



ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
ORGANIZAÇÃO INTERNACIONAL DO CAFÉ
ORGANISATION INTERNATIONALE DU CAFÉ

ICC 103-14

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**Decisions and Resolutions adopted
at the 103rd Session of the
International Coffee Council**

23 – 25 September 2009

1. The International Coffee Council, chaired by Mr David Brooks of the USA, met from 23 to 25 September 2009.

Item 1: Adoption of the Agenda and schedule of meetings

2. The Council adopted the draft Agenda contained in document ICC-103-0 Rev. 2 and took note of the schedule of meetings.

Item 2: Admission of observers

3. The Council noted that no requests for observer status at this Session had been received from non-governmental organizations.

Item 3: Votes and credentials

Item 3.1: Votes in the Council for coffee year 2008/09

4. The Council took note of the situation of outstanding payments affecting voting rights as at 24 September 2009 and approved the redistribution of votes in the Council and Executive Board for coffee year 2008/09 contained in document EB-3952/08 Rev. 3.

**Item 3.2: Initial distribution of votes in the Council
for coffee year 2009/10**

5. Paragraph (5) of Article 13 of the 2001 Agreement provides that the distribution of votes shall be determined by the Council at the beginning of each coffee year. Under the provisions of Article 13, the votes of exporting Members and of importing Members are based on their exports and imports respectively in the preceding four calendar years.

6. The Secretary said that documents ED-2069/09 Rev. 1 and ED-2070/09 Rev. 1, respectively, contained the latest information on the basis for the distribution of votes among exporting and importing Members for coffee year 2009/10. He introduced document EB-3966/09 showing the initial distribution of votes for coffee year 2009/10. The Council took note of this information and approved the initial distribution of votes for coffee year 2009/10, which would be used as the basis for assessing contributions.

Item 3.3: Credentials

7. The Council noted that the Secretariat had examined the credentials received from Members and had advised the Chairman of the Council that they had been found to be in good and due form. The Council decided to approve the report on credentials which was subsequently circulated, together with the List of Delegations, as document ICC-103-12.

Item 4: Membership

**Item 4.1: Membership of the
International Coffee Agreement (ICA) 2007**

8. The Executive Director said that document ICC-103-2 Rev. 1 contained a report on the status of the ICA 2007. The deadline for signature of the 2007 Agreement and the deposit of instruments of ratification, acceptance or approval was 25 September 2009. As at 23 September, 39 exporting Members and four importing Members had signed the Agreement, and 18 exporting and three importing Members had ratified, accepted or approved the Agreement, or deposited notifications of provisional application. The 18 exporting Members and three importing Members that had completed all the procedures respectively held 45.5% and 91.6% of the votes of their category of Members. Importing Members had met the requirements for entry into force of the ICA 2007 but this was not yet the case for exporting Members. Document WP-Council 196/09 contained draft resolutions extending the time-limit for signature and the deposit of instruments of ratification, acceptance or approval.

9. Depositary actions taking place during the week of the Council Session included signature by Benin, Burundi, the Democratic Republic of Congo, Madagascar and Uganda, in addition to deposit of instruments of acceptance and approval by Burundi and Angola respectively, and notification of provisional application by Tanzania. The Council noted that the Brazilian Congress was examining ratification which it was hoped would be approved by the end of the year. The process had generated considerable discussion on the work of the ICO and the importance of economic sustainability for producers. In the case of Mexico, Nigeria and Zimbabwe, ratification was also at an advanced stage. In the case of the

Philippines, although an instrument of accession was being held for deposit pending the entry into force of the 2007 Agreement, this country might consider signing the Agreement if the period for signature were extended.

10. In the case of Japan, which had notified the ICO that it would not accede to the ICA 2007 due to financial considerations (see ED-2060/09), the Executive Director had written to the Ministers for Foreign Affairs of countries which had made statements about this matter at the 102nd Session of the Council.

11. Regarding non-member countries, information had been received that the Government of the Russian Federation had taken a decision to become a Member under the ICA 2007. Laos and Nepal were also considering membership. In the case of China, the Executive Director had met government authorities in Beijing in March 2009 to discuss membership and had also had contacts with the private sector at that time.

12. The Council took note of this information and of document ICC-103-2 Rev. 1 which set out options for the way forward, including provision for signatory Governments which had deposited instruments to meet and decide whether the 2007 Agreement should enter into force amongst themselves. The 2001 Agreement had entered into force under such a mechanism, however this had resulted in a financial shortfall for the Organization as countries which were not Members were not obliged to pay contributions. The Council noted that a number of countries wished to sign the 2007 Agreement but had not been able to do so by the deadline of 25 September 2009. The Council was the supreme authority of the Organization under the ICA 2001, which was still in force during this period of transition and had taken decisions about successor Agreements under previous Agreements¹. The establishment of new deadlines would facilitate membership by Governments which had not yet signed the Agreement or deposited instruments, and avoid financial difficulties for the Organization. It decided to establish 25 September 2010 as the new deadline for signature and deposit of instruments of ratification, acceptance or approval, and approved the draft Resolutions contained in Annexes III and IV of document WP-Council 196/09. These draft Resolutions became Resolution 441 and 442, copies of which are attached to these Decisions. Finally, the Council urged all Members to expedite the necessary formalities for membership to ensure that the new Agreement entered into force as soon as possible. The procedures for membership contained in ED-2033/08 Rev. 3, including a model for Full Powers and model instruments, should be closely followed to avoid any difficulties.

13. The Council noted that the Executive Director would continue to inform Members of the status of the 2007 Agreement. If the requirements for entry into force of the 2007

¹ See document WD-Council 3/08.

Agreement had been met by the time of the next Council Session, the Council could appoint the representatives of the new Committees at its first Session, and they could proceed to commence their work.

Item 4.2: Membership of the ICA 2001

14. The Council noted that as at September 2009, there were 77 Members of the Organization, comprising 45 exporting and 32 importing countries. Under the provisions of Resolution 438, the ICA 2001 would expire on 30 September 2009. Annex I of document WP-Council 196/09 contained a draft Resolution extending the 2001 Agreement, which had been prepared in view of the need for further time for Governments to complete membership formalities for the ICA 2007. This Resolution would extend the 2001 Agreement for a further year until 30 September 2010, with provision for its termination once the 2007 Agreement entered into force. The Council decided to approve this draft Resolution, which became Resolution 443, a copy of which is attached to these Decisions.

15. The Council noted that Annex II of document WP-Council 196/09 contained a draft Resolution extending the time for the deposit of instruments of accession to the ICA 2001 to allow new Members to accede pending the entry into force of the 2007 Agreement. The Council decided that as the 2007 Agreement was expected to enter into force imminently it would not be beneficial to extend the deadline for accession to the 2001 Agreement.

16. Finally, the Council noted that Japan had indicated that it would not accept the extension of the ICA 2001. In accordance with the provisions of paragraph (2) of Article 52 (Duration and Termination) of the 2001 Agreement, the Government of Japan would need to inform the Secretary-General of the United Nations and the ICO in writing that it would cease to be a Party to the 2001 Agreement from the beginning of the period of extension. The Council expressed its regret at the departure of this important consuming Member from the Organization and also its hope that Japan would reconsider its position in the future.

Item 5: Coffee market situation

17. The Executive Director introduced his report on the market situation (contained in the Letter from the Executive Director – August 2009). A copy of his presentation was circulated to Members and is available on the ICO website (<http://dev.ico.org/presents/presentation0809.htm>). He noted that the ICO composite indicator price was likely to end the year at around 120 cents, similar to levels at the start of 2008/09. In the case of differentials between Colombian Milds, Other Milds and the New York futures market, these had reached very high levels in May 2009 due to excessive rainfall in Colombia and Central America which had damaged the coffee crop, and to the process of renewing plantations in Colombia. The shortfall had been met by exports from Brazil and Vietnam which respectively accounted for 36% and 15% of world production in

the current coffee year. Total production for 2008/09 was estimated to reach 128.2 million bags (62% Arabica, 38% Robusta). Exports to all destinations in calendar year 2008 were estimated at 97.2 million bags, with a value of around US\$15.2 billion compared to less than US\$6 billion during the coffee crisis. He noted that gains in prices had been offset by the depreciation in the dollar and increases in costs of inputs such as labour and fertilizers, reducing income for producers in real terms.

18. With regard to the outlook for supply for 2009/10, production costs had risen steadily in recent years. Costs of inputs such as oil were declining, however labour costs remained high. In countries where the exchange rate was linked to the dollar, prices had fallen in local currencies and production had become less attractive, while in countries with flexible exchange rates, prices in local currencies showed little change.

19. Despite experiencing a period of global economic crisis, world consumption had increased by almost three million bags to an estimated 130 million bags. Europe, North America and South America accounted for most of the consumption (respectively 39%, 20% and 17%). Stocks in importing countries stood at 25.9 million bags as at June 2009, while stocks in producing countries were considerably depleted. The effect of the global economic crisis on consumption was likely to be limited in developed and producing country markets, which respectively accounted for 58% and 26% of world consumption. In the case of emerging markets, the effect was still uncertain. In the short-term the market was heavily influenced by factors such as stock exchanges and exchange rates, however in the medium-term the low Brazilian crop estimate for 2009/10 should support prices. Finally he stressed that the ICO did not make forecasts but only provided information to the coffee market and the media based on data received from Member countries.

20. The Council took note of this information and of the final official estimate for the Brazilian coffee crop for 2008/09 and the third official estimate for the 2009/10 coffee crop contained in document WP-Council 198/09, which estimated that production would fall to 39 million bags in 2009/10.

21. In discussions on this item, the Council noted that production in Colombia in 2008/09 had been affected by atypical rainfall and increases in fertilizer costs. The renewal of ageing crop areas was continuing with 241,000 hectares renovated since 2006 which were beginning to enter into production, and 61% of crop areas were now under nine years old. Colombia was continuing to invest in productivity and was on course to continue to deliver the necessary supplies of coffee in the future. The Council further noted that the former General Manager of the National Federation of Coffee Growers of Colombia, Mr Gabriel Silva Luján, had been appointed as the Minister for Defence for Colombia. He was succeeded by Mr Luis Genaro Muñoz who had confirmed his support for the work of the Organization and would

ensure continuity in the programmes and policies of the Federation. The depreciation in the dollar and increases in inputs had an impact on producers and economic sustainability and these issues should continue to be regularly discussed by the Council.

22. The point was also made that it would be useful to provide more information on issues such as price, quantity and quality, and on differentiated coffees and the development of markets for these, such as whether they enjoyed a price premium, and if this had been sustained in the current market conditions. More information about patterns of consumption and factors affecting per capita consumption would be useful, particularly with respect to producing countries which accounted for 28% of consumption but which varied considerably in terms of per capita consumption. It would be helpful to know whether this was the result of general promotion activities or the removal of specific obstacles to consumption.

23. The Executive Director said that information on the speciality coffee sector would be strengthened under the ICA 2007 and noted that the ICO depended on speciality coffee associations for such data. In response to questions about the low increase in prices for Robustas, he said that this had been a record year for Robustas, with 38% of world production, which had an impact on the markets. In the case of the impact of ICO programmes on consumption, such as the Healthcare Professions – Coffee Education Programme, this was difficult to determine as many factors were involved, such as private sector promotion activities. In addition, statistics for imports were distorted by re-exports, however levels of demand in EC countries were continuing to increase. In the case of emerging markets, it was undeniable that ICO initiatives, particularly the Step-by-Step Guide to Promote Coffee Consumption, had had an impact on raising awareness of the need to increasing consumption. There was room to expand consumption with increased social mobility and rises in income. The Council took note of this information.

Item 6: World Coffee Conference

24. The Executive Director said that, as requested by the Council in March 2009, document ICC-103-1 contained a report on actions relating to ideas raised during the 2nd World Coffee Conference in order to assist Members in considering the programme for the next World Coffee Conference to be held in Guatemala from 26 to 28 February 2010. He introduced document ICC-103-3 containing a report on preparations for the 2010 Conference, which would take as its theme ‘Coffee for the future: Towards a sustainable coffee sector’ and comprise four main sessions: Economic sustainability: the economics of production; Economic sustainability: the economics of demand; Environmental sustainability; and Social sustainability. Considerable progress had been made on inviting expert speakers and moderators to participate and the Conference task force² had discussed the programme and

² The task force was established by the Council in March 2009 and is composed of Brazil, Colombia, Côte d’Ivoire, the EC, Guatemala, Papua New Guinea, and the Chairpersons of the Council, Executive Board and PSCB. It is open to all interested Members.

preparations at a meeting on 23 September. He had visited Guatemala in August 2009 and had been received by the President of Guatemala who had confirmed that all the necessary preparations to achieve a successful Conference were in hand. The Minister for Foreign Affairs had also confirmed the Government's commitment to the success of the Conference. The Executive Director had held very productive meetings with the Organizing Committee and members of the National Coffee Association (Anacafé), and confirmed that the logistical and organizational preparations for the Conference were well advanced. Mr Osorio reminded delegates that document ED-2072/09 invited Members to inform him of the Minister responsible for coffee matters in their countries to enable the Government of Guatemala to send invitations to Ministers, and requested Members who had not already done so to send this information to him. He had also written individually to all designated contacts inviting them to register for the Conference by the end of September. Following further discussions with Guatemala, there would now be three free places for each Member country.

25. The representative of Guatemala made a presentation on the Conference and drew the attention of Members to the Conference brochure in their sets of documents. The Conference website (www.wcc2010guatemala.com) contained comprehensive information about registration procedures, accommodation and other information. He reported on speakers and moderators who had already confirmed their participation and said that special events would include a reception hosted by the President of Guatemala and a gala evening celebrating Anacafé's 50th anniversary. A number of pre- and post-event tours to coffee farms and places of interest in Guatemala would be available for delegates. There would be a strategically located exhibition area and he invited Members to consider exhibiting their products and services at the Conference. Detailed information about exhibition booths was available on the website and sponsorship options (platinum, gold and silver) were described in document ICC-103-3. Finally, he urged all Members to register and make their hotel reservations through the Conference website as soon as possible.

26. The Council expressed its appreciation for the preparations for the Conference and took note of this information.

Item 7: Consultative Forum on Coffee Sector Finance

27. The Executive Director said that he had chaired a preparatory workshop on the implementation of the Consultative Forum on Coffee Sector Finance on 22 September 2009. The report of the workshop would be circulated to Members. The objective of the workshop was to advance preparations for the first meeting of the Forum, through a discussion of specific ideas for the work and arrangements for it. Under the new Agreement, the Forum would be an important new body with potential to mobilize new sources of finance and assist small coffee producers. Representatives of the Common Fund for Commodities (CFC) and bilateral development agencies from Germany, Italy, Spain, Switzerland and the USA had made presentations on assistance by these organizations to the coffee sector and the work of the

Forum, which were followed by in-depth discussions by Members. Copies of these presentations were available on the ICO website (http://dev.ico.org/event_pdfs/forum/forum.htm). There had been an exchange of views on the organization of the Forum and the subjects and areas of action it should look at, such as risk management, infrastructure, weather insurance etc. Producing countries would need to identify their needs in line with their development strategies. On the basis of this the ICO could act as a facilitator in identifying potential additional sources of finance to support the coffee sector. The example of a seminar on finance organized by the InterAfrican Coffee Organisation (IACO) at which African Members had discussed the needs of the coffee sector and resources required had been mentioned during the workshop, and he noted the value of this initiative. Donor agencies could provide finance and the ICO could have a role as facilitator. Further work would need to be done, possibly through a follow-up workshop on specific issues. The Forum would be open to external participants, not just Governments. A Chairman and Vice-Chairman would need to be appointed, and a Steering Committee established to oversee the work of the Forum.

28. The Council took note of this information and also noted that the Secretariat had prepared three working papers on the potential costs of the Forum, the establishment of a Steering Committee and a list of possible participants (documents WP-Forum 1/09, 2/09 and 3/09). These had not yet been considered by Members and would need to be discussed before they were approved by the Council.

29. In discussions on this item, the point was made that the Council had not formally approved the terms of reference for the Forum at the previous Session (document ICC-102-11). This document should be included on the Agenda of the next Session, to allow for discussion on issues such as the composition of the Forum and to clarify the relationship between the Forum and the Council which was the supreme authority of the ICO. Another Member suggested that the Forum should commence its work, and the terms of reference could then be reviewed after a year when Members would have a clearer idea of how it would function. The value of presentations by regional development banks and organizations such as Rabobank at future Forums was highlighted. It was suggested that the next step should be to work with the Steering Committee and in September 2010 an ICO seminar could focus on a financial topic of interest to producers. Another Member suggested that there was no need to hold a further workshop on the Forum.

30. The Council noted that the 2007 Agreement was not yet in force and the terms of reference for new bodies were not yet operational and were still open for analysis. All documents relating to the 2007 Agreement would need to be considered at the first Council Session after the entry into force of the new Agreement. It requested Members to send their comments on the terms of reference for the Forum to the ICO **by 15 December 2009**, following which they would be considered by the Council at its next Session.

Item 8: Preparations for the ICA 2007

31. The Council took note of a statement by Congressman Carlos Melles, Chairman of the Parliamentary Coffee Front of Brazil, which was circulated as document ICC-103-9.

32. The Executive Director said that the ICO had adapted its role since the end of the quota system and was continuing to evolve as an agency channelling development cooperation. Sustainability was a central objective of the 2007 Agreement and ICO activities such as coffee development projects with a value of over US\$90 million contributed to sustainability through enhancing infrastructure and conditions for small growers. The Council took note of this information.

Item 8.1: Strategic action plan

33. The Head of Operations introduced document WP-Council 173/08 Rev. 3 containing a draft strategic action plan for 2009 – 2014, which was required under the provisions of paragraph (4) of Article 9 of the 2007 Agreement. This had been revised to reflect comments by Members during the Council Session in March 2009 and by the task force of Members established by the Council at that time. The final draft had been circulated to Members, with an invitation to submit any further comments by 31 August 2009. No additional comments had been received by that date. He informed Members of a suggestion to use ‘Balanced Scorecard’ techniques for monitoring and evaluation. The ICO would need the assistance of a consultant in introducing this system and estimated that this would cost around £12,000. Provision for this sum had not been made in the draft Administrative Budget.

34. One Member noted that the revised plan was an improvement as it now included a link between the goals and the challenges faced by the world coffee sector. There was still some overlap with the development strategy, which was confusing. A number of comments were made on the draft plan during the meeting. In paragraph 15 (c), it was suggested that “can be” should be replaced by “seek to be”. In Action 3, it was suggested that a more proactive word should be used in the place of “review”. The wording of Action 12 needed to be clarified and revised, such as the use of the word “sponsor”. The reference to low quality coffee in Action 17 should either be reworded or deleted. Action 23 appeared to duplicate wording in Actions 12 and 13. It was also suggested that the reference to an evaluation of the plan in 2012 and a rolling plan were inconsistent. One Member would send further comments in writing on both the plan and the draft development strategy for coffee.

35. The Council took note of this information and requested all Members to send further comments on the draft strategic action plan contained in document WP-Council 173/08 Rev. 3 to the Secretariat no later **than 15 December 2009**, to enable the Secretariat to prepare a revised version for consideration by the Council in March 2010.

Item 8.2: Development strategy for coffee

36. The Head of Operations introduced document WP-Council 191/09 Rev. 1 containing a revised development strategy for coffee for consideration by Members. The Manual for the CFC required a clear development strategy for each International Commodity Body (ICB), subject to review every five years and updated if required by changing circumstances. The draft strategy had been considered by Members in March 2009 and by the task force of Members established by the Council in March 2009. Members had been invited to submit any further comments and suggestions on the current document by 31 August 2009. No additional comments had been received by that date.

37. The Council took note of this information and requested Members to send any further comments on the draft development strategy for coffee contained in document WP-Council 191/09 Rev. 1 to the Secretariat **by 15 December 2009**, to enable the Secretariat to prepare a revised version for consideration by the Council in March 2010.

Item 9: Programme of activities for 2009/10

38. The Head of Operations introduced document WP-Council 192/09 Rev. 1 containing a revised programme of activities for 2009/10 which had been reviewed by the task force established by the Council in March 2009 and amended to reflect changes to the strategic action plan for 2009 – 2014. It was based on the strategic action plan on the assumption that the 2007 Agreement would enter into force during in 2009/10. The costs of activities (£31,000) had been included in the draft Administrative Budget for the financial year 2009/10. Only activities that could be carried out in-house, without contracting consultants, had been included. Item 7 of the document provided for five studies and Items 11 and 17 respectively provided for field visits to Member countries (Vietnam and Indonesia) to improve compliance with statistical rules, and a display of ICO project materials for the 20th Anniversary meeting of the CFC Governing Council in December 2009. In the case of Item 19, he invited suggestions from Members for a topic for an ICO seminar or workshop in September 2010, noting that possible topics could include climate change or germplasm.

39. In discussions on this item, the need for a high level of ambition in the programme which demonstrated the importance of the Organization was raised. One Member noted it was important to provide for a management and evaluation system, however, the estimated cost of this was £12,000 in comparison to the total cost of the programme of activities of £31,000 plus human resources. Mechanisms proposed by Members were constrained by limits on resources.

40. A proposal received from Brazil was submitted as document WD-Council 23/09. Following consultations with a small working group, document WD-Council 24/09 was

circulated, which proposed revised wording for Items 3 and 7 of the draft programme of activities. In the case of Item 3, this provided for the identification of sources and methods of finance for agricultural commodities, especially in the coffee sector, to improve producers' ability to finance their coffee activities, including managing their stocks in origin countries. In the case of Item 7, a study was proposed on coffee stocks, including their location, ownership, type, quality, origin and effect on prices. This replaced a study on the market for differentiated coffee. One Member highlighted the need for the study on differentiated markets to be included in the programme of activities for the following coffee year. Another Member suggested that Item 7 could also include a study on weather effects and costs of production.

41. In the case of Item 6, proposed activities included contacts with certification agencies and other bodies for the supply of data. It was suggested that this should also include contacts with the coffee industry and industry associations. The Executive Director confirmed that the Secretariat would work with speciality associations from consuming countries and relevant producing countries to organize the supply of data. Concerning Item 19, it was suggested that it would be useful to establish a programme of topics for future annual seminars such as climate change which could be scheduled in future years. One Member suggested that the seminar in September 2010 should be on the theme of finance for small producers and the wider coffee sector.

42. The point was made that the programme was based on the strategic action plan for 2009 – 2014 which had not yet been approved. It was suggested that the reference to 2009 – 2014 could be deleted in the strategic goals and actions column, and the cover of the document amended to clarify the fact that the draft strategic action plan was still under consideration and had not yet been approved.

43. The Council took note of this information and decided to approve the programme of activities for 2009/10 contained in document WP-Council 192/09 Rev. 1³, as amended by document WD-Council 24/09 and with clarification concerning the reference to the strategic action plan. The Council further noted that the topic for a seminar in September 2010 would be discussed at its next Session in March 2010.

Item 10: Coffee development projects

Item 10.1: Projects for approval by the Council

44. The Council noted that the Executive Board had considered document EB-3965/09 containing the report and recommendations of the Virtual Screening Committee (VSC) on two revised and two new proposals. The Board had decided to recommend that the Council should approve the following proposals for submission to the CFC:

³ *Subsequently distributed as ICC-103-11.*

45. *Raising Vietnamese coffee farmers' income through increased farming efficiency and quality management* (document WP-Board 1049/08 Rev. 1 containing a revised proposal submitted by the Ministry for Agriculture and Rural Development of Vietnam). The Board had noted that as Vietnam was not yet a member of the CFC an alternative source of funding might have to be sought, if the proposal was approved by the ICO. It had decided to recommend that the Council should approve it, noting that it could be submitted to other donors such as regional development banks if CFC financing were not available.

46. *Coffee genetic resources conservation and sustainable use: global perspective* (document WP-Board 1058/09, submitted by IACO). The Board had expressed support for this proposal which was an important project for the region and had noted offers of technical assistance from Brazil and Kenya through institutions in these countries. It had decided to recommend that the proposal should be approved by the Council, noting that the Secretariat would consider whether the Global Environmental Facility (GEF) or the CFC would be the most appropriate donor.

47. The Board had noted that at the request of the proponents, the project entitled 'Sequencing the genome for enhanced characterization, utilization, and conservation of Coffea germplasm diversity' (document WP-Board 1054/08 Rev. 1) had been withdrawn to enable a more comprehensive proposal to be developed.

48. In the case of the project entitled 'Enhancing the potential of Robusta gourmet coffee production in Uganda' (document WP-Board 1059/09), the Board had recommended that this new proposal should be revised to include other countries in the region, noting that Angola and Tanzania were interested in participating in it.

49. The Council took note of this information, and, as recommended by the Executive Board, decided to approve the proposal entitled 'Raising Vietnamese coffee farmers' income through increased farming efficiency and quality management', noting that other sources of financing might need to be sought for it. It also approved the proposal 'Coffee genetic resources conservation and sustainable use: global perspective', noting that procedures would be established to enable all African countries to have access to resources and centres of excellence, and that the Secretariat would consider whether it should be submitted to the GEF or CFC.

50. In the case of the project entitled 'Enhancing the potential of Robusta gourmet coffee production in Uganda', the Council noted that Angola and Tanzania had confirmed their interest in participating in this proposal and considered a request to approve this proposal in principle at this meeting, following which it could be revised and submitted to the CFC. The Council noted that the project had been well received by Members, however the inclusion of additional countries would have implications for the management, budget and activities of the project, as well as ownership, and would involve substantive revision to ensure the best

chance of success. It decided that the project should be revised to include at least two countries in the region, and resubmitted for consideration at the next meeting (either by the Executive Board or the Projects Committee if the ICA 2007 had entered into force by that time).

51. In the case of the project entitled ‘Enhancing income of smallholder farmers groups in the coffee producing belt of Nigeria’ (see document WP-Board 969/05), the Council noted that Nigeria was in the process of reformulating this proposal. Once the revised proposal was received it would be considered by the VSC and Executive Board.

**Item 10.2: Projects already approved by the
 Common Fund for Commodities (CFC)**

52. The Head of Operations introduced document ICC-103-8 containing a progress report on the implementation of projects approved by the CFC.

53. The representative of the United Nations Office for Project Services (UNOPS) made a presentation on the results and way forward for the project ‘Pilot short- and medium-term finance to small-scale coffee farmers in Kenya’. He recommended that the project should be replicated in Tanzania, Uganda and other relevant areas of Kenya so that more smallholder farmers could benefit from the positive results of the pilot project. The CFC had earmarked funds for this purpose and UNOPS had already developed a proposal requesting disbursement of these funds. He requested the support of the Council for this request to the CFC.

54. He added that the project had almost tripled the productivity of smallholder farms in the pilot areas, however their actual income could have been much higher had price fluctuations been addressed. The project had envisaged this situation and had factored in a price risk component to address the fluctuation of coffee prices to stabilize the income of farmers. He therefore urgently requested that the ‘Coffee price risk management in Eastern and Southern Africa’ project approved by the CFC be implemented alongside the current input credit project for small farmers in Kenya, Tanzania and Uganda.

55. In discussions on this topic, Members noted that the pilot project had been very successful, and expressed strong support for the proposal to replicate it in Tanzania and Uganda. The project was of practical assistance to small farmers, who had great difficulty in getting access to credit, as it helped to build their creditworthiness. It was suggested that the scope of the project should be expanded to strengthen and involve local institutions. This would facilitate upscaling the project and would assist greater numbers of small growers, and it would be helpful if UNOPS could suggest ways of achieving this. Members also noted that the CFC would need to check whether the pilot project could be upscaled as the next phase, or whether a new proposal would be required. In either case, a proposal clarifying the scope and costs of upscaling the activities in each country would be needed for financing to be approved by the CFC. The point was also made that the Government of Kenya had made available finance for the pilot project, pending the disbursement of the CFC loan.

56. The importance of disseminating the IT accounting system adapted to the needs of small farmers was highlighted by the CFC. The technology should be shared with banks and other financial institutions, as it would assist in reducing transaction costs. In the case of the Joint Liability Groups (JLGs), whereby groups of 12 farmers collectively guaranteed a loan taken out by one of their members, this output had been very beneficial as it encouraged financial institutions to provide credit to farmers. It would be important to document and disseminate the best practices from the JLGs to other countries.

57. The Council noted that the ‘Pilot short- and medium-term finance to small-scale coffee farmers in Kenya’ project had been very successful and beneficial for small farmers and decided to recommend that it should be upscaled to involve Tanzania and Uganda as originally proposed, as quickly as possible. It should not be submitted as a new proposal as this would cause delays and loss of momentum in implementation. The Secretariat should assist the CFC with the necessary operational modalities for upscaling the project.

58. The Council noted the importance of disseminating the outputs of the pilot project, including the IT accounting system and JLGs, and further noted the proposal that IACO could play a role in dissemination. The Secretariat would work with the CFC, IACO, Kenya and relevant parties to develop a proposal to achieve this. Members could also consider the possibility of dissemination in the context of the ICO annual programme of activities.

59. In the case of the proposal, ‘Coffee price risk management in Eastern and Southern Africa’ (involving Ethiopia, Kenya, Tanzania, Uganda and Zimbabwe), the Council noted that this was an important project which had been approved by the CFC in 2001 but had not yet been implemented as the World Bank had withdrawn as Project Executing Agency. It included elements of the ‘Pilot short- and medium-term finance to small-scale coffee farmers in Kenya’ project. The budget was still available and the CFC was awaiting a proposal from the ICO on how best to implement it. The Council further noted the proposal that this project should be anchored within the Coffee Development Fund of Kenya, which had provided the finance for the loan component of the ‘Pilot short- and medium-term finance to small-scale coffee farmers in Kenya’ project, with additional technical support from the regional coordination offices in the participating countries. It decided to approve the proposed arrangement for taking it forward for consideration by the CFC as soon as possible, and noted that the Secretariat would work with the CFC and Kenya to achieve this.

60. The representative of the National Coffee Council (COFENAC) made a presentation on the implementation of the project ‘Reconversion of small coffee farms into self-sustainable agricultural family units in Ecuador’.

61. The Council expressed its appreciation for this project, which was very relevant in the context of climate change and an example of proactive assistance to the farmers that the ICO could facilitate. The Council also noted that the ICO would cooperate with Ecuador in seeking finance for the remaining project activities over the next two years. Finally, the Council took note of document ICC-103-8.

Item 10.3: Impact assessment of the coffee berry borer project

62. The Head of Operations said that the CFC had appointed two consultants to carry out an impact assessment of the integrated management of the coffee berry borer project (CBB). The consultants (Mr Pablo Dubois and Mr Gerrit van de Klashorst) introduced document ICC-103-4 containing a preliminary report on the conclusions of the impact assessment. A copy of their presentation is available on the ICO website (<http://dev.ico.org/presents/presentation0809.htm>).

63. In discussions on this topic, Members noted the value of receiving an evaluation report on the outcome of a concluded project, which would be useful for other projects. The point was made that impact evaluation was paid for by the CFC with resources which were in addition to the budget of the project and it would not be possible to do this for all concluded projects. In response to a question about the impact of the project, based on the preliminary findings, the consultant said that the project had resulted in savings for some countries and acted as a catalyst for action. It also helped to reduce the use of chemicals in coffee production. The need for the ICO and Members to continue to tackle the CBB was raised. The results of the project should be disseminated and good practices encouraged. EMBRAPA, the Brazilian Agricultural Research Agency, would be willing to cooperate on future efforts.

64. The Council noted that it had previously considered three new project proposals on the CBB. CABI had submitted a proposal for a workshop, however this was no longer under consideration as the ICO had organized a Seminar on the CBB in March 2009 as part of its annual programme of activities. The Regional Program for the Development and Modernization of the Coffee Industry in Central America, Panama, the Dominican Republic and Jamaica (PROMECAFE) (see document WP-Board 1051/08) had submitted a project entitled 'Integrated management of the CBB with a quality and sustainability component for coffee-growing in Central America'. The Council had approved the proposal in May 2008 for submission to the CFC, subject to the proponents taking into account the findings of the CFC impact assessment on the concluded CBB project prior to submitting it to the CFC. Finally, Indonesia had submitted a proposal for a 'Pilot project on implementation of the Integrated Pest Management (IPM) to control the CBB in Arabica and Robusta coffee smallholdings in Indonesia' (see document WP-Board 1051/08). It had been recommended that this project should be further revised to take into account the findings of the CFC impact assessment and that consideration could be given to merging it with the PROMECAFE proposal. The Council noted that once the full evaluation report was available, the proponents of both projects would be involved in reformulating a single proposal for submission to the CFC, taking into account the findings of the evaluation report as well as technologies and information presented at the ICO Seminar on the CBB in March 2009.

**Item 11: Report by the Chairperson of the
Private Sector Consultative Board (PSCB)**

65. The Vice-Chairman of the PSCB, Mr Rodolfo Trampe Taubert of the Mexican Association of the Coffee Production Chain (AMECAFE), said that the Board had met on 21 September 2009. The Executive Director had reported on the world coffee market and the PSCB had noted that the outlook for consumption continued to be positive. Members noted that there could be a change in the list of pesticides approved by the Environment Protection Agency of the USA and that further information would be provided in due course, and had been informed that the United States Department of Labor had issued a report on goods made using child and forced labour, which included coffee. In the case of OTA, the PSCB had noted that there was no indication that limits might be changed. The PSCB had also received a report on the Coffee Quality-Improvement Programme and had discussed the issue of statistics, in particular differentials. Presentations had been made on coffee and health programmes, preparations for the World Coffee Conference and the work of the International Women's Coffee Alliance. Members had also considered a document on the Consultative Forum submitted by the National Coffee Association of the USA, proposing that it should be dealt with in a multi-dimensional way which was responsive to the needs of producers. Finally the PSCB had considered nominations for the PSCB for 2009/10, which would be considered by the Council at this Session. Although the Government of Japan would no longer be a Member of the Organization in coffee year 2009/10, the All Japan Coffee Association was interested in continuing to participate in the work of the Organization as a representative on the PSCB.

66. Concerning child labour, the point was made that a number of producing countries were making efforts to prevent child labour, which had not been taken into account. This issue was within the remit of other international organizations, but the ICO could report on developments in this field and transmit information received from producing countries to the relevant authorities. The Council requested the Executive Director to contact producing countries to invite them to inform him of the steps they had taken with respect to child labour, so that these actions could be taken into account by the United States Department of Labor.

Item 12: Statistics Committee

Item 12.1: Report by the Chairman of the Statistics Committee

67. The Head of Operations said that the Statistics Committee had met on 21 September 2009 (the report of this meeting was subsequently circulated as document WP-Statistics 143/09). He had chaired this meeting pending the election of a Chairman which had been deferred to the next meeting. The Committee had considered a report on compliance with the Statistical Rules of the ICO and had noted that performance was satisfactory, however provision of production, stocks and domestic consumption estimates data by exporting

Members needed to be improved. Hungary was the only importing Member not providing data on its coffee trade. The Secretariat would undertake a technical assistance mission to Indonesia and Vietnam in October to train local staff in ICO statistical requirements and a colloquium on statistics would take place at the time of the IACO General Assembly in November 2009. Requests from two African countries for assistance through the EMBRAPA agency in Ghana had been conveyed to Brazil for consideration. In the case of indicator prices, a meeting would take place with the agents that collected daily prices to discuss improvements to the system. Revisions to the Rules on Indicator Prices would be discussed by the Committee at its next meeting. The Committee had recommended that the Council should approve proposals for the market share of each group and their weightings in the calculation of ICO group and composite prices from 1 October 2009 contained in WP-Statistics 139/09. It had also recommended that a proposal for a coefficient of 1.05 to be applied on the conversion of green decaffeinated coffee into green bean equivalent should be approved. The Committee had received reports on inventories and stocks, organic coffee and exports to exporting countries. In the case of the latter, it had highlighted the need for all exporting Members to provide reports on imports of coffee as early as possible. Exporting Members should also provide estimates of total production, domestic consumption and stocks at the end of each crop year. Finally, a model on costs of production developed by LMC International Ltd. would be reviewed at the next meeting, and EUROSTAT would be consulted about procedures for recording imports into the European Community. Regarding the Rules on Certificates of Origin and Rules on Statistics and Statistical Reports (documents ICC-102-9 and ICC-102-10), which were approved by the Council in March 2009, these were scheduled to take effect once the 2007 Agreement entered into force. As it was expected that the 2007 Agreement would enter into force during 2009/10, the Committee had recommended that the transition period for Members to adapt their systems to the new Rules should start on 1 October 2009, with data to be provided in accordance with the new Rules from 1 October 2010. The Council took note of this report. It decided to maintain the existing arrangement, noting that the Rules would come into force on the entry into force of the 2007 Agreement.

Item 12.2: Conversion factors

68. The Council noted that Article 2 of the 2007 Agreement provided that conversion factors should be reviewed as soon as possible after the Agreement entered into force, and again at intervals of three years. Prior to such a review, the conversion factors used would be those in the 2001 Agreement. The current conversion factors were last reviewed by the Council in 2004. Document ED-2062/09 contained a proposal to apply a co-efficient factor of 1.05 instead of 1.00 for the conversion of green decaffeinated coffee into green bean equivalent, which the Secretariat proposed could be applied once the 2007 Agreement had entered into force. The Council noted that one Member had requested further time to evaluate the proposal and decided that the matter should be considered at the next Session.

Item 12.3: ICO group and composite indicator prices

69. The Council noted that every two years, in accordance with the Rules for the collection, transmission, calculation and publication of group and composite prices, there should be a review of the market share in each group and their weightings for the calculation of the ICO composite indicator price, as stated in Annex I of document EB-3776/01. The last such review took place in September 2007. On the recommendation of the Statistics Committee, the Council decided to approve the changes to the market share of each group and their weightings in the calculation of ICO composite and group indicator prices from 1 October 2009 contained in WP-Statistics 139/09⁴.

Item 12.4: Registered ports of export and ICO Certifying Agents

70. The Head of Operations said that document WP-Council 174/08 Rev. 1 contained updated information on registered ports of export and ICO Certifying Agents and invited Members to continue to send updated information to the ICO to enable a revised version to be issued when the 2007 Agreement entered into force. The Council took note of this information.

Item 13: Report by the Chairman of the Promotion Committee

71. The Chairman of the Promotion Committee reported that the Committee had met on 22 September 2009. The report of its meeting was subsequently circulated as document PC-57/09. The Committee had received a report on the implementation of the ICO CoffeeClub Network, an initiative funded by the Promotion Fund. The Network had over 700 members and 60 communities and was continuing to gain momentum. It provided a facility for problem-solving, developing coffee connections and transacting business, allowing producers to enter into direct contact with buyers. The Promotion Committee had noted the need for funding to further develop it as, like other social networks, it was unlikely that it would generate revenue from business transactions. The Promotion Fund was almost depleted and ways of financing the future development of the Network would be discussed at the next meeting. The consultant had reported on programmes to promote coffee consumption and had emphasized the need to develop project proposals before seeking finance. The ICO Step-by-Step Guide to Promote Coffee Consumption had attracted investments of over US\$30 million as a result of the original investment by the Promotion Fund of US\$300,000. The Committee had also considered coffee and health matters and viewed a DVD with highlights of a programme about coffee and health which had been shown on the leading broadcast network in Brazil. Finally, the Committee had discussed the recapitalization of the Promotion Fund which had a balance of only US\$11,000 remaining. This was a matter which would be taken up by the Promotion and Market Development

⁴ See document EB-3776/01 Rev. 1 Add. 4.

Committee under the ICA 2007 and was an essential part of the transition from the current to the new Agreement. The Council took note of this report and viewed the DVD with highlights of a programme about coffee and health, copies of which were distributed to Members at the meeting and are available on request from the Secretariat. The DVD could be shown in closed networks such as conferences or other events.

72. In discussions on this item, the need for information about the relationship between promotion activities and increased consumption was raised, and for financing from both producing and consuming countries for promotion activities. The point was made that the Positively Coffee programme had been financed by the private sector in consuming countries and the Promotion Fund. While the ICO had conducted campaigns in China and the Russian Federation, and consumption in those countries at that time had increased, it was difficult to attribute this categorically to ICO initiatives alone, but it had acted as a catalyst. The ICO could work in the area of generic promotion and on issues such as health, with cooperation from Members and private sector associations, as there was no conflict of interest. The importance of promotion activities to encourage the habit of coffee drinking in new markets with great potential for consumption such as China and India was raised. The point was also made that the environment for coffee consumption needed to be conducive. Coffee needed to be widely available in the country together with people trained to prepare it. Members should work together to consider opportunities for increasing consumption and take appropriate action. The Council took note of this information.

Item 14: Studies and reports

Item 14.1: Obstacles to consumption

73. The Head of Operations introduced document ICC-103-5 containing a report on obstacles to consumption.

74. In discussions on this item, the point was made that many producing countries had tariffs on imports of coffee and should be encouraged to reduce them in view of the potential for growth. Attention was also drawn to tariffs in developed countries for many goods with greater added value which encouraged developing countries to continue to export non-manufactured goods such as green coffee, which were subject to volatility. If Members wanted to improve the standards of living in producing countries, such tariffs should be reduced to allow producing countries to add value to their products and make progress. While there was a common approach for EU import duties, individual EC countries applied different rates of VAT and excise duties which caused difficulties for producing countries. Countries should seek to harmonize tariff systems and reduce obstacles to consumption to avoid distortions in the coffee chain. The point was made that the EC could not currently intervene on VAT and excise duties as these were within the remit of individual countries, however efforts were continuing on working towards the harmonization of different systems.

75. The Council took note of this information and further noted that document ICC-103-5⁵ should be corrected to reflect a 30% tax on imports of soluble coffee for India, and ‘taxes on imports’ in the right-hand column of Annex II-A.

Item 14.2: Effects of climate change on producing countries

76. The Research Officer introduced document ICC-103-6 containing a report on the effects of climate change on producing countries to assist Members with preparations for the United Nations Framework Convention on Climate Change Conference to be held in Copenhagen from 7 to 18 December 2009. He said that a community had been established on the CoffeeClub Network on this topic and invited Members to contribute to discussions on this forum.

77. In discussions on this item the point was made that climate change was a very important issue and considerable resources and foresight would be required to combat it and preserve biodiversity for the future. Natural resource management and agricultural management to preserve soil fertility and reduce water loss would be critical as arable land came under increased pressure. This underscored the need for an institution such as the Consultative Forum on Coffee Sector Finance to begin to develop a network of relationships with different stakeholders, and find finance for projects such as protection of biodiversity and mapping the coffee genome. It also underscored the relevance of the Organization in addressing a major future challenge for the coffee sector. Every country would need to contribute solutions for climate change. It was suggested that a carbon sequestration strategy might help developing countries with finding resources to combat the effects of climate change. The Secretariat should monitor international definitions of coffee sustainability and the development of this dynamic topic.

78. The Council expressed its appreciation for the report on this important issue and noted that the matter should remain on its Agenda. An update should be provided in March 2010, in the light of developments at the Copenhagen Conference. Finally the Council noted that one Member would submit a proposal on funding for carbon sequestration and carbon credits for inclusion in the strategic action plan.

Item 14.3: Coffee price volatility

79. The Chief Economist introduced document ICC-103-7 containing a study on coffee price volatility and its underlying factors, which concluded that volatility recorded from 2000 to the present was not more marked than in previous years. The general trend was rather towards a slight reduction in volatility despite the emergence of occasional peaks from time to time as a short-term response to exogenous impacts.

⁵ *Subsequently distributed as ICC-103-5 Rev. 1.*

80. In response to a question about the impact of events such as the Association of Coffee Producing Countries (ACPC) programme, the Council noted that the retention programme of the ACPC had coincided with extreme weather events and that the relative impact of these factors was difficult to gauge. Direct comparisons between the previous and current decade were difficult as there had not been any major supply shocks in recent years. Other issues could also have had an effect on prices but it was difficult to accurately determine the impact of events taking place over a long period.

81. It was suggested that it would be useful to carry out further work to show the effect of liberalization on the coffee chain in producing countries. The point was made that producing countries had experienced greater volatility since liberalization, yet the study did not show significant changes in volatility since 2000. It was suggested that the study should be expanded to include the whole coffee chain, such as soluble coffee and all coffee with added value. The point was also made that the coffee market had changed considerably, with decisions taken in a fast-moving environment, making it difficult to make direct comparisons with a previous period. Exchange rates had also had an impact during the time-frame of the study. The impact of volatility would vary for different stakeholders, underscoring the relevance of the Consultative Forum which could develop tools to help small farmers adapt to changing circumstances. One Member would submit comments in writing on the study and methodology used.

82. The Council expressed its appreciation for the study on this important issue and noted the value of work undertaken by the ICO in providing timely information on the coffee market. The Council further noted that Members were invited to send further comments in writing on the study to the Secretariat. The points raised by Members would require further analysis and an updated version of the study could be presented to a future meeting.

Item 15: Phytosanitary matters

83. The Head of Operations said the Codex Alimentarius Commission had held its 32nd Session in Rome from 29 June to 4 July 2009. The report was available on the Codex Alimentarius website (ALINORM 09/32/41). It had adopted a Code of Practice for the Prevention and Reduction of Ochratoxin A (OTA) Contamination in Coffee and a Code of Practice for the Reduction of Acrylamide in Foods. The ICO would circulate copies of both Codes to Members⁶. Codex had also circulated a paper prepared for the Food and Agriculture Organization (FAO) on the impact of private food safety standards on the food chain and on public standard-setting processes (Reference: ALINORM 09/32/9D-Part II), and a report of an international seminar held in June 2008 on setting food safety standards, effects on international trade, particularly for developing countries (Reference CAC/32/INF/14). In the case of OTA, the European Coffee Federation had informed the Secretariat about a draft

⁶ *Subsequently circulated as ED-2074/09 and ED-2075/09 respectively.*

proposal from DG Sanco concerning amendments to EC legislation on OTA. Pressure on green coffee was reduced by the ‘whereas’ clause five which stated that ‘in the case of green coffee and beer, the presence of OTA is already controlled at another more appropriate stage of the production chain (respectively roasted coffee and malt)’, and the removal of the reference (with a blank, not a maximum level) in the Annex.

84. The Council took note of this information and of the request to circulate the draft EC proposal on OTA to Members. At present there was no indication of a change to EC legislation on limits on OTA and the list of EC pesticides was unlikely to change for the time being. The need for more information raised by producing countries at the last meeting had been conveyed to the EC. The Council also noted that the Environmental Protection Agency of the USA was reviewing the use of some pesticides because of the reported adverse effect on migratory bird populations. These pesticides were already prohibited in the USA. The notification had been published in the Federal Register and the consultation period was still open. The private sector would investigate the information and potential effects on producing countries before formulating a response.

85. In discussions on this item, the point was made that legislation was sometimes adopted without much coordination with the developing countries which would have to apply it. The link between patents and plant health was a concern. As patents expired, they became cheaper for producers and were then banned to encourage the purchase of new products. Phytosanitary measures needed to be dealt with multilaterally. Some legislation made provision for comments and these matters were also covered under the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement of the World Trade Organization (WTO)).

86. The Council also took note of a statement by Brazil on phytosanitary matters, including a new EC regulation on pesticides and EC Regulation 396/2005 on Maximum Residue Levels (subsequently circulated as document ICC-103-10). The Council further noted that the EC had consulted the WTO on these matters and that the EC did not believe there was any inconsistency with WTO obligations. Nevertheless the EC representative would transmit these concerns to DG Sanco. The Council also took note of the suggestion that, as the EC, USA and Japan had different regulations, it would be useful if Codex Alimentarius could develop international standards for exporters, to harmonize the requirements of different regions. Finally, the Council noted that the value of the ICO’s role in facilitating discussion on topics of great relevance to Members.

Item 16: Cooperation with other agencies

87. The Executive Director introduced document WP-Council 194/09 containing a report on the meeting of the CFC and ICBs held in Beijing on 30 and 31 March 2009. He drew the attention of Members to the link between membership of the CFC and ICBs and approval of

projects (paragraphs 28 and 33) and cooperation on an improved communications policy (paragraph 29). A statement urging the G20 to develop a global action plan to assist commodity dependent countries had been issued at the end of the meeting (a copy was posted on the ICO website). An Executive Summary of a workshop on the Advantages and Disadvantages of Certification for Commodities Harvested/extracted by Rural Poor on 2 April would be circulated once it had been finalized. Mr Osorio added that the ICO would prepare a display of CFC/ICO project materials for the CFC's 20th Anniversary meetings in December, and would make a presentation on behalf of other ICBs at a seminar on International Commodity Governance and the role of the ICBs on 14 December.

88. In the case of the African, Caribbean and Pacific (ACP) Group of States, the ICO had contributed comments on the mid-term review of the All ACP Agricultural Commodities Programme in May 2009 for consideration by participants during their discussions. The ICO had also been in contact with the United Nations Environment Programme (UNEP) which had confirmed its interest in future collaboration. The representative dealing with sustainability in agri-food within the UNEP Department for Technology, Industry and Economics would visit the ICO later this year to explore possible links and practical cooperation between the two organizations. The Executive Director had made a presentation at a multi-stakeholder consultation on trade and development issues relating to coffee organized by the United Nations Conference on Trade and Development (UNCTAD) on 8 April 2009 in Geneva, a copy of which had been posted on the ICO website. The 2009 UNCTAD World Investment Report on 'Transnational Corporations, Agricultural Production and Development' would be published later this year. The ICO had cooperated with UNCTAD on the case-study on coffee in the Report. Finally, the Executive Director had also been in contact with the African Development Bank to explore the possibility of a Memorandum of Understanding and had opened the Financial Alliance for Sustainable Trade (FAST) Assembly in April 2009 during the Conference of the Specialty Coffee Association of America.

89. The Council took note of this information.

Item 17: National coffee policies

90. The delegate of India reported that in the context of continuing changes in weather patterns, a rainfall insurance scheme had been developed to provide a safety net for growers in the event of deficit or excessive rainfall at critical times for coffee production which had been identified from historical data. The scheme had been well received by growers who paid 50% of the premium, with the remaining 50% subsidized by the Government to ensure affordability to small farmers. The insurance companies had marketed the scheme to reinsurers successfully and it was operational. He would be pleased to share information about the scheme with interested Members. The Council took note of this information.

Item 18: Financial and administrative matters

Item 18.1: Draft Administrative Budget for the financial year 2009/10

91. The Chairman of the Executive Board said that the Board had decided to recommend to the Council that it should approve the draft Administrative Budget for 2009/10 contained in document WP-Finance 67/09 Rev. 2. Based on overall expenditure of £2,927,000 and estimated revenue from external sources of £159,000, the potential contribution per vote would be £1,384, representing an increase of 3.9% compared with the financial year 2008/09.

92. The Council took note of this information and expressed its appreciation to the Chairman and Members of the Finance Committee for their work. It decided to approve the draft Administrative Budget for 2009/10 contained in document WP-Finance 67/09 Rev. 2⁷.

Item 18.2: Other financial and administrative matters

93. The Chairman of the Executive Board said that the Board had noted that the Executive Director proposed to appoint Smith Williamson as the auditors of the ICO for the financial year 2009/10. Concerning payment of arrears, the Board had expressed its appreciation to Uganda which had paid all its outstanding contributions and its contributions for 2008/09. The Board had noted that the Democratic Republic of Congo and Nicaragua were behind the schedules established under Resolutions 430 and 437 and had decided that the voting rights of the Democratic Republic of Congo should continue to be suspended, and the votes of Nicaragua should be suspended. In the case of the Finance Committee for 2009/10, the Board had noted that a replacement for Japan would need to be sought as this country had indicated that it would not accept the extension of the ICA 2001. The Board had decided that the Council should consider this matter during its 103rd Session from 23 to 25 September 2009.

94. The Council took note of this information and of the proposal that Norway could be appointed to the Finance Committee in the place of Japan. It decided that the matter should be left open for consultations to take place with Norway and that the appointment of the Committee should be decided during the next ICO meetings from 1 to 4 March 2010.

⁷ Subsequently distributed as document ICC-103-13.

Item 19: Office-holders

Item 19.1: Chairman and Vice-Chairmen of the Council

95. In accordance with the procedures provided for in Article 11 of the 2001 Agreement, the Council elected the following office-holders in the Council for coffee year 2009/10:

Chairman: Mr Rodolfo Trampe Taubert (Mexico)
First Vice-Chairman: Mr Abdoulaye Nana (Cameroon)
Second Vice-Chairman: Nomination pending
Third Vice-Chairman: Nomination pending

Item 19.2: Executive Board

96. In accordance with the procedures provided for in Article 18 of the 2001 Agreement, the following Members were elected to the Executive Board for coffee year 2009/10. These Members were requested to send the Secretariat the names of their representatives and alternates or advisers on the Executive Board, in accordance with Rule 4 of the Rules of the Organization.

Exporting Members

Brazil, with 277 votes	(representing Brazil)
Vietnam, with 176 votes	(representing Papua New Guinea, Philippines and Vietnam)
Colombia, with 114 votes	(representing Colombia)
India, with 98 votes	(representing India and Indonesia)
Guatemala, with 75 votes	(representing Cuba, Guatemala and Mexico)
Côte d'Ivoire, with 94 votes	(representing Angola, Cameroon, Côte d'Ivoire, Ghana, Madagascar, Togo and Uganda)
Costa Rica, with 39 votes	(representing Costa Rica, Ecuador and Venezuela)
Tanzania, with 63 votes	(representing Burundi, Ethiopia, Kenya and Tanzania)

97. Thailand, with 9 votes, voted for Thailand. The following Members were absent: Benin (5 votes), Haiti (5 votes), Honduras (34 votes), Jamaica (5 votes) and Panama (6 votes).

98. The following Members had their votes suspended: Bolivia, Central African Republic, Congo (Democratic Republic of), Congo (Republic of), Dominican Republic, El Salvador, Gabon, Guinea, Malawi, Nicaragua, Nigeria, Paraguay, Rwanda, Zambia and Zimbabwe.

Importing Members

European Community (EC), with 684 votes	(representing the EC: EC, Belgium, Germany, Italy and Spain)
United States of America, with 215 votes	(representing the United States of America)
Switzerland, with 19 votes	(representing Switzerland)
Norway, with 12 votes	(representing Norway)

The following Member abstained: Japan (70 votes).

Item 19.3: Chairman and Vice-Chairman of the Executive Board

99. In accordance with the procedures provided for in Article 17 of the 2001 Agreement, the Council elected the following office-holders on the Executive Board for coffee year 2009/10:

Chairman:	Ms Ina Grohmann (Germany)
Vice-Chairman:	Nomination pending

Item 19.4: Private Sector Consultative Board (2009/10 and 2010/11)

100. The Council noted that the term of office for members of the PSCB expired on 30 September 2009. The Executive Director had circulated document ED-2067/09 and its revision to all Members in June and September 2009 respectively, requesting them to inform him of nominations for representatives and alternates for 2009/10 and 2010/11. Document WP-Council 197/09 contained a list of the nominations received. The Council noted that Côte d'Ivoire had nominated the *Comité de Gestion de la Filière Café-Cacao* (CGFCC) as a representative in the Robustas category, and Guatemala had nominated the National Coffee Association of Guatemala (Anacafé) as a representative in the Other Milds category. The Council designated the members of the PSCB for the next two coffee years as listed in document WP-Council 197/09, amended to include the CGFCC as a representative for Robustas, and Anacafé and AMECAFE as a representative and an alternate respectively in the Other Milds category. In the case of nominations in the Brazilian and other Natural Arabicas category, the Council requested Brazil to confirm the details of which associations were representatives and which were alternates after the meeting.

Item 19.5 Statistics Committee

101. The Council noted that in September 2008 it had appointed the representatives of the Statistics Committee for a one year term only, pending the entry into force of the ICA 2007. It decided to appoint the following representatives for a further year, in the light of the extension of the ICA 2001:

Exporting Members:	Mr Thiago Siqueira Masson (Brazil), Ms Marcela Urueña Gómez (Colombia)
Importing Members:	Mr Rob Simmons (LMC International Ltd, UK), Mr Neil Rosser (Neumann Kaffee Gruppe, Germany)
Executive Director:	Mr Corneille Tabalo (Democratic Republic of Congo), Mr David Brooks (USA)

102. The Council took note of a suggestion to appoint Mr Francisco Ourique of Brazil as the next Chairman of the Committee and noted that the Statistics Committee would appoint its Chairman at its first meeting in coffee year 2009/10.

Item 20: Other business

Retirement of Mr Trevor Nash, Ms Carmen Maqueda and Ms Pilar Mora

103. The Council noted that Trevor Nash (Reprographics Supervisor), Carmen Maqueda (Head of Personnel and Office Management), and Pilar Mora (Statistical Assistant), with over 39, 27 and 26 years of service respectively, were retiring. It expressed its appreciation to these members of staff for their long-standing service and dedication to the Organization.

Mr Jacques Thinsy of Belgium

104. The Council noted that this would be the last meeting attended by Mr Jacques Thinsy of Belgium who had represented his country at ICO meetings since the 1970s. It expressed its appreciation to Mr Thinsy for his guidance and support to the Organization during almost forty years.

Japan

105. The Council noted that this would be the last meeting attended by Japan as a Member Government, and took note of the request of this country to be included in the list of non-member countries invited to participate in the Consultative Forum on Coffee Sector Finance (document WP-Forum 3/09).

InterAfrican Coffee Organisation (IACO)

106. The Council noted that Ghana would host the 8th General Assembly of the African Coffee Research Network and the 49th Annual General Assembly of IACO in Accra from 23 to 27 November 2009, on the theme of ‘Promoting competitiveness and sustainability of the African coffee industry’. The programme would include a workshop on coffee research and statistics in Africa. Members and non-members were invited to participate in the event.

Item 21: Future meetings

107. The Council noted that the next Session of the Council would take place in Guatemala City, Guatemala from 1 to 4 March 2010, preceded by the 2010 World Coffee Conference from 26 to 28 February 2010.

108. The Council decided to change the date of its Session in Côte d’Ivoire in March 2011 from 21 to 25 March to 28 to 31 March 2011 to avoid a conflict with other coffee sector events.



International Coffee Council
103rd Session
23 – 25 September 2009
London, England

Resolution number 441

APPROVED AT THE FIRST PLENARY MEETING,
23 SEPTEMBER 2009

**Extension of time for signature
of the International Coffee Agreement 2007**

WHEREAS:

The International Coffee Council ('the Council') approved the International Coffee Agreement 2007 ('the Agreement') by Resolution 431 on 28 September 2007;

Article 40 of the Agreement stipulates that, except as otherwise provided, the Agreement shall be open for signature at the Depository headquarters from 1 February 2008 until and including 31 August 2008;

Paragraph 1 of Resolution 439 provides that Governments eligible to sign the Agreement may sign it on or before 25 September 2009;

A number of Governments eligible to sign the Agreement pursuant to the provisions of paragraph (1) of Article 40 of the Agreement and Resolution 439 did not do so by 25 September 2009 but have indicated that they wish to become signatory Governments to the Agreement; and

The Council deems it desirable to enable the Governments concerned to sign the Agreement in order to enhance the prospects for definitive or provisional entry into force of the Agreement within the next twelve months,

THE INTERNATIONAL COFFEE COUNCIL

RESOLVES:

That under the provisions of paragraph (1) of Article 40 of the Agreement and Resolution 439, Governments eligible to sign the International Coffee Agreement 2007, may sign the Agreement on or before 25 September 2010.



International Coffee Council
103rd Session
23 – 25 September 2009
London, England

Resolution number 442

APPROVED AT THE FIRST PLENARY MEETING,
23 SEPTEMBER 2009

**Extension of the time limit for
ratification, acceptance or approval of the
International Coffee Agreement 2007**

WHEREAS:

The percentage of votes held by the signatory Governments that have deposited the instruments specified in Article 40 of the International Coffee Agreement 2007 is not sufficient for the entry into force of the Agreement under the provisions of Article 42;

Paragraph (3) of Article 40 of the Agreement stipulates that the Council may decide to grant extensions of time to signatory Governments that are unable to deposit their instruments by 30 September 2008;

Under the terms of paragraph 1 of Resolution 440 the period for the deposit of instruments of ratification, acceptance or approval of the International Coffee Agreement 2007 is extended to 25 September 2009; and

A number of Governments have indicated that they require more time to complete the deposit of the instruments mentioned in paragraph (3) of Article 40,

THE INTERNATIONAL COFFEE COUNCIL

RESOLVES:

To extend the period for the deposit of instruments of ratification, acceptance or approval of the International Coffee Agreement 2007 with the Depositary under the provisions of Article 40 of the Agreement from 25 September 2009 to 25 September 2010.



International Coffee Council
103rd Session
23 – 25 September 2009
London, England

Resolution number 443

APPROVED AT THE FIRST PLENARY MEETING,
23 SEPTEMBER 2009

**Further extension of the
International Coffee Agreement 2001**

WHEREAS:

The International Coffee Agreement 2001, as extended by Resolutions 432 and 438, is due to expire on 30 September 2009; and

In order to allow sufficient time for Governments to complete the procedures for the entry into force of the International Coffee Agreement 2007, it is necessary that the International Coffee Agreement 2001 be further extended,

THE INTERNATIONAL COFFEE COUNCIL

RESOLVES:

1. To further extend the International Coffee Agreement 2001 for one year from 1 October 2009. However, the International Coffee Agreement 2007 shall enter into force as soon as the conditions for its provisional or definitive entry into force are met, thus terminating the period of extension of the International Coffee Agreement 2001.
2. To request the Executive Director to convey this Resolution to the Secretary-General of the United Nations.