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INTERNATIONAL  
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**Report of the Private Sector Consultative  
Board on the meeting of 5 March 2014**

1. The Private Sector Consultative Board (PSCB), chaired by Mr Ric Rhinehart of the SCAA, met for the 38<sup>th</sup> time on 5 March 2014 in London. The Chairman welcomed delegates to the meeting, extending a particular welcome to the representatives of Lao People's Democratic Republic, who were interested in membership of the ICO, and to the Republic of Korea.

**Item 1: Adoption of the Agenda**

2. The PSCB adopted the draft Agenda contained in document [PSCB-138/13 Rev. 2](#).

**Item 2: Report on the meeting of 11 September 2013**

3. The PSCB approved the report of the meeting of 11 September 2013 contained in document [PSCB-137/13](#).

**Item 3: Coffee market situation**

4. The Head of Operations introduced an analysis of the coffee market situation contained in the Coffee Market Report of January 2014. He commented on the recent increase in coffee prices, which had now jumped by over 50% in little over a month. Price volatility had also increased, which was detrimental to all actors in the market ([World Coffee Market Outlook](#)). He introduced an initial estimate of coffee production for crop year 2013/14, which was provisionally set at 145.8 million bags. He presented an update on the outbreak of coffee leaf rust in Central America, which had resulted in almost a quarter of production being lost over the last two years.

5. In terms of coffee stocks, it was notable that importing countries had reduced their inventories to around 2.5 months of consumption, meaning that any disruption to supply could quickly have an impact on prices. This was important given the recent drought in Brazil. Total exports were still at very high levels, with the share of Colombian Milds increasing to their 2009 levels. However, the value of these exports had decreased due to falling international coffee prices. Looking at consumption, provisional data suggested that a relatively strong increase could be expected in 2013, up to around 146 million bags, due in part to increased consumption in the USA.

6. The Head of Operations also briefly remarked on coffee consumption in East and Southeast Asia, which could be found in study [ICC-112-4](#). Consumption in sixteen Asian countries was covered, with growth rates approaching double figures in many cases. As a result, the share of consumption in East and Southeast Asia had increased to 13.9% of the world total and was showing strong potential for further growth.

**Item 4: Coffee leaf rust and black coffee twig borer**

7. The Head of Operations introduced document [ED-2176/14](#) containing a Report on the critical situation in East and Central Africa caused by black coffee twig borer (BCTB): case of Uganda. The PSCB took note of this report.

8. The representative of the Coffee Board of India gave a presentation on the experience of coffee leaf rust in India ([Coffee Leaf Rust: India's Experience](#)), and on the ICO/CFC project on coffee leaf rust in India and four African countries (Kenya, Rwanda, Uganda and Zimbabwe). Coffee leaf rust first arrived in India in 1870 from Sri Lanka, where it had wiped out the local coffee production. The ICO/CFC project had been very successful in increasing the resilience of coffee production to leaf rust, and encouraging technology transfer between multi-country programmes. He also outlined the links between India and the Coffee Rust Research Centre (CIFC) in Portugal, which had been established in 1955, and was the primary source of research in rust-resistant coffee varieties, and had so far evolved thirteen rust-resistant Arabica cultivars.

9. The Board took note of this presentation, and emphasized that the CIFC was the largest bank of knowledge and capacity for coffee testing, but that funding had recently dried up. It was therefore critical to find a way of financing such activities, whether through private sector or government funding, and Members were asked to consider creative ways of financing the CIFC. The Head of Operations reported that the Secretariat were working to secure funding for the institute, and had written letters of support to assist in this process.

**Item 5: Report on World Coffee Research**

10. The Head of Operations introduced document [PSCB-139/14](#) containing an update on the activities of World Coffee Research, a non-profit agricultural research programme based in Texas. In April 2013, World Coffee Research and PROMECAFE had hosted the First International Coffee Rust Summit in Guatemala City, which resulted in a new public-private partnership project with the U.S. Agency for International Development. They had also advanced a plan for a new Sensory Evaluation Method to create precise and scientific methods to measure coffee quality, and expanded its Germplasm Collection programme, which aimed to collect coffee material growing in the wild to identify and preserve valuable genetic material. The Board was invited to take note of these interesting initiatives.

**Item 6. Coffee Quality-Improvement Programme**

11. The Head of Operations introduced document [PM-34/14](#), containing a report on the implementation of the CQP for calendar years 2005 to 2013, and document [PM-33/14](#), containing a report on gradings for Arabica and Robusta coffee for calendar years 2005 to 2013. He also noted that the Secretariat had contacted the Coffee Quality Institute regarding Natural Arabica standards, which confirmed that the standards for Q Arabica Naturals had not yet been developed.

12. It was noted that eight Members had ceased providing Certificates of Origin, but it was not known why this was the case. This was an example of how the CQP, as a voluntary programme, needed to be reconsidered if it was no longer providing benefit. There were also wider implications of ICO statistics in general if Members were no longer providing data. The Board agreed to add this as an item on the agenda for the next meeting.

**Item 7: Coffee and health**

13. The representative of the ECF gave a presentation on caffeine and health claims in the EU ([Caffeine Health Claims](#)). He reported that in April 2011, the European Food Safety Authority (EFSA) had completed a positive evaluation of two mental performance claims and three physical performance claims related to caffeine. However, the European Parliament and Commission had still to approve these claims, which had been made more difficult given the recent media headlines citing high-caffeine energy drinks as a cause of death in certain cases. The Board took note of this information. EFSA had now been tasked with reviewing all scientific data regarding caffeine and health claims, and was due to issue an opinion by 30 June 2014. The ECF was following this discussion closely, together with ISIC, and was preparing a 'soft landing' for the release of the EFSA conclusions.

**Item 8: Coffee consumption**

14. The General Manager of Exporum, Republic of Korea, gave a presentation on the Korean Coffee Market ([Korean Coffee Market – Insight and Trend](#)). Since 1999, there had been a coffee boom in the Republic of Korea, as companies like Starbucks opened in Seoul, leading to the development of a sophisticated espresso culture. Coffee accounted for 53% of the beverage market, and had increased in value by 265% since 2007. The number of coffee cups consumed per capita had also been increasing, up to 484 in 2013. The Korea coffee market was therefore worth some US\$1.97 billion in 2013. Consumer preferences had been shifting away from instant coffees towards higher qualities over time. He also presented a brief video on the 2013 Cafe Show events in Korea, including the Seoul International Cafe Show and the World Coffee Leaders Forum.

15. The Board also received a presentation from the President of the Lao Coffee Association on the Lao Coffee Sector ([Lao Coffee Sector](#)). Coffee production was around 30,000 tonnes, composed of 50% Arabica and 50% Robusta, although Arabica was growing the fastest. The quality of the coffee was very high, with specialty coffee exported to Japan and Germany. Consumption was also growing, even though Lao People’s Democratic Republic did not have a strong culture of drinking coffee or tea, but rather had a culture of drinking water. He stated that the intention was to convert these water-drinkers into coffee-drinkers. The biggest development in the Asian region was in 3-in-1 products, which required instant coffee, so there was very high demand for Robusta in Asia. He noted that the coffee sector in Asia was very organized, and that they were looking to promote Lao coffee both domestically and internationally. He also invited all Members to the first Lao Coffee Festival, which was scheduled for July 2014.

**Item 9. Food safety aspects**

16. The Head of Operations reported that the Secretariat were continuing to monitor the new EU regulations concerning the labelling of origin and its potential implications for the coffee sector, but that there had been no new updates since September 2013.

**Item 10: Consultative Forum on Coffee Sector Finance**

17. The Board expressed its appreciation to Mr Robert Nelson for facilitating the 3<sup>rd</sup> Consultative Forum on Coffee Sector Finance, which took place on 10 September 2013, and also for his leadership of the PSCB, which had reinvigorated the Board and helped to make it more relevant and to move it forward.

**Item 11: Certification and sustainability**

18. The Head of Operations reported on the recent discussions between the Secretariat and the 4C 'Vision 2020 for a sustainable coffee sector'. This dialogue was still at an early stage, but he reiterated the commitment of the Secretariat to coffee sustainability, and the need for both the public and private sector to be prepared against any threats to the coffee supply chain.

**Item 12: Association Management Issues**

19. There were no comments under this item.

**Item 13: Interaction between the PSCB and the Council**

20. The Head of Operations expressed the need to encourage dialogue between the PSCB and the Council to sustain a more dynamic relationship. He encouraged Members to continue this conversation on an intersessional basis before the September meeting.

**Item 14: PSCB representatives**

21. The Board considered the designation of the International Women's Coffee Alliance (IWCA), and whether it should be an importing or exporting representative. As the maximum of eight associations had been appointed in each category, the IWCA was approved as an alternate exporting association, and was warmly welcomed to the PSCB.

**Item 15: Other business**

22. The Head of Operations gave an update on the ICO's new communications strategy, which aimed to incorporate both traditional and social media to increase its engagement with the public. To that end the Organization had recruited a new Communications Officer on a consultancy basis, and in the medium term would be undertaking a wholesale overhaul of the website in order to engage with new audiences and improve the dissemination of the ICO's work.

**Item 16: Future meetings**

23. The PSCB noted that the next meeting would take place in London during the 113<sup>th</sup> Council Session in September 2014.

## **LIST OF ACRONYMS USED IN THIS REPORT**

CFC	Common Fund for Commodities
CIFC	Coffee Rust Research Centre
CQP	Coffee Quality-Improvement Programme
ECF	European Coffee Federation
EFSA	European Food Safety Authority
EU	European Union
ICO	International Coffee Organization
ISIC	Institute for Scientific Information on Coffee
IWCA	International Women's Coffee Alliance
PSCB	Private Sector Consultative Board
SCAA	Specialty Coffee Association of America