sector bodies to participate. <b>A, B</b></p> <p><b>E.C.:</b> Article 22 (2) establishes composition of PSCB. The PSCB has already addressed the issue of a possible enlarged composition. <b>A</b></p> <p><b>USA:</b> Strengthen PSCB to make it more representative of spectrum of private sector interests e.g. designating some seats for small producer representatives/mechanism to ensure resources are made available to facilitate their attendance. <b>D, F</b></p> <p><b>Vietnam:</b> PSCB is very important. Strengthen its activities, creating an information network to allow members to communicate and discuss issues at any time. <b>A</b></p>
<p>10. Sustainability</p> <p><b>Articles 39, 40</b></p>	<p><b>Brazil:</b> Enhance coordination on activities and rules relating to sustainability. <b>A</b> Emphasis on unshaded coffee cultivation as well as carbon sequestration instruments for coffee, Support for producer-based certification entities. <b>B, F</b></p> <p><b>Burundi:</b> New concepts of sustainability, traceability etc. can only be successfully applied in context of a well thought out, more committed Agreement, offering practical ways of strengthening capacities of producers, commercially and institutionally. <b>B</b></p> <p><b>EC:</b> Attaches great importance to concept of sustainability and supports a balanced approach addressing the three dimensions of economic, environmental and social sustainability. Considers Objective 6 (Article 1) and Article 39 cover approaches on sustainability and leave enough flexibility for any action desired. <b>A</b></p> <p><b>Norway:</b> Enhance references to environment and sustainability and ILO conventions (only if renegotiation is agreed). <b>D</b></p> <p><b>USA:</b> Need for a contemporary view of sustainability which would include the three aspects of economic, environmental and social sustainability. <b>A/B</b></p>
<p>11. Structure/ institutional/legal provisions</p> <p><b>Chapters IV - X, XIII, XIV</b></p>	<p><b>Angola:</b> Include regional/continental groups among ICO bodies (e.g. IACO). <b>B</b></p> <p><b>Brazil:</b> Maintain categories of importer and exporter while avoiding duplication of work in decision-making procedures. Simplify structures, focusing on results. Widen the sources of funding for the ICO by offering consultancy services in relation to marketing and good agricultural practice, and the sales of statistical information. <b>A, F</b></p> <p><b>Burundi:</b> amended Agreement should clearly guarantee equity for all Members in the operation of its activities. <b>B</b></p> <p><b>EC:</b> Keep groups of producers and consumers. <b>A</b></p> <p>Proposes revisions to:</p> <p>Article 2 (Definitions) paragraphs (9) and (10) defining simple and qualified for voting: rejects the idea of operating by sole consensus instead of voting, which may create impasses. Wording will be related to issue of Article 13 (votes) which will require comprehensive discussion with all other consumers. <b>B</b></p>

	<p>Article 4 (Membership): (3)-(5); proposes amendments to paragraphs (3), (4) and (5) to remove distinction between EC and intergovernmental organizations to reflect current situation. <b>D</b></p> <p>Article 13 (Votes) (7): will require comprehensive discussion with all consumers; <b>B</b></p> <p>Article 17 (Composition and meetings of the Executive Board) (1) and Article 18 (Election of the Executive Board): To be revised on basis of current practices; <b>D</b></p> <p><b>ICO Executive Director:</b> Consideration could be given to excluding references to a specific duration of the Agreement and making provision for a review of the Agreement by the Council every few years (4 to 6). <b>D</b></p> <p><b>Japan:</b> Need careful consideration of Regional Economic Integration Organizations – REIOs should not have dual representatives and voting with their member countries. In addition, issues including votes distribution should be carefully examined in terms of equity in representation and decision-making. <b>C</b></p> <p><b>Norway:</b> Continue duality of consumers and producers (in Agreement and in voting procedures). <b>A</b></p> <p><b>USA:</b> Emphasize cooperation and collaboration among all delegations regardless of exporter/importer/geographical designations. <b>B</b></p> <p>New article on eligibility and terms of membership (avoid current situation of membership rights for countries which have not acceded/clarify whether EC Member States continue to be eligible for membership in light of current allocation of competencies in EC. <b>C</b></p> <p><b>Indonesia:</b> Suggest looking at voting – whether it is necessary and whether contributions should be linked to it. <b>C</b></p> <p><b>Vietnam:</b> Contributions of exporting countries should be based on the average turnover rather than the volume of coffee exports. <b>D</b></p>
<p>12. Organizational issues</p> <p><b>Articles 2, 4-6, 7, 11-22</b></p>	<p><b>Brazil:</b> To lighten Agenda of Council, greater use could be made of Executive Board. Decision making process is repetitive. Simplify organizational structure to ensure meetings are more productive. Find a pragmatic solution to take decisions without considering the same matters in different committees. Hold meetings less frequently by increasing virtual interaction, through specialized committees. Two sessions a year would meet needs of Council. <b>A, F</b></p> <p>Excessive participation in administrative costs – rent, personnel etc. Secretariat could function with fewer employees and greater use of electronic communication. Reduce costs/find additional resources. <b>A, F</b></p> <p>Link undertakings to results, for example parameters of expenditure and maintenance as a percentage of the total budget. <b>A</b></p> <p><b>EC:</b> Proposes revisions to:</p> <p>Article 2 (Definitions) paragraphs (5), defining a Contracting Party: Proposes the inclusion of the EC, to reflect sole EC membership; <b>D</b></p> <p>Article 16 (Cooperation with other organizations): clarify the participation of observers in the Council (Article 12 (3)) by including references to relevant international and regional organizations, non-governmental organizations and civil society. <b>D</b></p> <p><b>Indonesia:</b> Eliminate duplication of work between Board and Council – ICC could meet and appoint a body to carry out its decisions. Small producers cannot participate in Board but are important to the value of the Organization and their participation should be encouraged. <b>A, F</b></p> <p>Review need to operate in four languages as this will save costs and not all countries benefit from interpretation and translation. <b>D, F</b></p> <p><b>USA:</b> Changes needed to definitions of Members (Articles 2, 4-6), allocation of votes and voting procedures (Articles 13 and 14) and ICO structure including subsidiary bodies (Articles 7 and 17-22). Structure should also take account of</p>

	<p>contribution of range stakeholders (NGOs, civil society). Changes to decision-making of Council (Articles 14 and 15) Council decisions to be based on consensus, voting process only in exceptional circumstances. <b>D</b></p> <p>Reduce number of Vice-Chairmen of ICC (Article 11), reduce number (and repetitiveness) of regular Council sessions (Article 12), re-examine role and value of Executive Board (Articles 17-20), introduce flexibility in number and objectives of subsidiary bodies (Articles 7, 21 and 22). <b>D</b></p>
<p>13. Technology and innovations</p>	<p><b>Brazil:</b> Support for innovative technologies such as those of research related to the coffee genome. <b>A, F</b></p>
<p>14. Procedures</p> <p><b>Articles 52 and 53</b></p>	<p><b>Brazil:</b> ICA comprehensive enough to allow extension without amendment. Council has powers to introduce changes through amendments. Modifications on non-controversial matters could be adopted in accordance with Article 53. <b>A</b></p> <p><b>Burundi:</b> amend the Agreement to define a more precise and operationally effective framework that would satisfy all Members. <b>A</b></p> <p><b>Côte d’Ivoire:</b> Renegotiation is time-consuming – better to proceed with amendments. <b>A, F</b></p> <p><b>EC:</b> Article 53 (1) (Amendment): to be revised in light of status of EC. <b>D</b></p> <p>The majority of the Agreement does not need structural changes as the present provisions provide a comprehensive framework for implementing the objectives. The structure of the ICA 2001 should remain fundamentally unchanged to allow continuation of an orderly, functioning Agreement. Either in the case of amendments or a renegotiation, only a limited number of articles, agreed in advance among parties, should be discussed. <b>A/B</b></p> <p><b>Norway:</b> Support extension (renegotiation time-consuming). <b>A</b></p> <p><b>Angola:</b> Amendments and resolutions justified. <b>A</b></p> <p><b>Japan:</b> Consider extension as a transition measure to avoid a gap between a current and new Agreement. <b>A, F</b></p> <p><b>Kenya:</b> Advocates extension with relevant modifications and amendments in accordance with Articles 52 and 53 for next 6 years. <b>A/B</b></p> <p><b>Mexico:</b> Set up a working group of 5-6 producers and 5-6 consumers to work between now and September establishing an Agenda for future work. <b>A, F</b></p> <p><b>Papua New Guinea:</b> Prefers discussions in Council rather than Working Group. <b>A</b></p>

**THEMES AND IDEAS RAISED IN THE  
2<sup>ND</sup> WORLD COFFEE CONFERENCE  
FUTURE OF THE 2001 AGREEMENT**

<p>2. Coffee market/ Remunerative prices</p> <p><b>Articles 29, 33</b></p>	<ul style="list-style-type: none"> <li>• Need to find market instruments which can assure balanced remuneration for entire production chain, with emphasis on weakest link, namely production (which will not incite over-production). <b>A</b></li> <li>• Countries need to work to create market mechanisms to regulate the flow of the crop to ensure stable supply, which affects all links in the supply chain. <b>A</b></li> <li>• Look into the possible removal of tariffs and other trade barriers particularly affecting processed coffee, including those in coffee producing countries, and other products permitting diversification. Aim is to add value (desirable to conduct a study to identify specific cases). <b>A</b></li> <li>• Need for better organization of producers (cooperatives etc.) to shorten the chain and facilitate access to credit etc.; improving their capacity to market crops by making strategic alliances, increasing their scale of operations and know-how (e.g. disseminate guidelines of TWIN project, explore new projects with donors). <b>A, F</b></li> <li>• Develop price-risk management schemes/disseminate use of risk management tools (expand to include weather as well as price risk). More extensive use of opportunities using Brazilian CPR model (Cédula do Produto Rural – Rural Product Identification Document) (options based) (consult World Bank). <b>A, F</b></li> <li>• Diversifying to reduce dependence on a single product. <b>A</b></li> <li>• Addition of value; Encourage niche markets and additional processing in countries of origin. <b>A</b></li> <li>• Encourage micro credit schemes for small farmers. <b>A, F</b></li> <li>• Public policies to discourage production if likely to cause oversupply, with appropriate monitoring. <b>A</b></li> <li>• Effective use of Internet auctions (e.g. a study on Cup of Excellence, Q-auctions and others could be conducted, contrasted with attempts made to conduct reverse auctions). <b>A, F</b></li> <li>• Look into possibility of establishing funds for futures operations (e.g. investigate Colombian project). <b>C, F</b></li> <li>• Consider licensing growing areas in same way as mining is licensed to safeguard quality and avoid overproduction (e.g. study relevant legislation and evaluate options). <b>A</b></li> <li>• ICO roles in organizing production could include finding resources for programmes, coordinating programmes and integrating policies involving various countries; facilitating initiatives for sustainability by ensuring that rules and obligations are properly balanced and negotiated among all participants. <b>A, F</b></li> </ul>
<p>3. Information/ research</p> <p><b>Articles 29, 31, 34</b></p>	<ul style="list-style-type: none"> <li>• Useful to identify positive externalities in coffee production (i.e. carbon sequestration, maintenance of social stability, etc) as well as negative ones caused by the crisis (i.e. fight against illegal crops, costs of migration to urban areas, etc.). <b>A, F</b></li> </ul>
<p>4. Statistics</p> <p><b>Article 1 (4) and (5)</b></p> <p><b>Articles 29, 30</b></p>	<ul style="list-style-type: none"> <li>• Need for greater market transparency as a way of reducing volatility, using modern technologies for crop estimates; stock control and demand projection. Reliable market data vital. The ICO can play a leading role in the preparation, compilation and validation of statistics and projections. <b>A, F</b></li> </ul>

5. Projects <b>Articles 1, 16</b>	<ul style="list-style-type: none"> <li>• Develop projects to make use of the Clean Development Mechanism (CDM) of the Kyoto Protocol (e.g. carry out study identified with UNEP). <b>A, F</b></li> </ul>
6. Promotion/ consumption <b>Articles 33, 34</b>	<ul style="list-style-type: none"> <li>• ICO can have a role as initiator and catalyst for programmes to increase consumption with assistance from donors such as the CFC and industry. Measures to increase consumption at three levels: in traditional markets – new products/innovations and institutional programmes like coffee and health; in emerging markets – importance of accessible prices; soluble coffee as a way in; in producing countries – developing a coffee culture and improving quality. Need for joint efforts by producers and consumers. <b>A, F</b></li> <li>• Develop greater consumer awareness of country of origins as already done in Japan, making use of appropriate International Geographic Origin denominations (e.g. disseminate EU and WTO rules, describe Japanese practice). <b>A, F</b></li> <li>• More emphasis to education for consumers and study effect on retailers' policies. <b>A, F</b></li> <li>• Develop sales of processed coffee with appropriate marketing to large retailers or establishment of retail outlets (need to contract specialists with food retail sector experience and review technical issues). <b>A, F</b></li> </ul>
8. Quality <b>Article 1</b>	<ul style="list-style-type: none"> <li>• Promotion of quality (more can be done to promote target standards of Resolution number 420: website; Codex Alimentarius; LIFFE; NYBOT; etc). <b>A</b></li> </ul>
10. Sustainability <b>Articles 39, 40</b>	<ul style="list-style-type: none"> <li>• Need for adjustments to sustainability initiatives. Greater emphasis on economic sustainability; small producers should have access to certification; certification costs should be divided to ensure that producers are adequately remunerated. <b>A/B</b></li> <li>• Support sustainable coffee partnership, especially with respect to its capacity to bring together all stakeholders (e.g. reconsider idea of sustainability committee). <b>A/B</b></li> <li>• Analysis of exchange rates in evaluating economic sustainability. <b>A</b></li> </ul>
11. Structure/ institutional/legal provisions <b>Chapters IV – X, XIV</b>	<ul style="list-style-type: none"> <li>• Enhance representation of small farmers at the ICO. <b>D</b></li> <li>• Promote cooperation between all stakeholders within the framework of the ICO. <b>D</b></li> </ul>
13. Technology/ innovation	<ul style="list-style-type: none"> <li>• Development of new technology to lower costs (e.g. review global research network concept/possible seminars with FAO). <b>A/B, F</b></li> </ul>