



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

WP WGFA No. 2/06

23 November 2006
Original: English

E

Working Group on the
Future of the Agreement
22 – 24 January 2007
London, England

**Proposals for procedures and
organization of work from the Chairman,
Mr. Saint-Cyr Djikalou of Côte d'Ivoire**

Introduction

1. In September 2006, the International Coffee Council decided at its 96th Session to establish a Working Group on the Future of the Agreement, open to all Members, with the mandate of examining the current Agreement and proposals submitted by Members, or other invited parties, and submitting recommendations to the Council in May 2007. The Council appointed myself as Chairman, and Mr. Max Schnellmann of Switzerland as the Vice-Chairman of the Group. This Group will hold its first meeting from 22 to 24 January 2007, prior to the regular meeting of the Executive Board.

Procedures

2. As decided by the Council, the Group will establish its own procedures. The Group will consider the issue of procedures at its first meeting, but I should like to suggest that the priorities for the next meeting be agreed at the end of each meeting, to assist Members in organizing their work. In addition, I would propose that where discussion on an Article is lengthy and little progress is being made, that the item be postponed until informal consultations have taken place. Finally, I would propose that, where possible, virtual or electronic communication be used in between meetings to advance progress.

Organization of proposals

3. During the Council Session, it was suggested that it would be useful to organize proposals on the future of the Agreement thematically, grouped into five areas: Objectives; Membership and votes; Efficiency of deliberations and decision making; Structural and administrative matters and New and expanded areas of work. It was also suggested that it would facilitate discussions if the Secretariat could integrate the draft texts into appropriate documents.

4. In consultation with myself and the Vice-Chairman, the Secretariat has prepared five documents, to be issued as Addenda to this document, incorporating the draft texts received from Members into the Articles of Agreement, and divided into the following sections as proposed by Members:

Section I	Objectives
Section II	Membership and votes
Section III	Efficiency of deliberations and decision-making
Section IV	Structural and administrative matters
Section V	New and expanded areas of work

5. At the start of each Article is a comments section, outlining proposals received from Members for amendments where no specific wording has been received. Where suggestions for new wording or deleting wording from Articles have been received from Members, the new text is shown in bold, or with ~~strikeout~~ as appropriate. Wording which may be affected if other changes proposed are agreed is highlighted in grey. The name of the country proposing amendments is shown in square brackets at the end of each clause.

KEY

Text in bold indicates new wording suggested for inclusion in the Agreement.

Text in grey indicates wording which may be affected if other changes proposed are agreed.

~~Text with strikeout~~ indicates proposals to delete wording.

[COUNTRY] indicates the name of the country proposing the changes.

6. The recommendations from the PSCB (presented in more detail in document PSCB No. 93/06) are shown at the end of each Article as appropriate, and any comments from the Executive Director on the proposals are also shown at the end of each Article. In addition it may be noted that proposals made at the 2nd World Coffee Conference are contained in documents ICC-94-13 (containing a preliminary summary report of the Conference) and EB-3901/05 Rev. 1 (Review of themes raised at the Conference). These ideas have not been directly incorporated into the current paper, however a summary of the themes and ideas raised at the Conference is attached as Annex I for information.

7. In the case of over half of the 55 Articles of the 2001 Agreement, no specific proposals for amendments have been received. Unchanged Articles are marked with an asterisk in the list of Articles at the start of each of the five sections. Annex II lists all the documents on the future of the Agreement which have been received to date, for ease of reference. Should Members wish to follow up their suggestions with specific texts, I would encourage sending the Executive Director such material **by 11 December 2006**.

8. I have asked the Secretariat to make preliminary consultations with the United Nations about some of these proposals.

Structure of discussions

9. As you will see from the draft texts, there is much work to be covered in a very limited time if the Group is to fulfil its remit of submitting recommendations to the Council in May 2007. It was further suggested at the Council session that the recommendations of the Group to the Council should be in the form of draft texts. I should like to propose that Members take the opportunity of any regional meetings which may take place before the first meeting of the Group in January to discuss this document.

10. At its first meeting, the Group will meet for a total of five sessions from 22 to 24 January. I should like to propose that each Session be allocated to one of the thematic areas agreed by Members, commencing with the Section on the Objectives on the morning of 22 January. If necessary, and depending on progress made by the Executive Board in discussing its Agenda, a short meeting (one to two hours) of the Group could also be held on the morning of 26 January to assess the next steps, with the agreement of the Chairman of the Board.

Future meetings

11. In view of the need for the Group to submit its recommendations to the Council in May 2007, and for Members to consult with their capitals on proposals discussed or agreed at the January meeting, I should like to suggest that the Group consider holding one or more additional meetings of the Group in the light of progress made at the first meeting in January. Possible dates for such meetings will be suggested for consideration by the Group at the end of the January meeting.

**THEMES AND IDEAS RAISED IN THE
2ND WORLD COFFEE CONFERENCE**

<p>2. Coffee market/ Remunerative prices</p> <p>Articles 29, 33</p>	<ul style="list-style-type: none"> • 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). A • 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. A • 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). A • 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). A, F • 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). A, F • Diversifying to reduce dependence on a single product. A • Addition of value; Encourage niche markets and additional processing in countries of origin. A • Encourage micro credit schemes for small farmers. A, F • Public policies to discourage production if likely to cause oversupply, with appropriate monitoring. A • 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). A, F • Look into possibility of establishing funds for futures operations (e.g. investigate Colombian project). C, F • 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). A • 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. A, F
<p>3. Information/ research</p> <p>Articles 29, 31, 34</p>	<ul style="list-style-type: none"> • 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.). A, F
<p>4. Statistics</p> <p>Article 1 (4) and (5)</p> <p>Articles 29, 30</p>	<ul style="list-style-type: none"> • 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. A, F
<p>5. Projects</p> <p>Articles 1, 16</p>	<ul style="list-style-type: none"> • Develop projects to make use of the Clean Development Mechanism (CDM) of the Kyoto Protocol (e.g. carry out study identified with UNEP). A, F

<p>6. Promotion/ consumption</p> <p>Articles 33, 34</p>	<ul style="list-style-type: none"> • 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. A, F • 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). A, F • More emphasis to education for consumers and study effect on retailers' policies. A, F • 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). A, F
<p>8. Quality</p> <p>Article 1</p>	<ul style="list-style-type: none"> • Promotion of quality (more can be done to promote target standards of Resolution number 420: website; Codex Alimentarius; LIFFE; NYBOT; etc). A
<p>10. Sustainability</p> <p>Articles 39, 40</p>	<ul style="list-style-type: none"> • 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. A/B • Support sustainable coffee partnership, especially with respect to its capacity to bring together all stakeholders (e.g. reconsider idea of sustainability committee). A/B • Analysis of exchange rates in evaluating economic sustainability. A
<p>11. Structure/ institutional/legal provisions</p> <p>Chapters IV – X, XIV</p>	<ul style="list-style-type: none"> • Enhance representation of small farmers at the ICO. D • Promote cooperation between all stakeholders within the framework of the ICO. D
<p>13. Technology/ innovation</p>	<ul style="list-style-type: none"> • Development of new technology to lower costs (e.g. review global research network concept/possible seminars with FAO). A/B, F

DOCUMENTS RELATING TO THE FUTURE OF THE AGREEMENT

Document number	Title	Date on document
WP-Board No. 975/05	Future of the International Coffee Agreement 2001	14/07/05
ED-1973/05	Discussions on the future of the International Coffee Agreement 2001	01/11/05
EB-3902/05	Report on progress on achieving the objectives of the 2001 Agreement	20/12/05
WP-Board No. 987/05	Future of the International Coffee Agreement (ICA) 2001 Communication from the United States of America	21/12/05
WP-Board No. 988/05	Future of the International Coffee Agreement (ICA) 2001 Communication from the European Community	21/12/05
PSCB No. 78/06	The Future of the International Coffee Agreement Communication from the European Coffee Federation (ECF)	30/01/06
WP-Board No. 991/06	Future of the International Coffee Agreement (ICA) 2001 Communication from the Chairman of the Promotion Committee	03/03/06
WP-Board No. 992/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Angola	21/04/06
PSCB No. 82/06	Future of the International Coffee Agreement 2001 Communication from the All Japan Coffee Association (AJCA)	21/04/06
WP-Board No. 994/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Japan	08/05/06
ICC-95-9	Kenya's position on topical issues to be discussed at the 95 th Session of the International Coffee Council	18/05/06
WP-Board No. 999/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Brazil	19/05/06
PSCB No. 84/06	Future of the International Coffee Agreement (ICA) 2001 Proposal to establish a Research Fund	19/05/06
PSCB No. 85/06	The Future of the International Coffee Agreement (ICA) 2001 Communication from the National Coffee Association of U.S.A., Inc.	19/05/06
WP-Board No. 1000/06	Future of the International Coffee Agreement (ICA) 2001 Communication from the United States of America	22/05/06
WP-Board No. 1001/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Norway	22/05/06
ICC-95-10	Communication from Brazil	25/05/06
WP-Board No. 1004/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Vietnam	19/06/06
PSCB No. 90/06	The Future of the International Coffee Agreement (ICA) 2001 Communication from the National Coffee Association of U.S.A., Inc.	21/06/06
WP-Board No. 1006/06	Future of the International Coffee Agreement (ICA) 2001 Communication from the European Community	09/08/06
WP-Board No. 1007/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Burundi	16/08/06
WP-Board No. 1008/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Madagascar	23/08/06

Document number	Title	Date on document
WP-Board No. 1009/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Cameroon	23/08/06
WP-Council No. 142/06	International Coffee Agreement 2001 Areas addressed by Members concerning the future of the Agreement Comments by the Executive Director	23/08/06
WP-Board No. 1013/06	Future of the International Coffee Agreement (ICA) 2001 Proposals for amendments from the United States of America	08/09/06
WP-Board No. 1014/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Honduras	11/09/06
WP-Board No. 1017/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Kenya	22/09/06
WP-Board No. 1018/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Guatemala, El Salvador and Costa Rica	22/09/06
PSCB No. 93/06	The future of the International Coffee Organization/Agreement	25/09/06
WP-Board No. 1007/06 Add. 1	Future of the International Coffee Agreement (ICA) 2001 Communication from Burundi	26/09/06
WP-Board No. 1019/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Nigeria	26/09/06
WP-Board No. 1020/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Tanzania	28/09/06
WP-Board No. 1021/06	Future of the International Coffee Agreement (ICA) 2001 Communication from Ecuador	29/09/06
WP-Council No. 140/06 Rev. 5	Preliminary summary of proposals from Members concerning the future of the 2001 Agreement	27/11/06

Additional submissions

Oxfam	Grounds for change – Creating a voice for small coffee farmers and farmworkers with the next International Coffee Agreement	22/05/06
IISD - Sustainable Coffee Partnership	Leveraging the market for a sustainable coffee economy – Opportunities for renegotiation of the International Coffee Agreement	22/05/06