INTERNATIONAL COFFEE ORGANIZATION

WGFA 61/21

18 May 2021
Original: English

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Report of the 13th Meeting of the Working Group on the Future of the International Coffee Agreement held on 11 May 2021

1. The Working Group on the Future of the International Coffee Agreement (WGFA) met for the thirteenth time on 11 May 2021. The Chair, Ms Stefanie Küng, of Switzerland, welcomed all participants and thanked delegates for their presence.

2. Representatives of the following Members were present online using the Zoom software: Brazil, Colombia, D.R. Congo, El Salvador, European Union (Ireland and Sweden), Honduras, Indonesia, Japan, Mexico, Papua New Guinea, Peru, Russian Federation, Switzerland and Viet Nam. The Chair of the Private Sector Consultative Board, Mr Anil Bhandari, was also present.

Item 1: Adoption of the Agenda

3. The agenda contained in WGFA 59/21 Rev. 1 was adopted.

Item 2: Report of the 12th meeting of the Working group held on 6 April 2021

4. The Chair presented the report of the previous meeting, contained in document WGFA-58/21.

5. The Working Group took note of the report.

Item 3: Drafting Group: Areas of work and working methods

6. The Chair reminded delegates that, in the previous meeting, they had approved the creation of a small drafting group "to narrow down the proposals of the new ICA."

7. The Chair then presented her proposals, contained in WGFA-60/21, on how the drafting group would work.

8. Eleven nominations to the Drafting Group had been received: Brazil, Colombia, Côte d'Ivoire, European Union, Honduras, Japan, Mexico, Papua New Guinea, Russian Federation, Switzerland, Togo.

9. Only eleven nominations had been received for twelve places, since one of the spaces for exporting Members had not been filled. For purposes of balancing regional representation, this space had been originally set aside for the Asia/Pacific region. Any delegation from that area that was interested in joining the Drafting Group should contact the spokesperson of exporting Members.

10. The Chair proposed that the Drafting Group should focus its attention on four areas:

- The Preamble
- Articles 12, 13 and 20 on votes and contributions
- The role of the private sector and the Coffee Public-Private Task Force (CPPTF)
- ICO Committees

She proposed to tackle votes and contributions first.

11. With regard to working methods, the Chair proposed a light and non-bureaucratic structure, centred on online software that would permit Members to edit documents simultaneously.

12. The delegate of Brazil requested clarification on the relative roles of the Working Group and Drafting Group.

13. The Chair informed that all findings of the Drafting Group would be submitted to the Working Group.

14. The delegate of Viet Nam stated that his delegation would put forward, in the near future, a proposal regarding votes and contributions.

15. The delegate of the European Union requested further information on the working methods of the Drafting Group.

16. The Chair replied that the Drafting Group should concentrate first on high-level issues, such as votes and contributions, and then on the text of the new Agreement.

17. The delegate of Japan asked for confirmation that the proposed amendments to Articles 48 and 49 put forward by his delegation would be taken into consideration.

18. The Chair confirmed that this would be the case.

Item 4: Role of the Private Sector

19. The Chair introduced the item by reminding delegates of the numerous discussions held within the WGFA on the integration of the private sector. She had requested the Secretariat to prepare a summary presentation on the subject, after which delegates could discuss the way forward.

20. The Executive Director informed that his presentation would be based on three different sources: (1) the results of the survey conducted with ICO Members, whose results are contained in WGFA-50/21; (2) the results of the survey of the private sector, whose results were presented in the last meeting; and (3) interventions of delegates in the WGFA, whether by written communications or by verbal interventions during the meetings.

21. The Executive Director cautioned delegates on the relevance of the results of surveys. Not all Members had taken part in this exercise; others might have changed their minds at a later time. So, delegates should not take these surveys as determining what should be done. They were merely an aid to understanding complex matters.

22. The presentation of the Executive Director is included as Annex I of this report.

23. The Chair then presented her interpretation and that of the Secretariat of where the WGFA found itself in relation to this important issue. Their interpretation was that Members overwhelmingly supported the presence of the private sector in the ICO. On the side of the private sector, considerable interest had also been expressed in further integration. The concrete question before us was how to best operationalize this mutual desire for a closer relationship.

24. The Chair started by referring to the survey, noting that ICO Members unanimously supported the presence of trade associations and similar bodies within the ICO. The natural space for these organizations already existed: the Private Sector Consultative Board (PSCB). She noted that some delegates had expressed disappointment with the performance of the PSCB and believed that it not always lived up to the expectations placed by Members. In her opinion, this was a reason for reforming the PSCB, not doing away with it. The best way to do this was to maintain the existence of the PSCB within the text of a new Agreement. However, to the greatest possible extent, decisions on details regarding the structure and terms of reference should be left to the Council, i.e. outside the Agreement. She proposed a renewed and reformed Private Sector Consultative Board, which would bring together trade associations and other private sector organizations.

25. The second element that the Chair believed enjoyed widespread support was the formalization of the Coffee Public-Private Task Force (CPPTF). The WGFA had witnessed numerous expressions of support and appreciation for the work of this innovative body,

especially during the last Council Session. Although the CPPTF was created within the framework of the existing Agreement, it would be strengthened by formal recognition in the text of the new Agreement. This would be a clear demonstration of the importance attached by ICO Members to the Task Force. Just as importantly, it would also provide an institutional opportunity for participation of the private sector, especially individual companies.

26. In addition, other, more ambitious, proposals to integrate the private sector had been put forward. The creation of different forms of membership was one of those, as was a suggestion of Anil Bhandari, Chair of the PSCB, to create a bicameral structure with two Councils, one for Member governments and one for private sector entities. The Chair understood that the amount of support for these more ambitious schemes was less clear-cut. In particular, she noted that many Members stress the need to maintain the intergovernmental character of the ICO.

27. The first of these arrangements would be to create new categories of members, such as "sector" or "associate" members, as was the case in the International Telecommunications Union (ITU). These members would pay contributions but not have a right to vote. It was still not clear to some delegates, what would be the compelling reason for an individual enterprise to become a member of the ICO. As Mr Bhandari pointed out in PSCB-167/21, the ITU had considerable regulatory and economic power, because of its significant influence over spectrum/frequency/bandwidth allocation of both private and public entities worldwide. In contrast, the ICO had not exercised a comparable regulatory function since the end of the quota system. Therefore, the attraction of associate membership in the ICO was more limited. Did delegates still want to explore this option further?

28. In addition to the possibility of some form of associate membership, delegates had been presented with a more ambitious scheme for the reform of the ICO, as proposed by Mr Anil Bhandari. The Chair proceeded to present the key points of Mr Bhandari's proposals, contained in WGFA-57/21 and PSCB-167/21. Mr Bhandari's position was based on the recognition that only the private sector had the necessary resources to help stabilize the most vulnerable link in the coffee chain, smallholder farmers, and that no real possibility existed of governments in most producing countries funding any overarching mitigatory policy in their countries to assist their coffee farmers. The Organization should have two governing councils, one for the public sector and one for the private sector. Similarly, the Organization would have two separate budgets and a

Secretariat that would be responsible to both bodies. Without going into the merits of the proposal, the Chair pointed out to delegates that it would grant considerable powers to non-governmental actors. Despite the author's assertion that the two governing councils would exist separately, thereby preserving the intergovernmental nature of the ICO, in her understanding considerable decision-making authority would end up being shifted to the private sector. Mr Bhandari's proposal was based on the notion that only the private sector had the resources required to make the ICO relevant, which was an important reflection. In his view, the reduction in the decision-making authority of governments would be the price of making the Organization relevant in the modern world. However, delegates needed to bear in mind that approval of this proposal would require a significant change in the intergovernmental nature of the ICO.

29. In addition, the Chair noted that delegates might want to take into account the financial implications of the arrangements for integration of the private sector. If there was no direct avenue for membership of private sector enterprises, then we should expect them to contribute only through the Coffee Public-Private Task Force.

30. Before the Chair opened the floor for discussion, an informal poll, using the Zoom electronic platform, was conducted to ascertain delegates views as to:

a) Maintenance and reform of the PSCB
b) Formal inclusion of the CPPTF within the new Agreement
c) Support for other forms of private sector membership, e.g. associate status
d) Support for a bicameral structure

31. The delegate of Japan inquired as to the forms in which the private sector currently engaged with the ICO.

32. The Executive Director informed that the main types of formal interaction were through the PSCB and CPPTF. In addition, the private sector was involved, on an ad hoc basis, in many ICO activities, including the collection of indicator prices and the commemoration of International Coffee Day.

33. The delegate of the European Union asked for the preparation of scenarios to assist in reaching a decision.

34. The Head of Operations replied that this had been the objective of the Secretariat's discussion paper, circulated as WGFA-43/20. The document presented all the options currently before the WGFA.

35. The delegate of Papua New Guinea stated that the purpose of the inclusion of the private sector should be to bolster the effectiveness of the Organization and that monetary contributions should not be a priority.

36. The Chair of the PSCB, Mr Anil Bhandari, stressed his support for the continued existence of that body, but subject to reforms. He would revise his proposal on the bicameral structure in order to seek a revitalized PSCB.

37. In summing up the debate on this agenda item, the Chair noted that all delegates had considered a better integration of the private sector to be a key issue in the negotiations within the WGFA. Some other important conclusions of the discussions and the informal polls were:

a) Delegates had shown strong support for the formal inclusion of the CPPTF within the text of a new Agreement
b) Delegates supported the continued existence of the PSCB, although this body needed to be refreshed and reinvigorated
c) Delegates wished to continue exploring options related to forms of associated membership, whether of private sector organizations or private enterprises

The discussion had been useful because options had been narrowed down somewhat.

Item 5: Next Steps

38. With regard to the WGFA's next steps, the Chair proposed that the group return to the question of the inclusion of the private sector, especially in the form of "sector" or "associate" membership, in the next meeting. The Secretariat would prepare further material on this topic as well as a draft Article on the reform of the PSCB.

39. Meanwhile, the Drafting Group would seek to prepare a proposal on votes and contributions. The Chair hoped it would be ready for consideration by the WGFA during its next meeting.

40. In parallel, the Drafting Group would begin to review the text of the new Agreement, starting with the Preamble.

41. The delegate of Japan requested information on the schedule for the work of the WGFA and the possible need to extend the ICA 2007 one more time.

42. The Executive Director informed that the recommendation by the WGFA of a new Agreement to the council would depend on the dynamics of the Group. However, with regard to an extension of the ICA 2007, this would be necessary whatever the time taken by the WGFA to reach a consensus. After Council had approved the new text, then Members would need some time, say two to three years, for their legislatures to approve this new international agreement. So, several extensions would probably be necessary.

43. The Chair requested delegates to discuss the implications of the various arrangements for inclusion of the private sector with their capitals and return to this subject at the next WGFA meeting.

44. Delegates agreed with the way forward proposed by the Chair.

Item 6: Other business

45. No requests for Other Business were made.

Item 7: Date of next meeting

46. The Chair noted that the next WGFA Meeting would be held on 10 June 2021.

13th Meeting of the Working Group on the Future of the International Coffee Agreement

Chair: Ms Stefanie Küng, of Switzerland

Tuesday 11 May 2021

INTERNATIONAL COFFEE ORGANIZATION

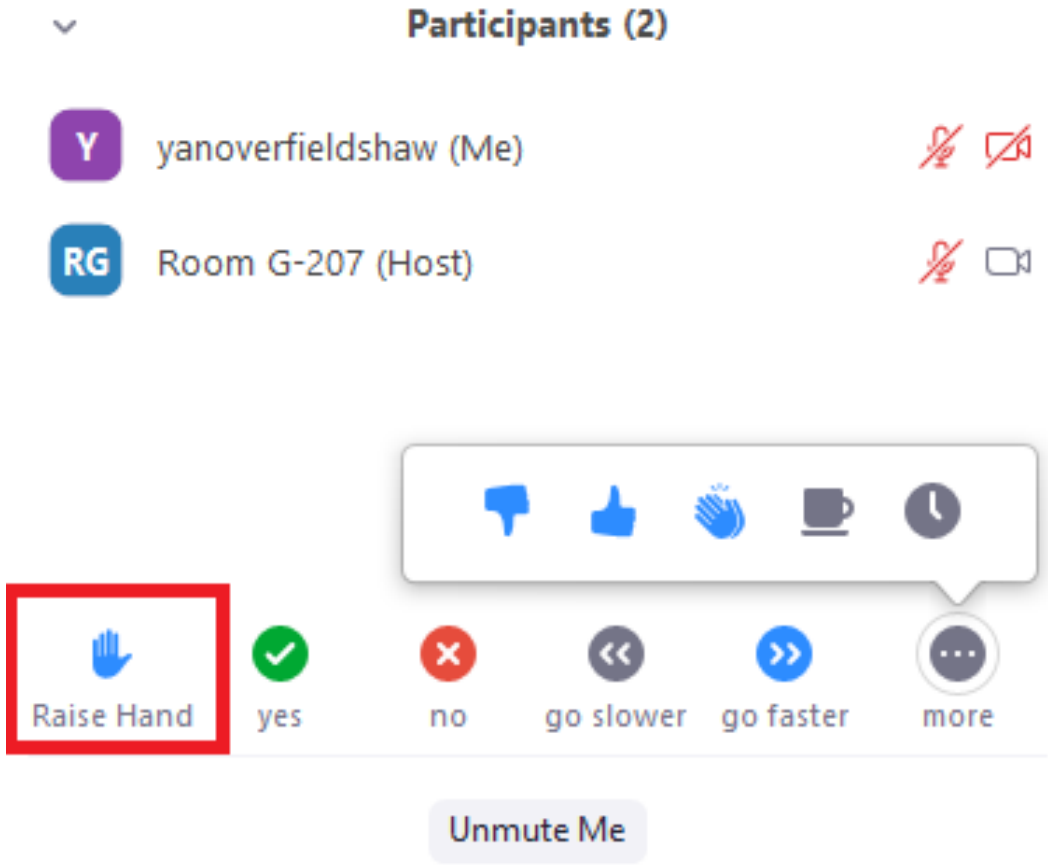
PROCEDURE ON HOW TO MAKE AN INTERVENTION

1. All Members are on ‘mute’ accept for the Chair and the Executive Director. This is to reduce noise interruptions during the meeting.

2. If a Member would like to make a verbal intervention, please click on participants and press ‘Raise Hand’, then the Chair will give you the floor and you can unmute your microphone.

3. When asking a question Members can share their camera if they wish.

4. As a backup option – written questions can also be sent by text to the organizer in the Zoom chat.



DRAFT AGENDA (WGFA-59/21)

1. Draft Agenda – *to adopt*
2. Report of the 12th meeting – *to note*
3. Drafting Group: Areas of work and working methods – *to consider*
4. Role of the private sector – *to consider*
   - 4.1 Private Sector Consultative Board
   - 4.2 Coffee Public-Private Task Force
   - 4.3 Other (ITU model/bicameral structure etc.)
5. Next steps – *to agree*
6. Other business – *to consider*
7. Date of next meeting – *to note*

Item 2. REPORT OF THE 12TH MEETING OF THE WORKING GROUP - *to note (WGFA–58/21)*

Item 3. DRAFTING GROUP: AREAS OF WORK AND WORKING METHODS – *to consider (WGFA-60/21)*

Membership: Brazil, Colombia, Côte d'Ivoire, European Union, Honduras, Japan, Mexico, Papua New Guinea, Russian Federation, Switzerland, Togo.

DRAFTING GROUP AREAS OF WORK

1) The Preamble
2) Articles 12, 13 and 20 on votes and contributions
3) The role of the private sector and the CPPTF
4) ICO Committees

DRAFTING GROUP WORKING METHODS

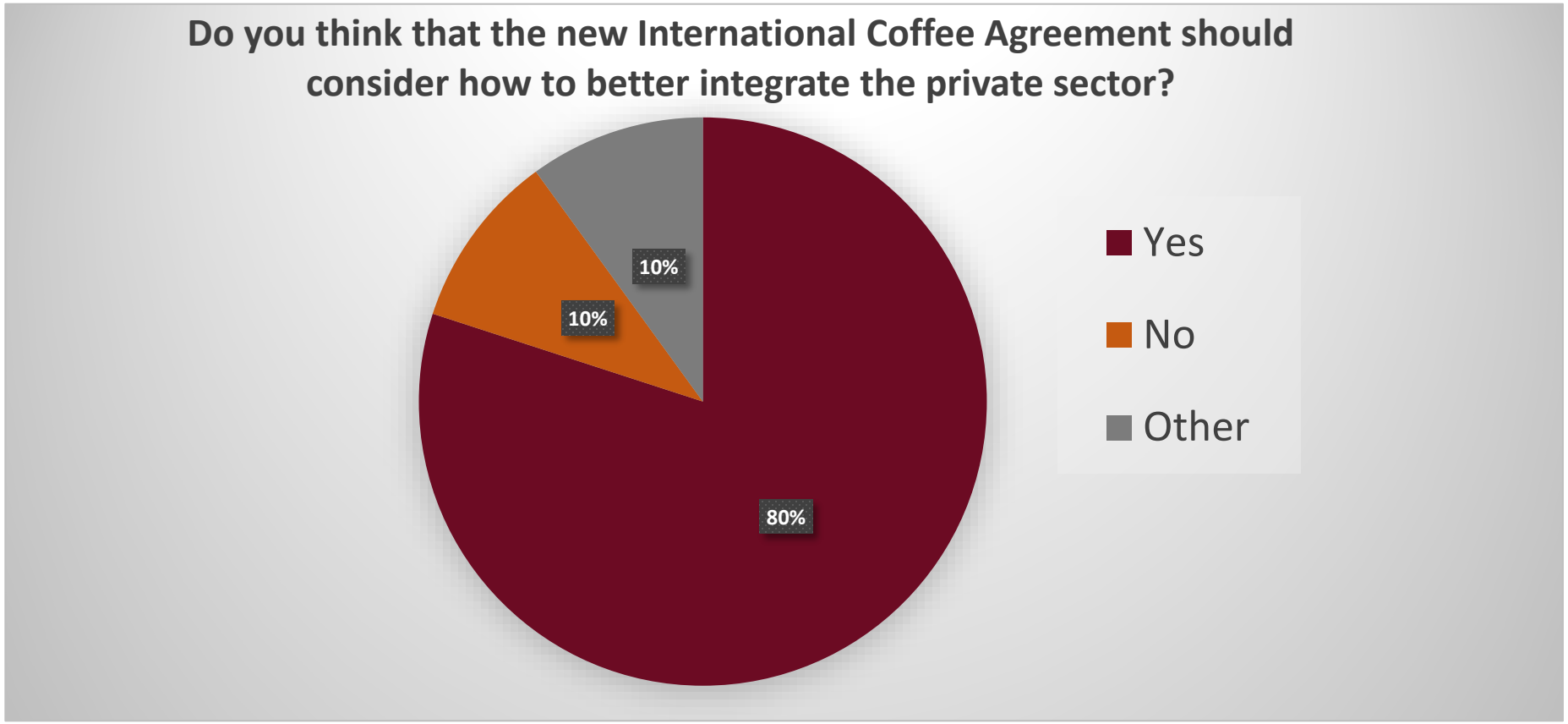
1) User-friendly online editing platform
2) Deadlines for submitting proposals
3) Meeting to decide on presentation to the WGFA

Item 4. ROLE OF THE PRIVATE SECTOR – *to consider*

a) Results of survey of ICO Members (WGFA-50/21)
b) Results of survey of Private Sector
c) Members communications and interventions

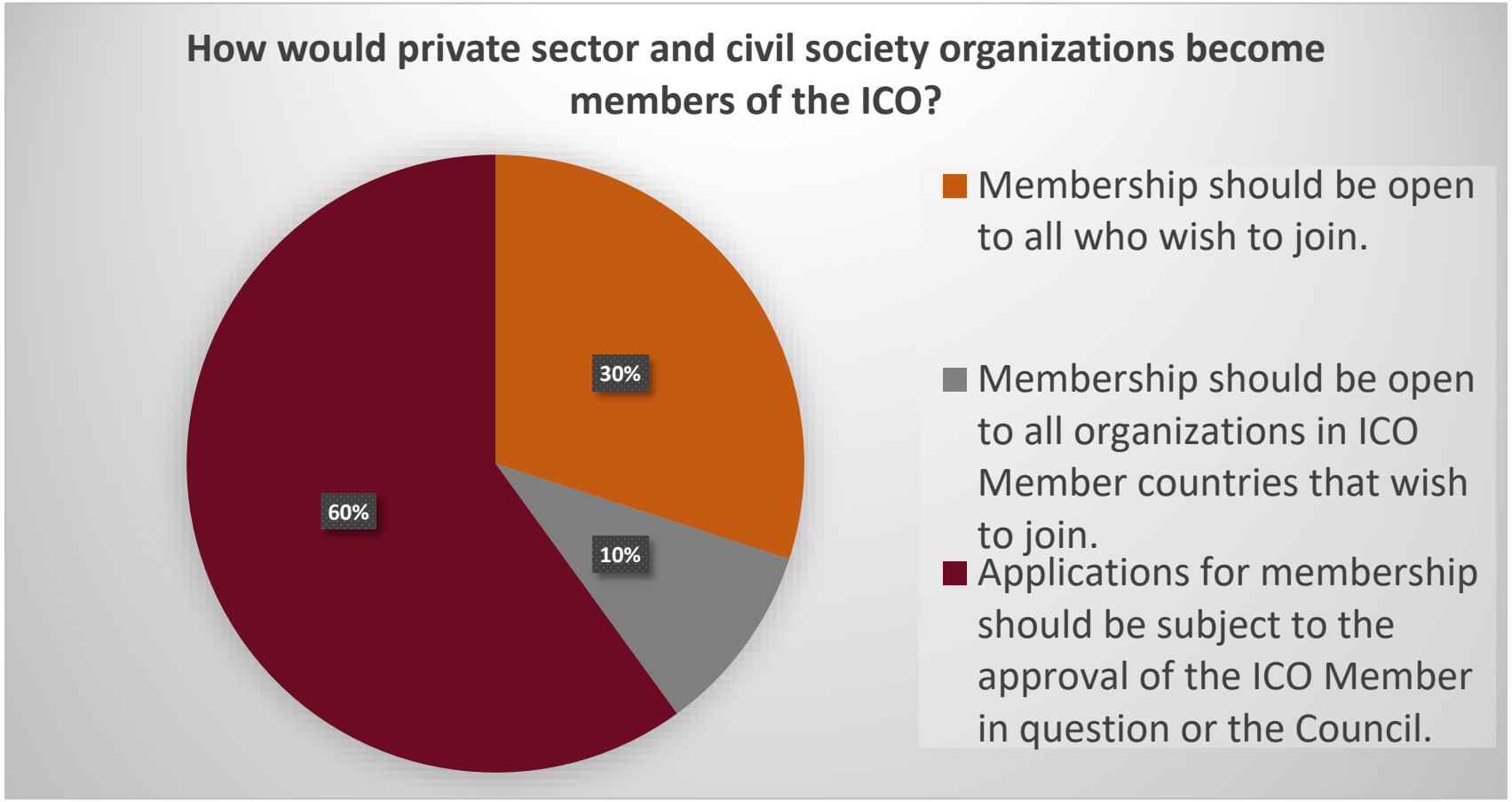
ICO Members: Participation of the private sector

- 80% of respondents would like ICO to consider better ways to integrate the private sector.
- Two respondents mentioned that ICO should maintain its intergovernmental nature but still take into account private sector recommendations.



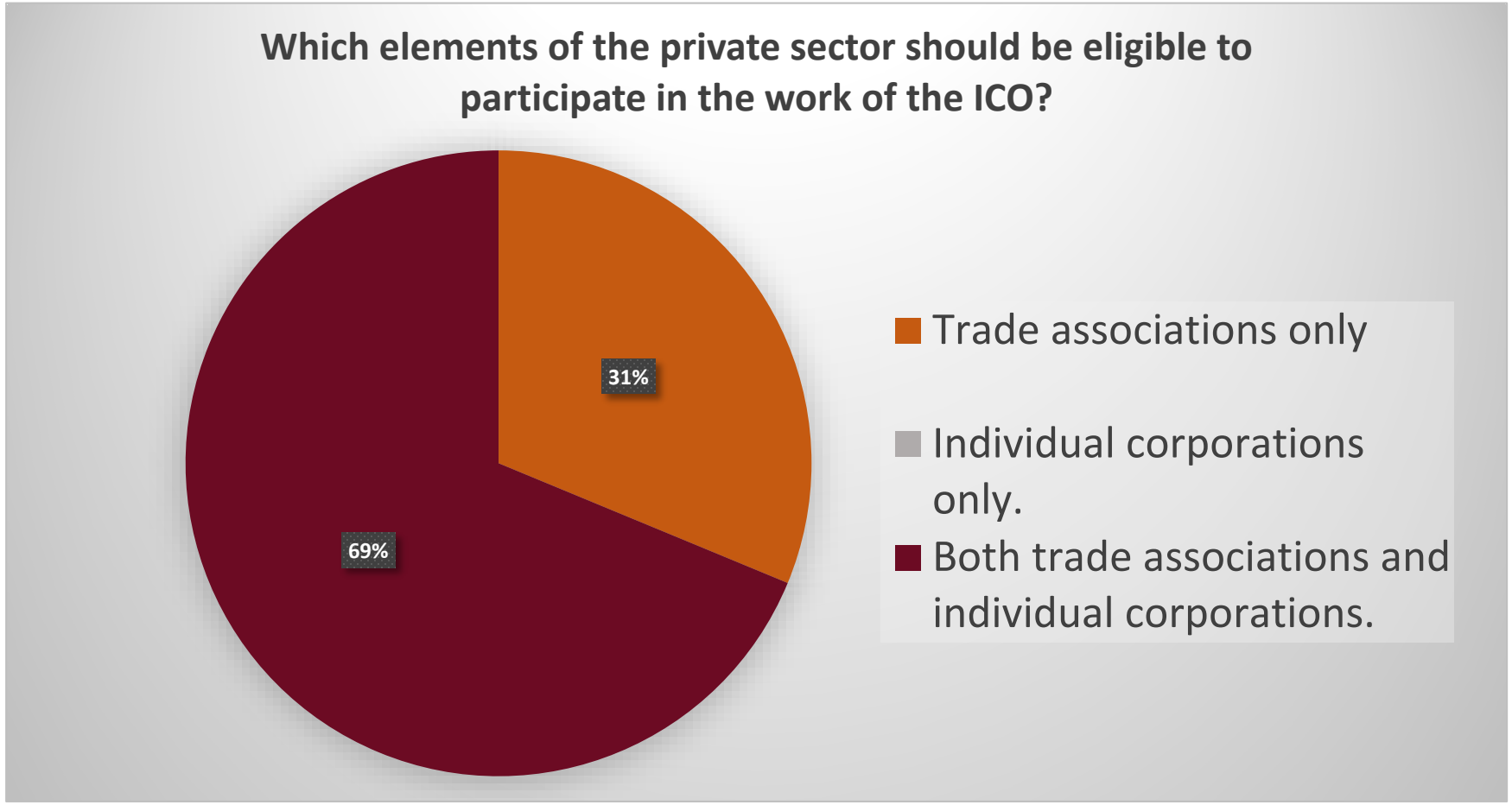
ICO Members: Participation of the private sector: *Approval Process*

- 60% suggest approval should go through the member country or the Council and 30% of respondents suggest Private Sector and Civil Society membership should be open to all who wish to join.

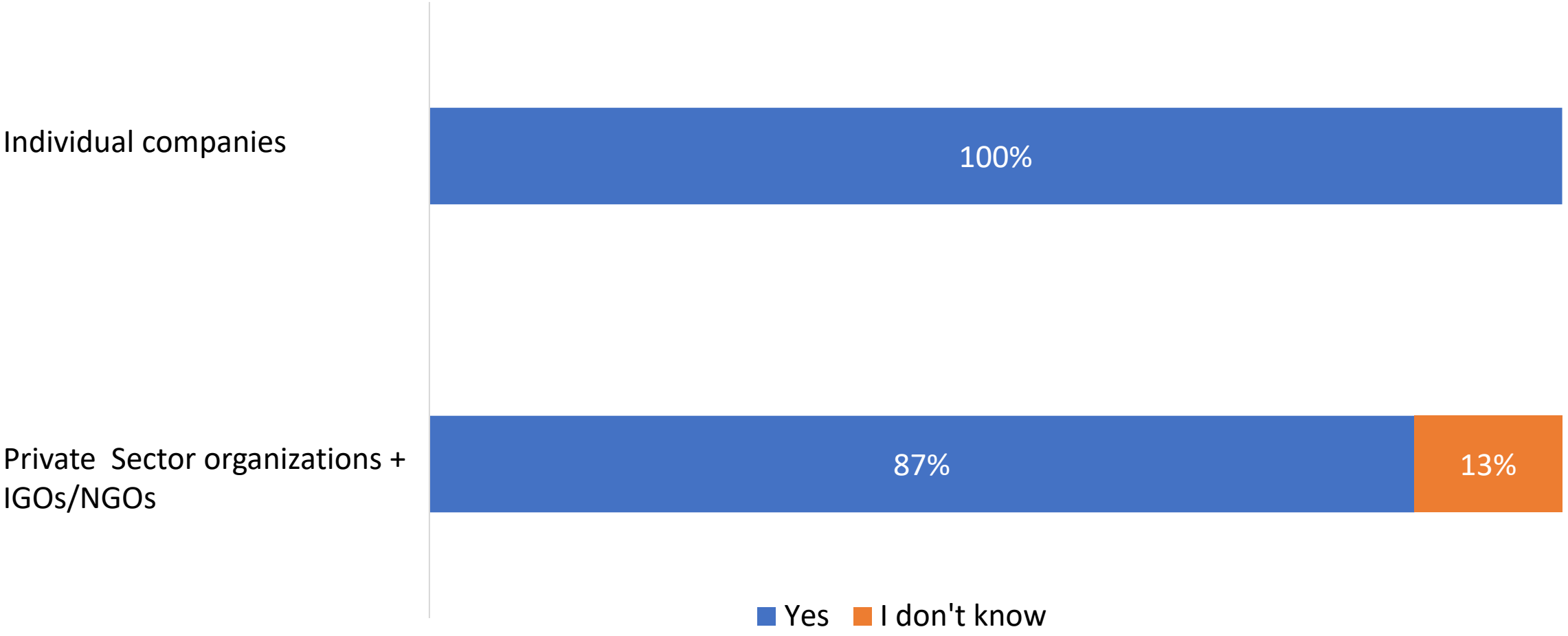


ICO Members: Participation of the private sector: *Eligibility*

- 69% of respondents suggest that both trade associations and individual corporations should be eligible to participate in the work of ICO.

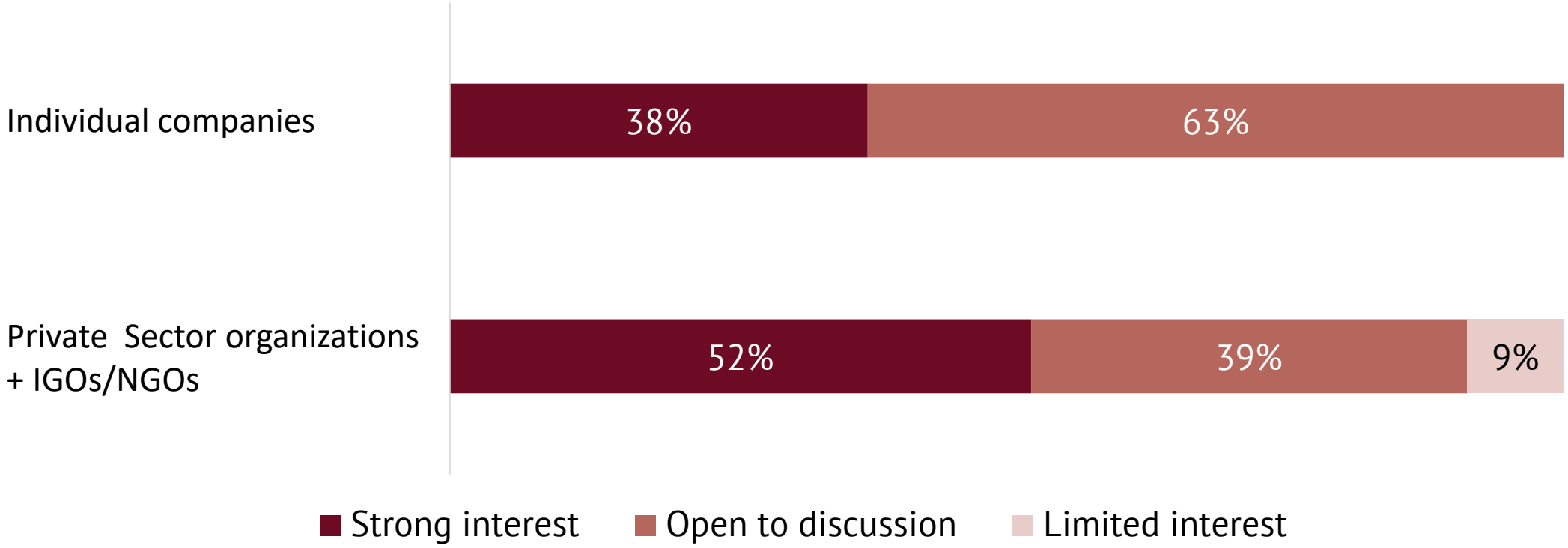


Private Sector: Should ICO exporting and importing Members consider how to better integrate the private sector in the new ICA?



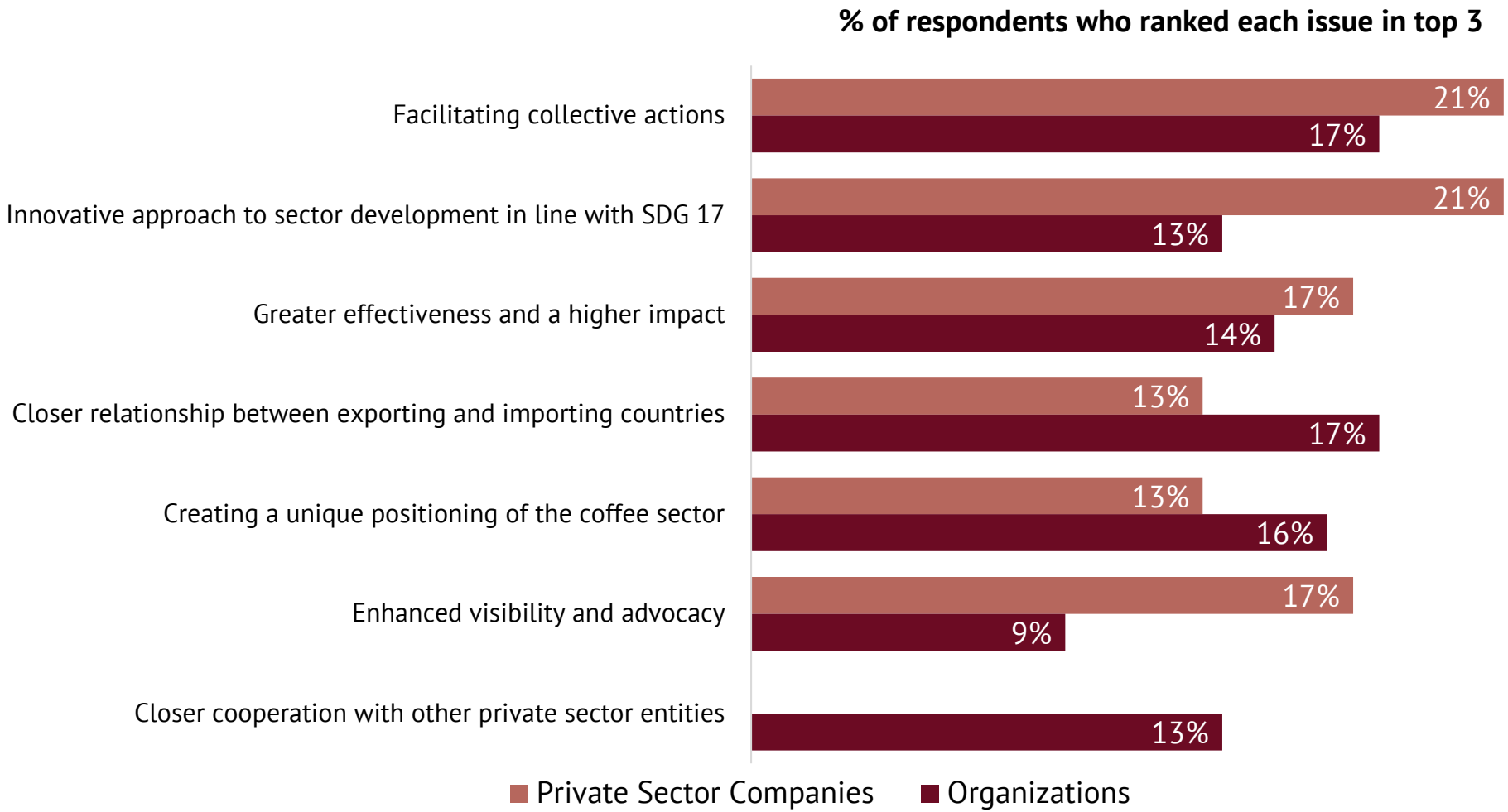
Private Sector: How do you see the opportunity for the private sector to have a closer relation with the ICO?

94% or respondents have a strong interest or are open to discuss a closer relation with the ICO



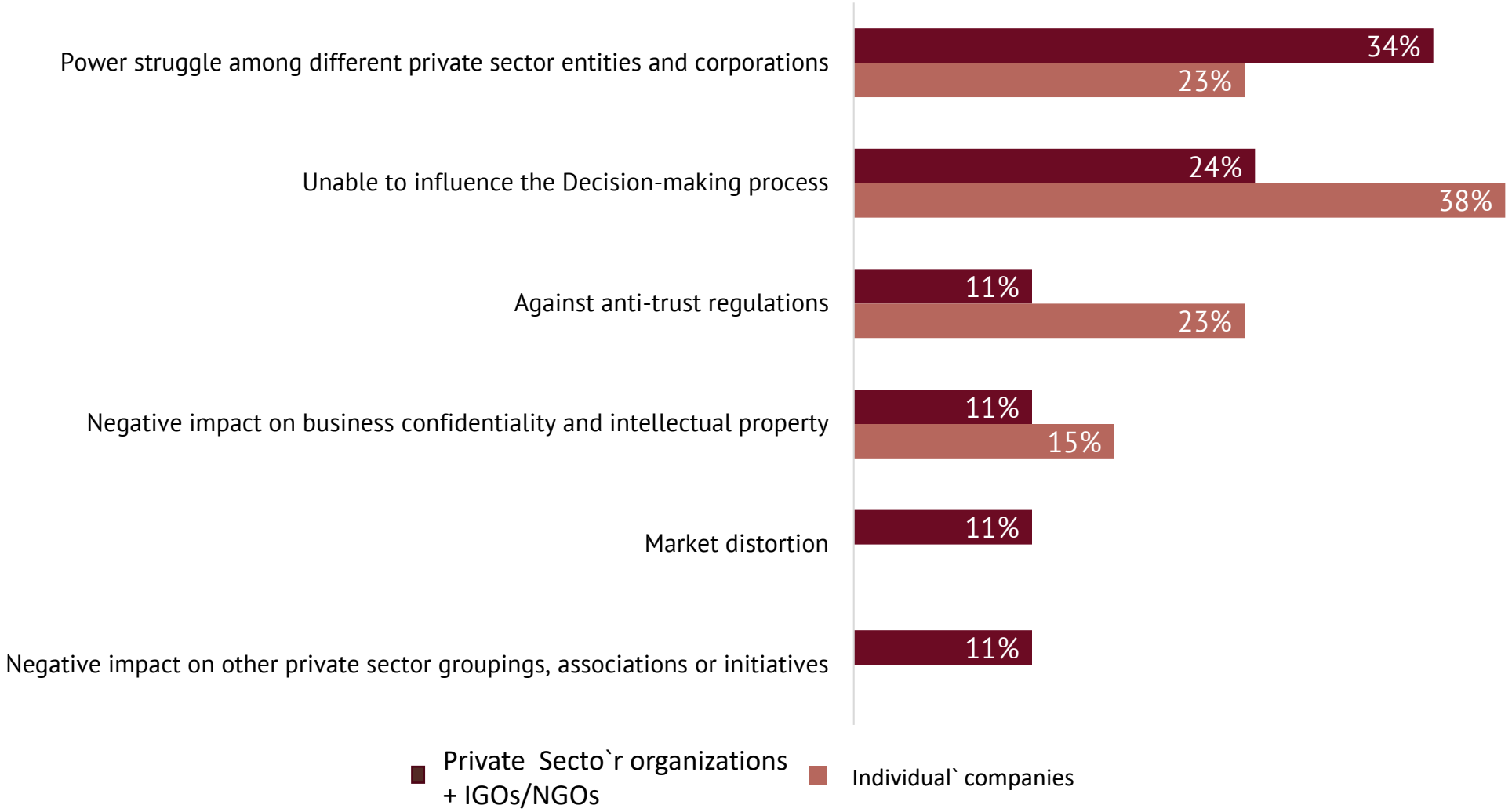
Private Sector: What would be the advantage for the private sector being part of the new ICA?

55% of respondents rank "*Facilitating collective actions in addition to individual actions*" as the top advantage



Private Sector: What are the areas of concern that can derive from an increased participation by the Private Sector in the work of the ICO?

Top areas of concern: PS Organizations — Power struggle
individual companies — Inability to influence decisions



Item 4.1 PRIVATE SECTOR CONSULTATIVE BOARD – *to consider*

Item 4.2 COFFEE PUBLIC-PRIVATE TASK FORCE – *to consider*

- **Communication from Brazil (WGFA-47/21)**

Item 4.2 COFFEE PUBLIC-PRIVATE TASK FORCE *Proposal by Secretariat (WGFA 43/21)*

Coffee Public-Private Task Force (CPPTF)

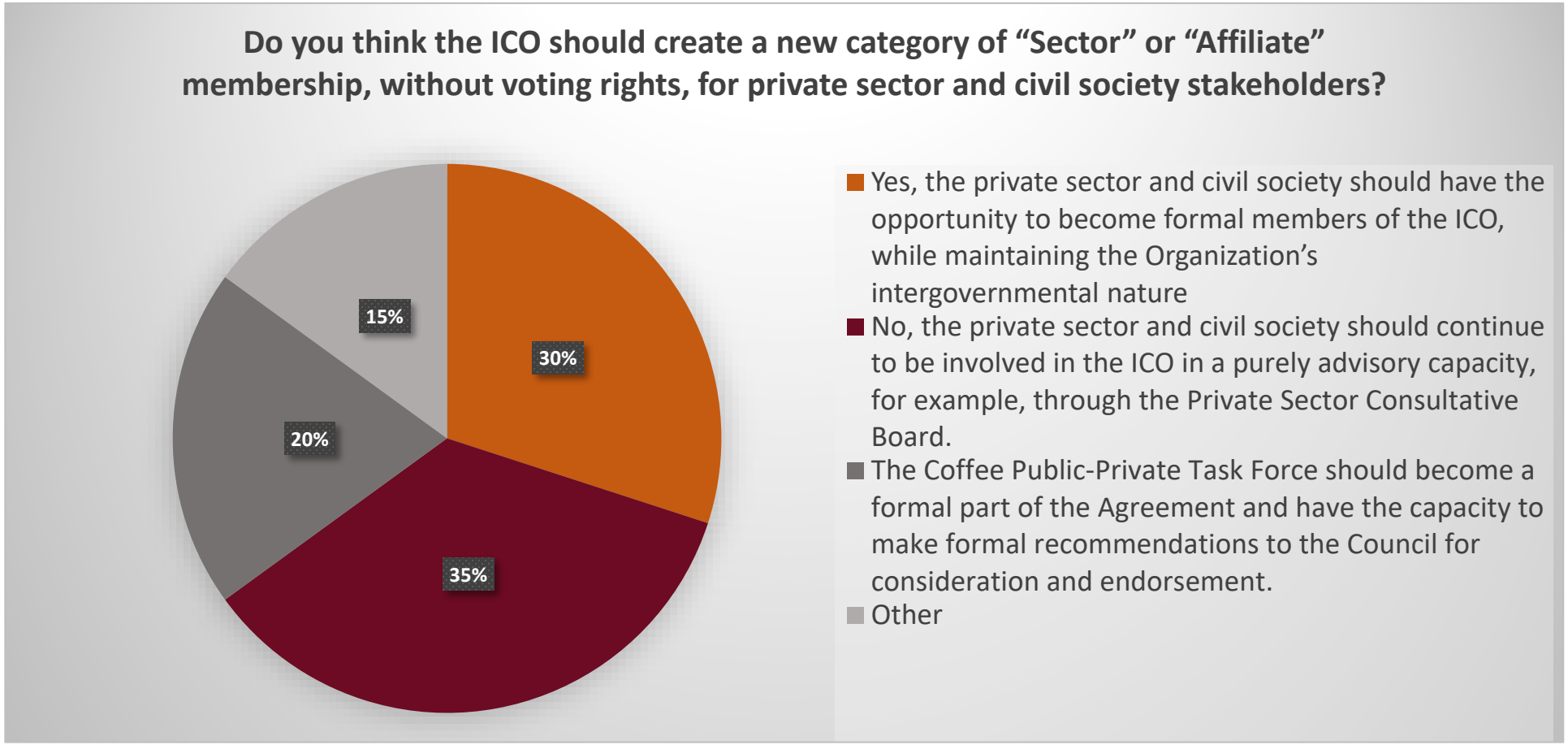
- Regular meetings as needed and one meeting back-to-back with annual session of the Council (September)
- Open to Sector and Affiliated members as well as development partners and representatives of civil society
- The CPPTF will provide recommendations to the CGLF, in addition to the ICC
- The CPPTF will also assume fundraising functions
- Executive Director is ex-officio Chair
- *Representatives of the private sector and of the public sector groups acting as spokespersons could be designated and serve one- or two-year terms*

Item 4.3 OTHER INSTITUTIONAL ARRANGEMENTS – *(WGFA-43/20) to consider*

- **“Sector” or “affiliate” membership (ITU model)**

ICO Members: Participation of the private sector: *Membership Categories*

- 30% would like the PS and CS to become formal members, 20% would like the CPPTF to become a formal part of the ICA while 35% want them to have a purely advisory capacity..
- The 'other' responses (20%) included requests for greater discussion on 'how' to integrate the private sector .



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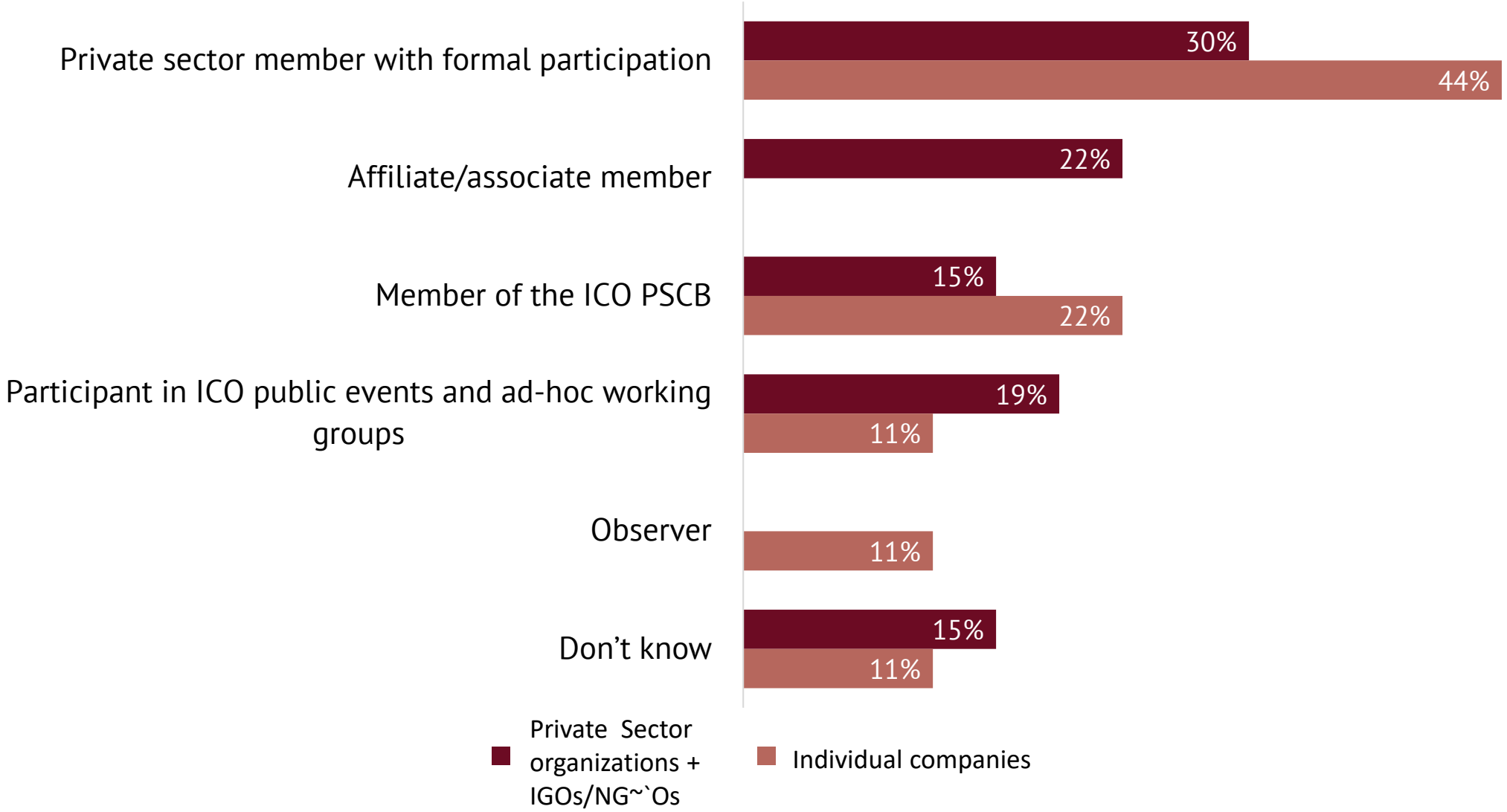
Private sector: What role would you like to have with your greater participation in the ICO?

66% of individual companies: interest to participate in the work of the ICO formally or through PSCB



Item 4.3 OTHER INSTITUTIONAL ARRANGEMENTS – *(WGFA-43/20) to consider*

- **Bicameral structure**
  - Communication from Chair of PSCB (WGFA-57/21)
  - Communication from Chair of PSCB (PSCB-167/21)

ENGAGEMENT WITH PRIVATE SECTOR

- **Trade Associations:** ***Maintain PSCB while revising its Terms of Reference (outside the Agreement)***
- **Individual enterprises:** ***Integrate CPPTF formally in new Agreement = enhance opportunities for participation***
- **Other**: *Evaluate interest in exploring more ambitious arrangements to integrate the private sector*
- Financial implications: *Contributions channelled (a) indirectly through CPPTF or (b) directly via association/membership contributions to ICO budget*

Item 5. NEXT STEPS

Item 6. OTHER BUSINESS

Item 7. DATE OF NEXT MEETING – 10 June

THANK YOU!

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