# INTERNATIONAL COFFEE ORGANIZATION

## SC 84/18

27 April 2018
Original: English

E

**Report of the 14th meeting of the Statistics Committee held on 11 April 2018**

1.      The Statistics Committee held its 14th meeting on 11 April 2018 in Mexico City, Mexico.

**Item 1:**                **Adoption of the Agenda**

2.      The Committee adopted the draft Agenda contained in document SC-79/18 Rev. 1.

**Item 2:**                **Appointment of the Chair and ratification of the appointment of the Vice-Chair for 2017/18**

3.      The Committee appointed Mr Juan Esteban Orduz of Colombia as Chair and Ms Ina Grohmann of EU-Germany as Vice-Chair.

**Item 3:**                **Report on the meeting of 26 September 2017**

4.      The Committee approved the report of the thirteenth meeting held on 26 September 2017, contained in document SC-78/17.

**Item 4:**                **Compliance with Statistical Rules**

5.      The Chief of the Statistics Section introduced document SC-80/18, which contained the most recent report regarding statistical compliance by Members. She noted that, for the period under review, importing Members had been fully compliant and accounted for around 80% of global imports.  In terms of providing data within the deadlines stipulated in the Rules on Statistics, the Chief of the Statistics Section stated that 11 exporting Members had good compliance, providing in a timely manner at least 30 out of 55 of the items required to be submitted during the period under review. In considering all data received, 21 exporting Members had good compliance and accounted for around 92% of world exports. While 17 exporting Members did not provide any data at all, they accounted for just 3.7% of world coffee exports.  She remarked that very few exporting Members complied with the additional information required to be submitted following the entry into force of the International Coffee Agreement 2007.

6.      The Committee took note of the report.

**Item 5:**                **Proposal to amend the Rules on Statistics:  Certificates of Origin**

7.      The Senior Economist presented document SC-81/18 containing two proposals to amend the Rules on Statistics that was received by the Secretariat on 11 January 2018 from

the National Federation of Coffee Growers of Colombia. The first proposal was to expand the number of digits for the serial number of the parcel of coffee from four to five digits as well as to allow for different series for processed coffee and green coffee. The second proposed change concerned paragraph 3 of Rule 4 of the Rules of Statistics – Certificates of Origin (ICC-102-9), which states that "each Certificate of Origin must bear the cachet of the Customs Service of the issuing Member. This shall be applied by the Customs Service when it is satisfied that export is about to take place." The change would allow for the cachet of either the Customs Service or Certifying Agency for each Certificate of Origin rather than both.

8.      In the discussion, some Members expressed their support for the proposal, as the change to the ICO Rules would provide the necessary flexibility to accommodate changing production patterns and technical upgrades in export reporting systems used by authorities.

9.      The Committee considered the proposal and recommended its approval by the Council.

**Item 6:                    Improving ICO data quality**
**Item 6.1:                 Progress report on establishing a comprehensive statistical database**

10.     The Chief of the Statistics Section introduced document SC-82/18 comprising a progress report on establishing a comprehensive statistical database. This report covered several of the activities in the 2017/18 Programme of Activities under Strategic Goal 1: 'Delivering world-class data, analysis and information to the industry and policy-makers'.

11.     The Chief of the Statistics Section explained the methodology and outcomes of a survey that was implemented to seek views of Members and other users of ICO statistical data on the relevance of variables collected by the ICO. She then provided information about an on-going technical analysis of the ICO global coffee database, which was being carried out with the assistance of a consultant.

12.     The results of both activities inform the modernization of the data management system of the ICO in order to increase efficiency in the Secretariat's work and provide better services to Members. A full proposal will be presented at the next Statistics Committee meeting.

**Item 6.2:**        **Statistics Roundtable**

13.     The Senior Economist discussed the work of the ICO Statistics Roundtable, which is an expert working group that was set up to improve the quality of the ICO's statistics and consists of volunteer analysts from the coffee sector.

14.     Since the Statistics Committee meeting in September 2017, the Roundtable had met at the ICO on 7 December 2017 and 1 March 2018. At these meetings, the supply and use data for the 12 largest producing countries, which account for over 90% of global coffee production, were reviewed. The work of this group had shown that much of the data for the period under review can be considered as reliable. However, the Roundtable recommended that the Secretariat should review the remaining data deviations brought up during the work of the Roundtable. The next meeting would occur on 7 June 2017.

15.     The Committee took note of the reports.

**Item 7:**        **Collecting data on production costs**
**Item 7.1:**       **PROMECAFE**

16.     The Chair invited the Secretary of PROMECAFE, Mr René León-Gómez to give a presentation on PROMECAFE's study on production costs in Central America. Mr León-Gómez noted that the Members of PROMECAFE produce around 25% of global Arabica production, which is primarily grown by smallholders who are facing challenges not only from the decline in coffee prices, but also climate change, other natural phenomenon such as hurricanes, and the rising prevalence of pests and diseases. The results of the study of production costs in four Central American coffee-producing countries indicated that, in the time period under consideration, total production costs of average coffee growers in the region exceeded revenues from selling coffee, resulting in losses. Around 85% of total production costs were direct costs, of which 60% are attributed to labour costs while 40% are for inputs. He noted that the reason why many farmers in the region continued to grow coffee, despite the low prices and resulting profit loss, was that some costs, such as unpaid labour, were not taken into account by farmers when considering profitability. Mr León-Gómez provided some suggestions as how to address the issue of low profitability.

17.     Members expressed great interest in the study and the findings. Members indicated the need to address the challenge caused by low profitability to farming households and urged to work jointly in finding solutions.

18.     The Committee took note of the report.

**Item 7.2:**          **World Coffee Research**

19.     The Chair invited Dr Christophe Montagnon, Scientific Director of World Coffee Research, to give a presentation on the Global Coffee Monitoring Program, a new initiative by World Coffee Research. This programme included setting up a world-wide network of thousands of experimental plots on coffee farms with a focus on planting material, such as new varieties, and soil conservation. He noted that research often focused solely on improving productivity without consideration for the additional cost associated with these increases. He stated that the experimental plots of the Global Coffee Monitoring Program will be used to assess not only the agronomic, but also the economic, impact of improved coffee farming methods to ensure that recommendations were sustainable. He explained that the plots would be replicated across many countries, which would capture the diversity of coffee farming methods in differing environments in order to form better recommendations suited to each farming system. The results of the field research would be aggregated in a global database that would allow users to track results of the experimental plots, such as the impact on yields, as well as the profitability across all coffee-producing regions and production systems. The data would inform production decisions of farmers to improve profitability and could help improve farmers' access to credit by providing more information to lending institutions about the risks associated with coffee farming.

20.     The Committee took note of the report.

**Item 8:**          **ICO Award for Excellence in Coffee-Related Research**

21.     The Chief Economist presented the proposal for an ICO Award for Excellence in Coffee-Related Research contained in document SC-83/18. The purpose of the award would be to stimulate high-quality economic research related to the coffee sector, to strengthen the ICO's links with academia and the research community, to generate innovative approaches to address development-related issues in coffee-producing countries, to stimulate debate in the area of 'sustainable coffee value chain and international development', and to reward those making outstanding contributions to the debate relating to the role of coffee in achieving the Sustainable Development Goals. The prize of £2,000 would be awarded to excellent contributions by early-career scholars in the area of economic research on topics related to the sustainable development of the coffee sector.

22.     In the discussion, Members broadly supported the concept of the award. Some Members queried the prize money in view of budget considerations while others suggested widening the focus to include other research disciplines such as agronomy, plant breeding or coffee and health. The Executive Director suggested that, initially, it would be better to

maintain a more narrowly defined focus on economics given the current resource constraints of the ICO, but widening the focus over time to other disciplines should be considered.

23.    The Committee considered the proposal and recommended its approval by the Council.

**Item 9:**            **Other business**

24.    There was no other business discussed.

**Item 10:**            **Date of next meeting**

25.    The Committee noted that the next meeting of the Statistics Committee would take place during the 122$^{nd}$ Session of the Council to be held from 17 to 21 September 2018.