



**INTERNATIONAL
COFFEE
ORGANIZATION**

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**Communication from the
Government of Brazil**

The Executive Director presents his compliments and, for the information of Members, attaches a communication from the Government of Brazil which requests that it be circulated to Members of the Organization.



PERMANENT REPRESENTATION OF BRAZIL
TO INTERNATIONAL ORGANISATIONS IN LONDON

Rebraslon-001/2022

The Permanent Representation of Brazil to International Organizations in London presents its compliments to the International Coffee Organization (ICO) and has the honour to refer to Working Paper Council 318/21 Ver. 1, which contains a payment plan for Vietnam's outstanding 2020/2021 contributions as well as for its 2021/2022 contributions.

Brazil would like to acknowledge the importance of Vietnam's commitment to the International Coffee Organization and is glad to know that Vietnam agrees with the extension of the present Agreement. As a major Southeast Asian coffee producer, the membership of Vietnam, and its active participation in the Organization, represent an invaluable and indispensable input to the work of the ICO, especially in the context of the discussion of the new International Coffee Agreement, which constitutes an extraordinary opportunity to modernize the Organization.

Nevertheless, Brazil cannot, for the reasons hereafter, agree with the payment plan proposed by Vietnam for the following reasons:

- It would represent an exceptional treatment to a specific member-state, creating therefore a situation of particular privilege, that is undesirable in an international organization like the ICO;
- It would create a serious precedent. Although document 318/21 states that the payment plan "shall not constitute a precedent", we all know that immediately after it is officially adopted the precedent is automatically created. It would from then on be hard to deny the same rights, to any other member country;
- Extending to all members the possibility of paying their contributions in installments can dangerously jeopardize the future of the Organization. As seen in the latest report of the Finance and Administration Committee (Document FA 311/21), countries currently in arrears present "a grave threat to the financial sustainability of the Organization".

Furthermore, after June 2022, the cash flow of the Organization might fall below the total estimated liquidation cost. If the countries presently in arrears, as well as other countries that might in the future incur in similar delays, all decide to pay their contributions in instalments, the cash balance of the organization will not only run under the necessary minimum estimated for its liquidation, but also, the Organization might not be able to face its maintenance costs, such as salaries and services, let alone conduct its operations and projects.

At the present moment six other countries are currently in arrears. They would rightfully expect to benefit from a similar scheme. It is important to consider that by approving it, the Organization would be encouraging members to delay their payments rather than incentivizing them to fulfil their obligations.

Brazil kindly requests this *Note Verbale* to be circulated among member countries.

The Permanent Representation of Brazil to International Organizations in London avails itself of this opportunity to renew to the International Coffee Organization the assurances of its highest consideration.

London, 7 February 2022