



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

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Working Group on the
Future of the Agreement
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**Draft proposals for the
future of the Agreement**

Section I: Objectives

Introduction

The present document contains the following draft Articles:

Preamble

CHAPTER I – OBJECTIVES

Article 1 Objectives

Action

The Working Group is invited to consider this document.

INTERNATIONAL COFFEE AGREEMENT 2001

PREAMBLE

Comments: *Cameroon has suggested including a new paragraph making it clear that producers should receive fair remuneration for their work.*

The Governments Party to this Agreement,

Recognizing the exceptional importance of coffee to the economies of many countries which are largely dependent upon this commodity for their export earnings and thus for the continuation of their development programmes in the social and economic fields;

Recognizing the importance of the coffee sector to the livelihoods of millions of people, particularly in developing countries, and bearing in mind that in many of these countries production is on small-scale family farms;

Recognizing the need to foster the development of productive resources and the promotion and maintenance of employment and income in the coffee industry in Member countries, thereby bringing about fair wages, higher living standards and better working conditions;

Considering that close international cooperation on trade in coffee will foster the economic diversification and development of coffee-producing countries, will contribute to the improvement of political and economic relations between coffee exporting and importing countries, and will provide for increasing consumption of coffee;

Recognizing the desirability of avoiding disequilibrium between production and consumption which can give rise to pronounced fluctuations in prices harmful both to producers and to consumers;

Considering the relationship between the stability of the trade in coffee and the stability of markets for manufactured goods;

Noting the advantages derived from the international cooperation which resulted from the operation of the International Coffee Agreements 1962, 1968, 1976, 1983, and 1994,

Have agreed as follows:

Comments by the Executive Director:

Members may wish to consider whether the proposal for a mission statement (see Article 1) should be included in the Preamble.

CHAPTER I – OBJECTIVES

ARTICLE 1 Objectives

Comments: *Cameroon notes the need to define and clarify ways to achieve a reasonable balance between supply and demand in objective 2, and for objectives (6) and (7) to be more specific. Ecuador proposes changes to objectives (2) and (6) and suggests that consideration be given to including coffee and health in the objectives. Japan proposes two new objectives. It also suggests introducing coffee and health in the objectives and supports the proposal to introduce customer satisfaction as a new objective. Indonesia proposes a new objective and amending objectives (7) and (9). The USA proposes an overarching mission statement, updating five objectives, deleting one (relating to a sustainable coffee economy, to be incorporated in the mission statement) and introducing two new objectives. Changes to objective (9) have been proposed by the Chairman of the Promotion Committee and the USA. The Central American Group considers that the objectives should be redefined to transmit Members' aspirations on various issues and supports a new objective of facilitating consumer satisfaction. Honduras also supports such a new objective and proposes amplifying or including new objectives to strengthen areas of sustainable human development, environmental services, natural resources and biodiversity, technical innovation and change for sustainability and competitiveness, diversification and added value, transparent and consistent marketing, promotion of consumption, market differentiation and segmentation, quality and safety, protection of geographical origins and access for small producers to financial sources and new market niches. Kenya proposes expanding the objectives to reflect emerging issues such as entry of new players (e.g. NGOs), development partners and the private sector. Tanzania proposes including a phrase reflecting the need to address poverty in producing countries through promoting mechanisms ensuring fair returns to producers. The issue of sustainability in coffee economies should be reflected in the ICO's mission and objectives. Uganda proposes introducing two new elements: the importance of research and development and science, and emergency assistance. Mexico and Papua New Guinea have noted the need to review the ICO's mission. In the case of a mission statement, Brazil has suggested that this could reflect the importance of increasing world coffee consumption in ensuring a dynamic coffee economy and distributing benefits throughout the coffee chain. A number of Members note that quality should continue to be a key priority.*

The objectives of ~~this Agreement~~ are **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:** [USA]

- (1) ~~to promote~~ **promoting** international cooperation on coffee matters;

~~[(2) to provide **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; , and negotiations when appropriate, on coffee matters and on ways to achieve a reasonable balance between world supply and demand on a basis which will assure adequate supplies of coffee at fair prices to consumers and markets for coffee at remunerative prices to producers, and which will be conducive to long-term equilibrium between production and consumption; [USA]]~~

[(2) to provide **providing** a forum for intergovernmental consultations, and negotiations when appropriate, on coffee matters and on ways to achieve a reasonable balance between world supply and demand on a basis which will assure adequate supplies of coffee at fair prices to consumers and markets for coffee at remunerative prices to producers, **which will be at least sufficient to cover the average costs of production in the various producing countries**, and which will be conducive to long-term equilibrium between production and consumption; [ECUADOR]]

(2 a) strengthening the participation of small-scale farmers in the global coffee market in order to alleviate poverty and to achieve the objectives of the millennium development goals; [INDONESIA]

~~(3) to provide **providing** a forum for consultations on coffee matters with the private sector;~~

~~(4) to facilitate **facilitating** the expansion and transparency of international trade in coffee;~~

~~(5) to act as a centre for and promote the collection, dissemination and publication of economic and technical information, **collecting, disseminating and publishing economic and technical information**, statistics and studies, as well as research and development, in coffee matters; [USA]~~

~~[(6) to encourage Members to develop a sustainable coffee economy; [USA]]~~

[(6) encouraging Members to develop a sustainable coffee economy **in economic, social and environmental terms**; [ECUADOR]]

~~[(7) to promote, encourage and increase the consumption of coffee; **promoting the development of markets for coffee, including in exporting Members**; [USA]]~~

[(7) to ~~promoting~~ **promoting, encouraging and increasing** the consumption of coffee **and diversification of products**; [INDONESIA]]

(7 a) 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; [USA]

(8) ~~to analyse and advise on the preparation of projects for the benefit of the world coffee economy, for their subsequent submission to donor or financing organizations, as appropriate;~~ **developing, evaluating and, as appropriate, assisting in financing and implementing projects that benefit Members and the world coffee economy;** [USA]

[(9) ~~to promote~~ **promoting** coffee quality and enhanced consumer satisfaction; and [USA]

[(9) ~~to promote~~ **promoting** quality and customer satisfaction; and [CHAIRMAN OF THE PROMOTION COMMITTEE]]

[(9) ~~to promote~~ **promoting** production capacity and quality standards; and [INDONESIA]

(9 a) **Providing a forum for consultations on coffee matters to investigate and prevent safety problems such as pesticide residues, toxic moulds etc.;** [JAPAN]

(9 b) **Ensuring the security and safety of coffee; and** [JAPAN]

(10) ~~to promote~~ **promoting** training and information programmes designed to assist the transfer to Members of technology relevant to coffee.

(10 a) **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.** [USA]

PSCB recommendations:

The PSCB recommends that the ICO adopt the following mission statement:

To strengthen the global coffee sector in a free market environment, including the continued expansion of the market in a manner that enhances producer well-being and consumer satisfaction while adding value through the coordination and encouragement of private sector/public sector cooperation for the betterment of all participants in the coffee value chain.

The PSCB notes that the objectives appropriately define the ICO's role as an educator. It supports the mandate that the ICO continue to act as a centre for and promote the collection, dissemination and publication of economic and technical information, statistics and studies as well as research and development on coffee matters. It considers that the ICO is also best served to continue to promote training and information programmes designed to assist the transfer to Members of relevant coffee technology and encourage their implementation.