



Organización Internacional del Café  
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## Rules on Statistics

### Indicator prices

## PROCEDURES FOR THE COLLECTION, TRANSMISSION, CALCULATION AND PUBLICATION OF GROUP AND COMPOSITE PRICES EFFECTIVE FROM 1 OCTOBER 2001

*(APPROVED BY THE INTERNATIONAL COFFEE COUNCIL  
ON 23 MAY 2001)*

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## FOREWORD

1. The Procedures for the collection, transmission, calculation and publication of group and composite prices contained in this document were approved by the International Coffee Council at its Eighty-third Session on 23 May 2001. They supersede the previous Procedures contained in document EB-3688/98.
2. These Procedures provide for the calculation of indicator prices for the four groups of coffee and a composite price of the four groups calculated by applying the latest weighting based on patterns of trade. These are detailed in Annex I.
3. These Procedures shall be applied for the duration of the International Coffee Agreement 2001 subject to periodic reviews of the pattern of trade.
4. This revised version of the document incorporates the necessary amendments made in Section 3 after the introduction of the euro in France in January 2002.



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## **INDICATOR PRICES**

### **PROCEDURES FOR THE COLLECTION, TRANSMISSION, CALCULATION AND PUBLICATION OF GROUP AND COMPOSITE PRICES EFFECTIVE FROM 1 OCTOBER 2001**

1. This document contains the procedures to be followed by:
  - (a) the agents of the Executive Director in the United States of America, Germany and France for the collection, tabulation and transmission to the International Coffee Organization of information relating to the prices of coffee on the markets of New York, Bremen and Hamburg and Le Havre and Marseilles; and
  - (b) the Organization for the calculation and publication of daily group and composite indicator prices.
  
2. The subject matter is dealt with in four sections divided as follows:  
  

Section 1:	Procedures to be followed on the New York market
Section 2:	Procedures to be followed on the German market
Section 3:	Procedures to be followed on the French market
Section 4:	Procedures for the calculation of daily group and composite indicator prices.

**SECTION 1****PROCEDURES TO BE FOLLOWED ON THE NEW YORK MARKET****Function of the agent of the Executive Director**

1. The agent shall collect, tabulate and transmit direct to the Organization information on the daily prices of green coffee on the New York physicals market for the following growths of coffee:

**Colombian Mild Arabicas:**

Colombian Excelso UGQ screen size 14

**Other Mild Arabicas:**

Costa Rica Hard Bean  
El Salvador Central Standard  
Guatemala Prime Washed  
Mexico Prime Washed

**Brazilian and Other Natural Arabicas:**

Brasil Santos 4

**Robustas:**

Côte d'Ivoire Grade 2  
Indonesia EK Grade 4  
Uganda Standard  
Vietnam Grade 2

**Basis for collection of the information**

2. Prices shall be expressed in US cents per pound of green coffee.
3. Prices shall relate to:
- (a) ex-dock quotations for prompt shipment on the New York physicals market. If ex-dock prices are not available, f.o.b. or c.i.f. prices may be used, adjusted to an ex-dock basis by applying the differentials prevailing at the time the quotations are obtained;
  - (b) trading between the hours of 2.45 p.m. and 4.45 p.m. (New York time); and

- (c) sales from origin. In the absence of a significant volume of sales from origin, prices related to second-hand sales shall be taken into account. In the absence of a significant volume of sales from origin, or second hand, offers from origin and second hand, in that order, shall be taken into account.

4. The agent shall endeavour to obtain information on the quantities traded at each of the prices collected for each growth specified in paragraph 1 and, on the basis of the information so obtained, shall apply the appropriate weighting in order to arrive at an ex-dock price which is representative for each growth on each market day. Prices quoted for insignificant quantities of coffee shall not be taken into account for the purpose of assessing the representative price for any of the growths specified in paragraph 1. It shall be left to the discretion of the agent to decide on the volume of coffee which may be considered to be insignificant.

5. In the case of growths in the group of Other Mild Arabicas, when there are transactions in both past and new crop coffees during the period from 1 October to 31 January, prices relating to each crop shall be recorded daily.

#### **Sources of daily information**

6. Quotations shall be sought from at least five traders and brokers in New York for each of the growths specified in paragraph 1.

#### **Transmission of the information**

7. The daily price for each growth obtained in the manner described in paragraphs 3 to 6 shall be transmitted by the agent daily by email or fax to reach the Organization by 9.15 a.m. (London time) on the working day following each market day.

8. In order to permit a statistical check on the information transmitted, the agent shall, at the end of the email or fax, give the sum of all the prices included in the communication.

## SECTION 2

### PROCEDURES TO BE FOLLOWED ON THE GERMAN MARKET

#### Function of the agent of the Executive Director

1. The agent shall collect, tabulate and transmit direct to the Organization information on the daily prices of green coffee on the German physicals market for the following growths of coffee:

##### **Colombian Mild Arabicas:**

Colombian Excelso European preparation screen size 15

##### **Other Mild Arabicas:**

Costa Rica Hard Bean  
El Salvador Strictly High Grown  
Guatemala Hard Bean  
Nicaragua Strictly High Grown

##### **Brazilian and Other Natural Arabicas:**

Brasil Santos 2/3 screen size 17/18

#### Basis for collection of the information

2. Prices shall be expressed in US dollars per 50 kilogrammes of green coffee.
3. Prices shall relate to:
  - (a) ex-dock quotations for prompt shipment on the physicals markets of Bremen and Hamburg. If ex-dock prices are not available, f.o.b., c.i.f. or c. and f. prices may be used, adjusted to an ex-dock basis by applying the differentials prevailing at the time the quotations are obtained;
  - (b) trading in the late afternoon (German time); and
  - (c) sales from origin. In the absence of a significant volume of sales from origin, prices related to second-hand sales shall be taken into account. In the absence of a significant volume of sales from origin, or second hand, offers from origin and second hand, in that order, shall be taken into account.

4. The agent shall endeavour to obtain information on the quantities traded at each of the prices collected for each growth specified in paragraph 1 and, on the basis of the information so obtained, shall apply the appropriate weighting in order to arrive at an ex-dock price which is representative for each growth on each market day. Prices quoted for insignificant quantities of coffee shall not be taken into account for the purpose of assessing the representative price for any of the growths specified in paragraph 1. It shall be left to the discretion of the agent to decide on the volume of coffee which may be considered to be insignificant.

5. In the case of growths in the group of Other Mild Arabicas, when there are transactions in both past and new crop coffee during the period from 1 October to 31 January, prices relating to each crop shall be recorded daily.

#### **Sources of daily information**

6. Quotations shall be sought from at least five traders and brokers in Bremen and Hamburg for each of the growths specified in paragraph 1.

#### **Transmission of the information**

7. The daily price for each growth obtained in the manner described in paragraphs 3 to 6 shall be transmitted by the agent daily by email or fax to reach the Organization by 9.15 a.m. (London time) on the working day following each market day.

8. In order to permit a statistical check on the information transmitted, the agent shall, at the end of the email or fax, give the sum of all the prices included in the communication.



**SECTION 3****PROCEDURES TO BE FOLLOWED ON THE FRENCH MARKET****Function of the agent of the Executive Director**

1. The agent shall collect, tabulate and transmit direct to the Organization information on the daily prices of green coffee on the French physicals market for the following growths of coffee:

**Robustas:**

Cameroon Grade 1  
Côte d'Ivoire Grade 2  
Indonesia EK Grade 4  
Uganda Standard  
Vietnam Grade 2

and for comparative purposes:

**Colombian Mild Arabicas:**

Colombian Excelso European preparation screen size 15

**Brazilian and Other Natural Arabicas:**

Brasil Santos 2/3 screen size 17/18

**Basis for collection of the information**

2. Prices shall be expressed in euro per tonne of green coffee.
3. Prices shall relate to:
- (a) ex-dock quotations for prompt shipment on the physicals markets of Le Havre and Marseilles. If ex-dock prices are not available f.o.b. or c.i.f. prices may be used, adjusted to an ex-dock basis by applying the differentials prevailing at the time the quotations are obtained;
  - (b) trading in the late afternoon (French time); and
  - (c) sales from origin. In the absence of a significant volume of sales from origin, prices related to second-hand sales shall be taken into account. In the absence of a significant volume of sales from origin, or second hand, offers from origin and second hand, in that order, shall be taken into account.

4. The agent shall endeavour to obtain information on the quantities traded at each of the prices collected for each growth specified in paragraph 1 and, on the basis of the information so obtained, shall apply the appropriate weighting in order to arrive at an ex-dock price which is representative for each growth on each market day. Prices quoted for insignificant quantities of coffee shall not be taken into account for the purpose of assessing the representative price for any of the growths specified in paragraph 1. It shall be left to the discretion of the agent to decide on the volume of coffee which may be considered to be insignificant.

5. In order to permit the Organization to convert the prices quoted in euro into US cents, the agent shall communicate daily to the Organization the inter-bank rate of exchange established for the US dollar by the Paris Stock Exchange on the same day.

#### **Sources of daily information**

6. Quotations shall be sought from at least five traders and brokers in Le Havre and two traders and brokers in Marseilles for each of the growths specified in paragraph 1.

#### **Transmission of the information**

7. The daily price for each growth obtained in the manner described in paragraphs 3, 4 and 6 and the rate of exchange of the euro to the US dollar referred to in paragraph 5 shall be transmitted by the agent daily by email or fax to reach the Organization by 9.15 a.m. (London time) on the working day following each market day.

8. In order to permit a statistical check on the information transmitted, the agent shall, at the end of the email or fax, give the sum of all the prices included in the communication.

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## SECTION 4

### PROCEDURES FOR THE CALCULATION OF DAILY GROUP AND COMPOSITE INDICATOR PRICES

1. For the purposes of these procedures, "market day" shall be deemed to mean a day when at least two markets are open for business and operative.

#### **Colombian Mild Arabicas**

2. Each market day the Executive Director shall take the ex-dock prompt shipment prices of the following growths of coffee of the Colombian Mild group in each of the markets indicated and find the arithmetical mean of these prices in each of the markets separately:

<u>Market</u>	<u>Growth of coffee</u>
New York	Colombian Excelso UGQ screen size 14
Bremen/Hamburg	Colombian Excelso European preparation screen size 15

3. If the price of the growth mentioned in paragraph 2 for New York is not quoted or if the price of the growth for the German market is not quoted, the daily indicator price for the group of Colombian Mild Arabicas shall be calculated as follows:

- (a) if the price for the New York market is not available, the indicator price of the group shall be calculated by applying the percentage change in the German price to the indicator price for the group on the preceding market day;
- (b) if the price for the German market is not available, the indicator price of the group shall be calculated by applying the percentage change in the New York price to the indicator price for the group on the preceding market day.

If after five consecutive market days there continues to be no price for the New York market or no price for the German market, as the case may be, the Executive Director shall call a meeting of the Statistics Committee to consider the appropriate action to be taken.

4. Subject to the provisions of paragraph 3, the Executive Director shall calculate for each market day the indicator price for the group of Colombian Mild Arabicas by applying the weightings set out in Annex I.

### Other Mild Arabicas

5. Each market day the Executive Director shall take the ex-dock prompt shipment prices of the following growths of coffee of the Other Mild group in each of the markets indicated and find the arithmetical mean of these prices in each of the markets separately:

<u>Market</u>	<u>Growth of coffee</u>
New York	Costa Rica Hard Bean El Salvador Central Standard Guatemala Prime Washed Mexico Prime Washed
Bremen/Hamburg	Costa Rica Hard Bean El Salvador Strictly High Grown Guatemala Hard Bean Nicaragua Strictly High Grown

6. During the period from 1 October to 31 January in each coffee year, when information relating to prices of both past and new crop coffees of the above-mentioned growths is received, the Executive Director shall calculate the arithmetical mean of the prices received for each growth before calculating the arithmetical mean of the growths for each market separately.

7. If the price of one or more of the growths referred to in paragraph 5 is not quoted in either one of the markets, the average price for Other Mild Arabicas on the market concerned shall be calculated by applying the mean percentage change in the prices of the remaining growths to the average price for Other Mild Arabicas on that market on the preceding market day. This procedure shall be followed for up to five consecutive market days. If after five consecutive market days the prices of one or more growths on a market continue not to be quoted, the mean of the price of the remaining growths shall be taken thereafter as the price of Other Mild Arabicas on the market concerned.

8. If the prices of none of the growths mentioned in paragraph 5 are quoted on the New York market or if the prices of none of the growths are quoted on the German market, the daily indicator price for the group of Other Mild Arabicas shall be calculated as follows:

- (a) if the average price of the New York market is not available, the indicator price of the group shall be calculated by applying the percentage change in the German average price to the indicator price for the group on the preceding market day;

- (b) if the German average price is not available, the indicator price of the group shall be calculated by applying the percentage change in the average price on the New York market to the indicator price for the group on the preceding market day.

If after five consecutive market days there continues to be no average price for the New York market or no average price for the German market, as the case may be, the Executive Director shall call a meeting of the Statistics Committee to consider the appropriate action to be taken.

9. Subject to the provisions of paragraphs 6 to 8, the Executive Director shall calculate for each market day the indicator price for the group of Other Mild Arabicas by applying the weightings set out in Annex I.

### **Brazilian and Other Natural Arabicas (Brazilian Naturals)**

10. Each market day the Executive Director shall take the ex-dock prompt shipment prices of the following growths of coffee of the Brazilian Natural group in each of the markets indicated and find the arithmetical mean of these prices in each of the markets separately:

<u>Market</u>	<u>Growth of coffee</u>
New York	Brasil Santos 4
Bremen/Hamburg	Brasil Santos 2/3 screen size 17/18

11. If the price of the growth mentioned in paragraph 10 for New York is not quoted or if the price of the growth for the German market is not quoted, the daily indicator price for the group of Brazilian and Other Natural Arabicas shall be calculated in a manner similar to that described in paragraph 3. If after five consecutive market days there continues to be no price for the New York market or no price for the German market, as the case may be, the Executive Director shall call a meeting of the Statistics Committee to consider the appropriate action to be taken.

12. Subject to the provisions of paragraphs 10 and 11, the Executive Director shall calculate for each market day the indicator price for the group of Brazilian Naturals by applying the weightings set out in Annex I.

## Robustas

13. Each market day the Executive Director shall take the ex-dock prompt shipment prices of the following growths of coffee of the Robusta group in each of the markets indicated and find the arithmetical mean of these prices in each of the markets separately:

<u>Market</u>	<u>Growth of coffee</u>
New York	Côte d'Ivoire Grade 2 Indonesia EK Grade 4 Uganda Standard Vietnam Grade 2
Le Havre/Marseilles	Cameroon Grade 1 Côte d'Ivoire Grade 2 Indonesia EK Grade 4 Uganda Standard Vietnam Grade 2

14. If the price of one or more of the growths referred to in paragraph 13 is not quoted in either one of the markets, the average price for Robustas on the market concerned shall be calculated in a manner similar to that described in paragraph 7.

15. If the prices of none of the growths mentioned in paragraph 13 are quoted on the New York market or if the prices of none of the growths are quoted on the French market, the daily indicator price for the group of Robustas shall be calculated in a manner similar to that described in paragraph 8. If after five consecutive market days there continues to be no average price for the New York market or no average price for the French market, as the case may be, the Executive Director shall call a meeting of the Statistics Committee to consider the appropriate action to be taken.

16. Subject to the provisions of paragraphs 14 and 15, the Executive Director shall calculate for each market day the indicator price for the group of Robustas by applying the weightings set out in Annex I.

## Composite indicator price

17. For each market day the Executive Director shall calculate:

- (a) the composite indicator price by applying to each group price calculated in the manner described in paragraphs 1 to 16 the weightings set out in Annex I;
- (b) the 15-day moving average, over 15 consecutive market days, of the composite indicator price calculated in the manner described in sub-paragraph (a) above.



**SHARE OF THE MARKETS IN EACH GROUP OF COFFEE  
AND THEIR WEIGHTING IN THE CALCULATION  
OF THE ICO COMPOSITE INDICATOR PRICE  
FROM 1 OCTOBER 2001**

**The procedures set out in these Rules take into account the following principles:**

- (a) the agents in the three main markets (USA, France and Germany) and their respective costs for collection and transmission are unchanged;
- (b) the share of each group is based on the average export performance to the USA and to the European Union in calendar years 1996 to 1998; and
- (c) the weighting of each group is to be reviewed every two years.

**The share of each market in the four groups is as follows:**

- Colombian Milds: 30% New York – 70% Germany
- Other Milds: 40% New York – 60% Germany
- Brazilian Naturals: 80% New York – 20% Germany
- Robustas: 25% New York – 75% France

**The calculation of the ICO composite indicator price is weighted as follows:**

- Colombian Milds: 15%
- Other Milds: 30%
- Brazilian Naturals: 20%
- Robustas: 35%