



INTERNATIONAL COFFEE ORGANIZATION
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
ORGANIZAÇÃO INTERNACIONAL DO CAFÉ
ORGANISATION INTERNATIONALE DU CAFÉ

ICC 109-16

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**Decisions and Resolutions adopted
at the 109th Session of the
International Coffee Council**

24 – 28 September 2012

1. The International Coffee Council, chaired by Mr Henry Ngabirano of Uganda, met in London from 24 to 28 September 2012.

Item 1: Adoption of the Agenda and schedule of meetings

2. The Council adopted the draft Agenda contained in document ICC-109-0 Rev. 1 and took note of the schedule of meetings.

Item 2: Admission of observers

3. Rule 5 of the Rules of the Organization provides that at the start of each Session, the Council shall decide on the acceptance of observers and designate the items on the Agenda open to accepted observers. The Secretary introduced document ICC-109-6 containing a list of observers approved by the Council in September 2011 for admission to Sessions in 2011/12, who had advised the Executive Director of their attendance and the meetings they wished to attend. With a view to streamlining the process of accepting observers, a list of observers who could be admitted to Sessions in coffee year 2012/13 was contained in Annex II. Any additional observers would need to submit requests for observer status in writing at least 45 days prior to the Session.

4. The Council took note of this information and decided that the observers listed in Annex I of document ICC-109-6 should be accepted for admission to the 109th Session and Committees which were open to observers, except for items relating to Finance and Administration which should be restricted to Members only. The Council also approved the admission of the advisors to the Core Group on the Consultative Forum. Finally, the Council approved the list of observers contained in Annex II of document ICC-109-6 for admission

to Council Sessions in coffee year 2012/13 and further approved a request contained in document ICC-109-6 Add. 1 from Dr Gavin Fridell, Canada Research Chair in International Development Studies, to attend the 110th Council session in March 2013 as an observer.

Item 3: Votes and credentials

Item 3.1: Votes for coffee year 2011/12

5. The Council took note of the situation of outstanding payments affecting voting rights as at 24 September 2012. In the case of Liberia and Sierra Leone, both countries had outstanding contributions from previous years and their voting rights which had been restored at previous Sessions were now suspended.

6. In the case of Brazil, the Council noted that a small sum remained outstanding for 2011/12 due to exceptional circumstances of exchange rate fluctuations and efforts were being made to resolve this. It decided that Brazil's voting rights should be restored and approved the redistribution of votes in the Council for coffee year 2011/12 contained in document ICC-109-5 Rev. 1, noting that a revised document would be issued during the week.

Item 3.2: Initial distribution of votes for coffee year 2012/13

7. Paragraph (6) of Article 12 of the 2007 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 12, the votes of exporting Members and of importing Members are based on their exports and imports respectively in the preceding four calendar years. The Secretary said that document ED-2135/12 Rev. 2 contained the latest information on the basis for the distribution of votes among exporting and importing Members for coffee year 2012/13 and introduced document ICC-109-1 showing the initial distribution of votes for coffee year 2012/13. The Council took note of this information and approved the initial distribution of votes for coffee year 2012/13, which would be used as the basis for assessing contributions.

Item 3.3: Credentials

8. 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-109-15.

Item 4: Membership of the International Coffee Agreement (ICA) 2007

9. The Executive Director introduced document ICC-109-7 containing a report on the status of membership of the ICA 2007. As at 24 September 2012, there were 38 exporting Members and 6 importing Members. He had circulated document DN-107/12 notifying Members of the opportunity to deposit instruments of ratification, acceptance, approval or accession during the 109th Session, and had also written to countries listed in Sections B and C of Annex I of the report to remind them of the need to complete membership procedures as soon as possible. Since the previous Session, Bolivia, Cameroon, Malawi, Rwanda and Zimbabwe had deposited instruments. Bolivia, Colombia and Papua New Guinea were still applying the Agreement provisionally. With respect to non-members, China, Lao People's Democratic Republic, Nepal and the Russian Federation had expressed interest in membership.

10. The Council took note of this information and expressed its appreciation to the Executive Director for his efforts to expand membership of the Organization. The Council further took note of a statement by the representative of the Russian Federation advising that his Government was committed to joining the ICO and hoped to deposit an instrument of accession in 2013. In the case of Colombia, the Council noted that the Government expected to ratify the 2007 Agreement towards the end of 2012.

11. The Executive Director said that the deadline for the deposit of instruments of ratification, acceptance, approval or accession would expire on 30 September 2012. He introduced document WP-Council 227/12 containing a draft Resolution proposing establishing 30 September 2013 as the new deadline for deposit of instruments. The Council approved this draft Resolution which became Resolution 449, a copy of which is attached to these Decisions. Finally, the Council urged countries which had not yet done so to expedite the necessary formalities for membership of the 2007 Agreement. The procedures for membership contained in ED-2033/08 Rev. 7, including a model instrument, should be closely followed to avoid any difficulties.

Item 5: Coffee market situation

12. The Executive Director introduced his report on the market situation (contained in the Monthly Coffee Market Report – August 2012). A copy of his presentation is available on the technical presentations section of the ICO website (<http://www.ico.org/presents/1112/council-september-ico-outlook.pdf>). He noted that the ICO composite indicator price (CIP) had increased from a low of 41.17 US cents/lb in September 2001 to a 34-year high of 231.24 US cents/lb in April 2011, with a downward

trend since then. In the case of ICO group indicator prices, price swings for Arabicas had been stronger than those for Robustas. The prices of all four coffee groups were still relatively high in historical terms. The limited availability of Washed Arabicas had increased the demand for coffee from other origins between May 2009 and May 2011, however the tightness in the market had eased slightly since then. World production for 2011/12 was currently estimated at 132.7 million bags, a fall of only 1.2% on the previous year's record production of 134.2 million bags, with increases in production in four of the ten leading producing countries (Vietnam, Peru, India and Honduras), and decreases in the remainder. It was too early to forecast production for 2012/13 with the exception of the official crop forecast for Brazil, which predicted a crop of 50.48 million bags. Total exports to all destinations between October 2011 to July 2012 were estimated at 90.4 million bags compared to 76 million bags for the same period in 2000/01. The high levels for the current year were mainly attributable to exports of Robusta coffee which had increased by 12.1% on the same period in 2010/11. The world stock/consumption ratio had fallen consistently since 1964 and stocks continued to be tight, with opening stock levels in exporting countries estimated at 19.1 million bags in 2011, while inventories in importing countries were around 20 million bags. World coffee consumption had increased by 2.3% per annum between 2001 and 2011, with the greatest growth seen in producing countries (4.3%) and emerging markets (3.5%), compared to more modest growth of 1% per year in traditional markets. Three of the world's ten largest consuming markets were now coffee producing countries (Brazil, Ethiopia and Indonesia). Growth rates in consumption were higher in exporting countries than traditional markets, with Vietnam and the Philippines showing the highest annual growth rates of 14.3% and 10.1% respectively between 2001 and 2011 while emerging markets showed strong potential for future growth and new sources of demand. Retail prices of roast and ground coffee had increased in most countries in 2011 and 2012, belatedly reflecting increases in green coffee prices. The resilience of consumption levels to these price increases was encouraging and demonstrated the inelasticity of coffee demand. Finally, if growth continued at a low rate of 1.5% per year, world consumption was projected to reach 157.7 million bags in 2020, or 172 million bags if demand grew by a higher rate of 2.5% per year.

13. The Council took note of this information and of document WP-Council 229/12 containing the third production estimate for the Brazilian coffee crop for 2012/13.

Item 6: Studies, reports and seminars

Item 6.1: Studies and reports

14. The Chief Economist introduced documents ICC-109-2 Rev. 1 and ICC-109-8 respectively containing a study on re-exports of coffee and a study on trends in coffee consumption in selected importing countries. The Head of Operations introduced document ICC-109-4 Rev. 1 containing a report on obstacles to consumption. He also reported that Article 27 of the Agreement provided that the Executive Director should submit to the Council a periodic report on mixtures and substitutes. No additional information had been received from Members since the last report was issued in September 2010 (see document ICC-105-8). The Council took note of this information and further noted the value of ICO studies for Members.

15. In response to a question about returns on international trade of coffee being higher for importing countries than exporting countries, the Chief Economist said that value was added through processing and roasting coffee and it would be useful to undertake further research on this. The point was made that growth rates of exports of green coffee by exporting Members had declined over the last decade while those of roasted and soluble coffee were increasing, indicating that exporting countries were adding value to their coffee. Import tariffs on processed coffee in some Members were significantly higher than for green coffee, constituting so-called tariff escalation, impeding access to these markets and countries should examine these with a view to reducing obstacles to trade. Attention was also drawn to the high tariffs on coffee imported into some producing countries. Although the Secretariat had recently produced a study on issues involving tariffs and coffee consumption (document ICC-107-7 'The effects of tariffs on the coffee trade') this question should be kept in mind in the future. The Council took note of this information and invited Members to convey concerns about tariffs as obstacles to consumption to their respective Governments.

Item 6.2: Seminar on the economic, social and environmental impact of certification on the coffee supply chain

16. The Chairperson of the Seminar, Mr David Braun of Switzerland, said that the ICO had held a Seminar on the economic, social and environmental impact of certification on the coffee supply chain on 25 September 2012. The terms of reference and programme had been developed by a small working group and were contained in document ED-2137/12. The aim was to provide information to Members on the economic, social and environmental impact of certification on the various levels of the supply chain from farm to cup.

The Seminar had examined the various impacts of certification and attempted to formulate relevant recommendations. Eight speakers had made presentations, and the programme had been divided into three sections: (1) Introduction to key issues; (2) Perspectives of certification bodies and the demand side; and (3) Perspectives and experiences of coffee producers. The Seminar indicated that there were clear signals of a commitment by the coffee industry in consuming countries to a fully certified supply chain. The impact of certification needed to be examined on multiple levels through the use of clear and transparent measurement tools, particularly by institutions in producing countries. The costs and benefits of certification for farmers varied greatly depending on scale and prior compliance. Since premiums tended to decrease over time, farmers needed to consider the wider benefits of certification. The multiplicity of certification standards had led to a move towards a baseline standard. Capacity-building efforts for producers should be accompanied by addressing compliance costs. There were signs of a shift from traceability to transparency of the entire supply chain. A long-term impact assessment using broadly comparable data was needed to test the durability of the various impacts of standards and certification systems. Finally, certification was not a goal in itself but a tool that could improve standards for all farmers. A copy of the report on the Seminar was subsequently circulated as document ICC-109-14.

17. In discussions on this item Members expressed their appreciation to Mr Braun for chairing the Seminar, to the excellent speakers for the quality and breadth of their focussed and informative presentations, to Members for their active participation and to the Secretariat for organizing the event. The need was raised for an objective analysis of the costs and advantages of certification in producing countries and to look for synergies with other International Commodity Bodies (ICBs). More could be done to make certification less costly and improve economic benefits. The International Cocoa Organization (ICCO) had undertaken an interesting study on certification in cocoa which highlighted the role of Governments in encouraging economic sustainability and it would be useful to distribute this to Members to inform future discussions. The ICO should continue to facilitate discussions on certification, engaging relevant parties and sharing of experiences by Members. A follow up seminar in the future could be useful. The study undertaken in Colombia raised important matters to be dealt with in the future. It was suggested that the ICO could invite all certifying agencies to the ICO to work towards harmonizing standards and developing common criteria for producers. Certification agencies could also benefit from input from producers. The point was made that standards could be harmonized up to the highest level which might increase costs or down which would be a backwards step. It would be useful for the ICO to discuss the possibility of harmonization further with the ISEAL Alliance. A phased or stepped approach had been mentioned in the Seminar. One option might be to harmonize some building blocks to assist with achieving more advanced stages.

The point was also made that decisions on certification were taken by private actors. Harmonization of standards was outside the role of governments and would not imply recognition of the certification process by the ICO. The ICO could have a key role in making recommendations to governments to increase transparency.

18. The Council took note of this information and of the need for further discussions and analysis on certification and suggestions such as harmonization of standards. The Secretariat would review the suggestions made and consult Members and others as appropriate. Finally the Council noted that the presentations and other papers from the Seminar were available for downloading from the ICO website (<http://www.ico.org/seminar-certification.asp>).

Item 7: Consultative Forum on Coffee Sector Finance

19. The Council noted that, as provided under the terms of reference for the Core Group (ICC-107-18), the Group had recommended four individuals to serve as advisors to it. The Council took note of this information and appointed Mr Marc Sadler, World Bank; Ms Noemí Pérez, Finance Alliance for Sustainable Trade (FAST); Mr Silas Brasileiro, National Coffee Council (CNC), Brazil; and Mr Nicolas Tamari, Sucafina SA, as advisors to the Core Group for September 2012 and for coffee year 2012/13. The Council further approved revisions to the terms of reference for the Core Group contained in document WP-Council 230/12¹.

20. The Chairperson of the Core Group, Ms Amy Karpel of the USA, said that the Core Group had met on 25 September 2012. The report of this meeting was subsequently circulated as document CG-5/12. Members had discussed a number of matters including the 2nd Consultative Forum held in March 2012 which was considered to have been very successful with presentations and discussions of excellent quality. Issues highlighted by the Group included the fact that the role of the ICO differed from that of other financial agents, and involved making recommendations to governments on policies that could be implemented to benefit the coffee sector. Knowledge (as opposed to information which was composed of unanalysed data) was key and should be understandable, accessible and delivered in a practical way. Risk management and finance were priorities but farmers faced other constraints such as access to inputs, land tenure and infrastructure. A holistic view of all the risks facing farmers was needed. Risk management should not be tackled in isolation without addressing issues such as good practices in sustainability or pests, access to markets, competitiveness or certification where there were costs as well as opportunities. Global best practices across several production types could be evaluated and a simple typology developed, targeted at different audiences.

¹ The final document was circulated in document ICC-109-11 (Annex VII).

21. In the case of the 3rd Forum, this would take place in September 2013 in Brazil and it was hoped that this would enable more producers to attend. The Group had highlighted the need for practical deliverables from the next Forum and recommended that a force-field problem-solving format should be used to discuss an issue of broad interest to the coffee sector. The outcomes of the discussion could be incorporated in an ICO declaration setting out priorities and recommendations for the sector. In addition, a typology on global best practices in agriculture, finance and risk management applicable to coffee should be developed by the World Bank and the ICO, aimed at producers, the commercial sector and governments. The Group would work intersessionally to prepare for the next Forum and to develop the typology of best practices with the World Bank. At its next meeting in March 2013 it would decide on a topic for the problem-solving discussion, and review progress on the typology. With respect to dissemination the Group noted that a short profile should be prepared in a way that would generate wider interest and broader participation in the Forum. The Group had also received a presentation by the representative of FAST on progress on developing a financial literacy toolbox project.

22. The Council took note of this information and decided that the Core Group and Forum should continue to be chaired for the time being by the current Chairperson and Vice-Chairperson, and that the officeholders for 2012/13 should be appointed in March 2013. Finally, the Committee expressed its appreciation to the Chairperson, Vice-Chairperson and all Members of the Core Group for their guidance on the 3rd Forum.

Item 8: Programme of Activities for 2012/13

23. The Head of Operations introduced document WP-Council 223/12 Rev. 2 containing a revised Programme of Activities for 2012/13. The Programme had been introduced in March 2012 and Members had been requested to send any comments in writing to the ICO by 1 August. No comments had been received by that deadline. Following discussions on alternative Budget scenarios in the draft Administrative Budget for the next coffee year, the programme had been adapted to include the lower of two estimates of the cost of specific activities contained in Annex I (£25,500). He outlined the changes in the latest version and invited Members to make suggestions for a topic for the seminar in 2013 (Activity 19).

24. In the case of the Seminar, the Council agreed that this should take place in March 2013 on the topic of 'Trends in new consuming markets for coffee'. Members noted the need for a lively and interactive discussion rather than simply presenting data. Terms of reference and a draft programme would be developed by a small working group of Members including Brazil, Colombia, the EU, Guatemala, India, Indonesia, Mexico, Uganda and the USA. The Group was open to all Members who should notify the Secretariat by email of their interest in participating.

25. In discussions on the Seminar several delegates referred to the model used by the International Sugar Organization and International Grains Council which generated revenue for their Members. Other Members noted that the membership structure of both organizations differed from that of the ICO. Their events were larger-scale, taking place over a whole day, were more costly to organize, needed time to plan, and were fee-based which was a deterrent for producing countries. For events held during Council Sessions, the priority was to encourage attendance and participation in discussions on topics of interest to Members. It was suggested that the ICO should explore attracting sponsorship from the private sector to reduce costs and a small fee could be charged which could be increased in the future, depending on interest. Members, non-members, observers and other organizations that the ICO wanted to encourage to attend should be exempt from a fee. In the future the ICO could look at organizing events with other organizations which would be revenue-based and developing a strategy for publicity and dissemination.

26. In discussions on the Programme of Activities, the Council agreed to amend the wording of Item 16 to read: 'To encourage greater voluntary technology transfer and technical cooperation, so as to enhance remuneration to producers'². The Council further agreed to reinstate a communication strategy to explore cooperation with other organizations in Item 4, noting that it was critical to develop a strategy to communicate with potential partners on ICO activities. The strategy should indicate who should be approached (including the private sector) and why, and the benefits of working as a partner with the ICO.

27. The Council noted that the relevance between the strategic goals, planned activities and expected outcomes and indicators could be improved for Items 3, 4, 17, 20, 22, 23 and 24. The Secretariat should review these to ensure that the expected outcomes and indicators matched goals and activities. On Item 11, the inclusion of a DVD providing guidance on compliance with Statistical Rules and the establishment of a task force to encourage performance on compliance with statistics were worthwhile activities. In the case of Item 14, the development of a fundraising strategy to identify alternative sources of funding was important. The ICO should be strategic in its approaches to different organizations, tailoring these to reflect different structures, goals, mechanisms for financing and scope for working in partnership on developing projects on the ground or incorporating coffee into existing programmes. In the case of Item 19, the ICO could explore the possibility of holding a workshop or round-table discussion in lieu of a seminar when meeting facilities could facilitate a more dynamic format. In the case of Item 20, the ICO should consider sustainability issues in planned activities beyond those explicitly mentioned in the Millennium Development Goals. Many activities in Item 21 would be more appropriate

² The Strategic Action Plan was subsequently revised to reflect this change (see document ICC-105-19 Rev. 1).

under Item 20, and the Secretariat should review both items to see if there was a mismatch between planned activities and the strategic goal. Activities in Item 23 duplicated those in Item 14 and should be reviewed. In the case of Item 24, this activity should include the development of a strategy to engage private sector institutions with expertise such as banks, investment funds and trading companies to work with the ICO on advancing finance and risk management issues, including through the Forum. Members were encouraged to give further consideration to future ICO activities. Concerning a question about Item 18, the Council noted that the possibility of the ICO acting as PEA was intended for exceptional cases such as studies which could be developed with existing staff resources.

28. The Council took note of this information and decided to approve the Programme of Activities for 2012/13 contained in document WP-Council 223/12 Rev. 2, revised to take account of amendments to Items 4 and 16³. Other comments would be taken into account in the preparation of the next Programme of Activities.

Item 9: Reports by Chairmen of ICO bodies

Item 9.1: Private Sector Consultative Board (PSCB)

29. The Chairman of the PSCB, Mr Robert Nelson of the National Coffee Association of USA (NCA), said that the PSCB had met on 26 September 2012. The report of this meeting was subsequently circulated as document PSCB-133/12. In addition to presentations on the coffee market and certification, the PSCB had discussed coffee quality standards, many of which were based on classifications developed in the 1960s. It encouraged Members to submit information on national standards to enable the PSCB to review them at a future meeting. The PSCB also discussed food safety, including litigation dealing with acrylamide in the State of California in the USA. Companies were being sued because they had not notified consumers that coffee contained acrylamide. There was concern that negative impact from this litigation could have implications for the European coffee sector. Members had also discussed the endosulfan ban which would take effect on 27 October 2012. Endosulfan was not prevalent in the coffee industry but might be used in some countries. The PSCB had noted that the ICO was collecting information on Maximum Residue Levels (MRLs) in different countries and looked forward to receiving a report in due course. The PSCB had noted that the ICO had received a request from the International Jute Study Group (IJSJG) for information on the use of jute bags in the coffee industry (see document ED-2140/12). This would provide an opportunity to convey concerns to the IJSJG about reports of jute bags being manufactured with hydrocarbons. The PSCB had appreciated the work of the Consultative Forum and welcomed the problem-solving

³ Subsequently distributed as document ICC-109-12.

approach proposed for the 3rd Forum in Brazil. It expressed the view that the PSCB and Council needed to challenge each other to find better ways to interact and deliver greater value by working together. The representative of the European Coffee Federation (ECF) had made a presentation on the challenges facing this Association, including the complexity of decision-making in the EU and making technical information accessible for end-users (<http://www.ico.org/presents/1112/pscb-september-ecf.pdf>). The representative of the NCA had made a presentation on a promotion campaign in the USA which would consist of three components: outreach to editors, an interactive website and a social media component (<http://www.ico.org/presents/1112/pscb-september-nca.pdf>). The message about the impact of coffee on health appeared to be most significant in encouraging consumers to drink more coffee. The Specialty Coffee Association of America (SCAA) had presented results on research on what speciality coffee meant to consumers which indicated that there was an emotional connection between consumers and coffee (<http://www.ico.org/presents/1112/pscb-september-scaa.pdf>). Consumers were motivated to drink speciality coffee by a number of factors, ranging from caffeine, taste and experiences with loved ones, all of which needed to be taken into account in promoting consumption rather than focussing on a single factor in isolation. Finally, the PSCB had expressed its appreciation to the Head of Operations, José Sette, for his work during the last five years with the PSCB.

30. The Council took note of this report. It noted that the PSCB would be chaired by Mr Ricardo Villanueva of Anacafé in 2012/13 with Mr Ric Rhinehart of the SCAA acting as Vice-Chairman, and paid tribute to Mr Nelson for his leadership of the PSCB during the last two coffee years.

Item 9.2: Statistics Committee

31. The Council noted that the Head of Operations had chaired the meeting of the Statistics Committee on 27 September 2012 in the absence of the Chairman and the Vice-Chairman. The report of this meeting was subsequently circulated as document SC-22/12. Members had noted that compliance with the provision of statistical data by exporting and importing Members of the ICA 2007 was good at 75% and 99%, respectively. The Committee had urged the representatives of all Members not in full compliance to make efforts to improve their performance, since accurate statistics were essential to well-informed decision-making in the coffee sector. In the case of importing Members, compliance with data on inventories and roastings could be improved and the EU had offered to assist with this. The Committee had taken note of a report on exports to exporting countries. Under the new Rules on Statistics, exporting Members were required to provide data on imports of coffee by origin. These imports could be used for domestic

consumption and for the roasting/soluble industry, and exporting Members were unlikely to re-export green coffee imported from other origins in unprocessed form. The Committee proposed establishing an electronic working group to investigate this matter further⁴. Members took note of a report on exports of organic and differentiated coffees and suggested that the Secretariat should contact exporting Members to invite them to provide information on trade in differentiated coffee on a voluntary basis, to enhance market transparency. The Committee also took note of reports on inventories of green coffee in major European ports, and on data on trade of decaffeinated soluble coffee. In the case of the latter, the USA was the only country using 10-12 digits in the Harmonized System codes to identify its coffee products and it was suggested that Members could explore the possibility of having their customs authorities expand the number of digits in HS codes to enable this data to be captured. Finally, the Committee noted that, as recommended at the last meeting, the 2012/13 Programme of Activities had been amended to include resources for the production of a DVD to provide a permanent manual on compliance with Statistical Rules for exporting Members, and the updating of a standard methodology for the calculation of data on costs of production.

Item 9.3: Promotion and Market Development Committee

32. The Chairman of the Promotion and Market Development Committee, Mr Andrea Illy of EU-Italy, said that the Committee had met on 26 September 2012. The report of this meeting was subsequently circulated as document PM-19/12. The Committee had reviewed a draft Plan for Promotion and Market Development contained in document PM-18/12 which involved a voluntary multi-stakeholder approach with no financial implications for the ICO. Both the 50th anniversary of the ICO in September 2013 and Expo 2015 in Milan would provide excellent opportunities for activities related to the plan and the promotion of coffee. Expo 2015 would include a coffee cluster and was expected to attract 24 million visitors and all Members were invited to consider participating in this landmark event. If the plan were approved, he would explore the possibility of Italy hosting the next World Coffee Conference at the time of Expo 2015. The Committee would establish a Steering Group to assist with implementing the plan, including clarifying legal aspects and developing a holistic claim about coffee for inclusion in institutional communications. With respect to coffee and health, if exporting Members took a decision to allocate resources in the Special Fund to further developing coffee and health programmes, he would encourage the Institute for Scientific Information on Coffee (ISIC) to consider the possibility of providing matching funding.

⁴ The following Members have expressed interest in taking part: Brazil, European Union, Guatemala, India, Indonesia, Mexico, Uganda and the USA.

33. With respect to the use of the Special Fund for coffee and health programmes, the Committee noted that exporting Members favoured matching finance from both categories of Members for promotion activities. Further information would be required on what the funds would be used for. The point was made that the resources were not finite and could be used to leverage other projects. This issue required further consultations and would be discussed again in March 2013.

34. The Council took note of this information and expressed its appreciation to the Chairman of the Committee for his efforts in developing the Plan. It decided to approve the Plan for Promotion and Market Development⁵ and noted that the terms of reference for the Steering Group would be developed by a working group including Brazil, Costa Rica, the EU, India, Indonesia, Mexico, Tanzania and the USA, and open to all interested Members. The terms of reference and composition of the Group would be finalized in March 2013.

35. Finally the Council noted the request for more information about EC Regulation 1169/2011 published in November 2011 and dealing with labelling of origin. The Regulation was due to come into force in 2014 and might have implications for producing countries. The Secretariat would follow this up with the representative of the EU and provide further information at the next meeting.

Item 9.4: Projects Committee

36. The Chairperson of the Committee, Ms Amy Karpel of USA, said that the Committee had met on 27 September 2012. The report of this meeting was subsequently circulated as document PJ-40/12. The Committee had noted the Secretariat was considering the possibility of merging the 'Coffee price risk management in Eastern and Southern Africa' project with the 'Sustainable input credit for financing the production end of the coffee value chains in Kenya, Tanzania and Uganda' project which had a component on risk management. The Executive Director would discuss options for moving forward on implementation with the representative of the World Bank who was also an advisor to the Core Group. The Committee had taken note of a presentation by UNCTAD on the project 'Economic Crises and Commodity dependent LDCs: Mapping the exposure to market volatility and building resilience to future crises' and had noted that further study and analysis on this issue would be valuable. The representative of the Common Fund for Commodities (CFC) had made a presentation on new guiding principles for the work of the CFC, which were not yet definitive and would be considered by the CFC at meetings later this year. Members had also noted that the ICO had cooperated with Sucafina S.A. on developing a multi-stakeholder project to promote the sustainable coffee sector in Burundi and had welcomed this initiative as a good example of diversifying sources of finance for projects and improving the interactions of the ICO with the private sector.

⁵ Subsequently distributed as ICC-109-13.

37. The Committee had considered document PJ-34/12 Rev. 1 containing a draft decision on the Virtual Screening Subcommittee (VSS) and had decided to extend the remit of the VSS until September 2015. It had also amended the terms of reference for the VSS to be broadened to take into account cooperation activities that might take place with other agencies, and recommended that the terms of reference for the Projects Committee should be similarly revised. In the case of a draft assessment document used to consider projects contained in document PJ-17 Rev. 1, the Committee had agreed to include a specific reference to whether the budget of a project was sufficient. The Committee had discussed the need for clear language on whether a proposal adequately considered gender. Document PJ-35/12 containing a report on gender analysis in coffee development projects was introduced. The Committee expressed its appreciation for the report and noted the value of presentations on gender and contribution of women to development (see Item 10 below). The Committee agreed that they should continue to examine the issue of gender analysis at future meetings. A small working group would work intersessionally with the Secretariat to review proposed new wording on gender and the draft assessment document would be considered again in March 2013.

38. The Council took note of this information and approved the proposal to revise the terms of reference for the Projects Committee contained in document PJ-34/12 Rev. 1⁶.

Item 9.4.1: Projects for approval by the Council

39. The Council noted that the Projects Committee had considered document PJ-38/12 containing the reports and recommendations of the VSS on two revised proposals. On the recommendation of the Committee the Council decided to approve the proposal entitled 'Economic incentives for coffee agroforestry systems in Costa Rica' for submission to the CFC. The Council noted that the second proposal (Promoting coffee sustainability through productivity increases and youth participation in Cameroon and the Central African Republic) would be revised and resubmitted to the Projects Committee in March 2013.

Item 9.4.2: Projects being implemented and concluded projects

40. The Council took note of document PJ-39/12 containing a progress report on projects currently being implemented.

⁶ The final document was circulated in document ICC-109-11 (Annex III).

Item 10: Cooperation with other agencies

41. Dr Eve Crowley, Principal Adviser and Officer-in-Charge, Gender, Equity and Rural Employment Division, Economic and Social Development Department of the Food and Agriculture Organization of the United Nations (FAO) made a presentation on the work of the FAO on gender (<http://www.ico.org/presents/1112/fao-gender.pdf>). Ms Grace Mena, President, International Women's Coffee Alliance (IWCA) presented progress on establishing IWCA chapters, most recently in East Africa, with support from the International Trade Centre UNCTAD/WTO (ITC) and the Department for International Development (DfID), United Kingdom (<http://www.ico.org/presents/1112/iwca-itc.pdf>). The representative of DfID noted the value of investing in women who played an important role in supplying the coffee chain. Copies of an ITC/IWCA brochure highlighting cooperation and plans and other IWCA materials were made available. The Council expressed its great appreciation for these informative and valuable presentations. The issue of gender was very important and of considerable interest to Members. Increasing investment in women in the coffee sector would benefit the whole chain and Members welcomed further collaboration with both organizations on increasing gender equality.

42. The Executive Director reported that he had attended the Rio+20 United Nations Conference on Sustainable Development which took place from 20 to 22 June 2012 in Brazil. He had also held meetings with representatives of the Sustainable Trade Initiative (IDH) and attended the 19th meeting of the CFC and ICBs and the 69th Session of the FAO Committee on Commodity Problems held in Rome in May 2012. As reported in March 2012, the ICO had agreed to participate on an advisory panel for the UN Forum on Sustainability Standards (UNFSS) of high-level experts to facilitate the structuring and focus of UNFSS debate and activities. A meeting of the Panel took place in June 2012, and a copy of the summary conclusions was available on request. Finally, the ICO would participate in a Data Collection workshop organized by the State of Sustainability Initiative in October 2012. The Council took note of this information.

Item 11: 50th anniversary of the ICO

43. The Executive Director said that the Organization would commemorate its 50th anniversary in 2013. Documents ICC-109-9 and ICC-109-3 respectively contained an invitation from the Government of Brazil to host the 50th anniversary meetings in 2013, and information about requirements for ICO meetings for host Governments. Mr Elmiro Alves do Nascimento, Secretary of State for Agriculture, Minas Gerais, introduced document ICC-109-9 and said that it was proposed to hold the meetings in Belo Horizonte in Minas Gerais, the largest coffee-growing state in Brazil. A short film about Minas Gerais was shown. The Council expressed its appreciation for this generous invitation and decided that the 50th anniversary meetings should take place in September 2013 in Belo Horizonte, Brazil.

Item 12: National coffee policies

Ecuador

44. The representative of Ecuador made a presentation on a coffee reactivation project in his country. A copy of this presentation is available on the technical presentations section of the ICO website (<http://www.ico.org/presents/1112/council-september-ecuador.pdf>). The Council took note of this information.

10th African Fine Coffees Association (AFCA) Conference

45. The Council noted that all Members were invited to attend the 10th AFCA Conference which would take place in Uganda from 14 to 16 February 2013.

Item 13: Financial and administrative matters

Item 13.1: Finance and Administration Committee

46. The Chairman of the Finance and Administration Committee, Mr Jawaid Akhtar of India, said that the Committee had met on 24 September 2012. It had received a report on the financial situation as at 31 July 2012 (see document FA-47/12) and had noted that this was satisfactory. In the case of contributions, where an exchange rate difference occurred, resulting in an under or over-payment, the Committee agreed to recommend to continue giving the Secretariat discretion in determining votes when the resulting underpayment was relatively small. The Committee had considered the issue of banks with which the ICO could place deposits and transact business (see document FA-48/12) and had decided to recommend that two additional banks be added to the list of approved banks, i.e. Standard Chartered plc and Cooperative Bank plc. The Committee had also considered the appointment of registered auditors and had decided to recommend that Nexia Smith & Williamson should be reappointed as the auditors for the financial year 2012/13. Lastly, the Committee had considered the process of appointment of a new Head of Operations which had been notified to Members in document ED-2138/12, and had noted that the Executive Director would consult Members about advertising the post and advise accordingly.

47. The Council took note of this information and, on the recommendation of the Committee, decided that the Executive Director should appoint Nexia Smith & Williamson as auditors for the financial year 2012/13, and approved the inclusion of two new banks in the list of approved banks and the continuing practice of the Secretariat in determining votes when under-payments of contributions were relatively small. Finally, the

Council noted that procedures for chairing Committees in cases where both office holders were unable to attend would be discussed by the Finance and Administration Committee in March 2013.

Item 13.2: Draft Administrative Budget for the financial year 2012/13

48. The Chairman of the Finance and Administration Committee said that following discussions during the week of 24 to 28 September 2012, the Committee had decided to recommend to the Council that it should approve the draft Administrative Budget for 2012/13 contained in document FA-29/12 Rev. 2. Based on overall expenditure of £3,152,000 and estimated revenue from external sources of £186,000, with an exceptional amount of £24,000 set aside from the surplus for 2011/12, the contribution per vote would be £1,471 representing an increase of 1.66% compared with the financial year 2011/12. The Council took note of this information and of document FA-49/12 containing a cost analysis and decided to approve the draft Administrative Budget for 2011/12 contained in document FA-29/12 Rev. 2⁷.

Item 13.3: Premises

49. The Council noted that Committee Members had been invited to view the first and second floors to see the results of the refurbishment. Additional costs had been incurred for the removal of asbestos on the second floor which was present in larger quantities than expected, but other areas of refurbishment had been cut back to accommodate the unexpected costs. The contractors had completed the works on time and were broadly within budget and the Committee had expressed its appreciation to the Executive Director for ensuring that the refurbishment was completed within the timeframe allocated.

Item 14: Office holders and committees

Item 14.1: Chairperson and Vice-Chairperson of the Council

50. In accordance with the procedures provided for in Article 10 of the 2007 Agreement, the Council elected the following office holders for the Council for 2012/13:

Chairperson: Mr David Braun of Switzerland

Vice-Chairperson: Ambassador José Ángel López Camposeco of Guatemala

⁷ Subsequently distributed as document ICC-109-10.

Item 14.2: Composition of Committees

51. The Executive Director introduced document WP-Council 219/11 Rev. 1, which proposed that Rusteacoffee should be included in the category of consuming members of the PSCB. The Council took note of this information and designated Rusteacoffee as a member of the PSCB for coffee years 2011/12 and 2012/13, and warmly welcomed it as a new consuming association.

52. The Council decided that the composition of Committees in 2012/13 should be as follows:

Promotion and Market Development Committee

Exporting Members: Brazil, Cameroon, Colombia, Costa Rica, India, Indonesia, Mexico and Tanzania

Importing Members: European Union, Switzerland and the USA

Projects Committee

Exporting Members: Brazil, Colombia, Ecuador, Guatemala, Kenya, Indonesia, Uganda and Vietnam

Importing Members: European Union, Switzerland and the USA

Finance and Administration Committee

Exporting Members: Brazil, Colombia, Côte d'Ivoire, India, Mexico and Vietnam

Importing Members: European Union, Switzerland, the USA – fourth Member to be confirmed in March 2013 following consultations

Statistics Committee

Exporting Members: Angola, Brazil, Colombia, Ecuador, Ghana, Guatemala, India and Indonesia

Importing Members: European Union, Switzerland and the USA

Item 15: Other business

H.E. Mme Josefa Sacko of the InterAfrican Coffee Organisation (IACO)

53. Members noted that this would be the last meeting attended by H.E. Mme Sacko who had played an important role in developing ICO policies, strengthening cooperation on production in the African region and increasing the representation of African Members at the ICO. The Council further noted there was a need for continuing support from partners in developed countries to the African region which faced many challenges.

Ms Amy Karpel of USA

54. Members noted that this might be the last meeting attended by Ms Karpel, however the Executive Director would contact her Government to request that she continue in her post as delegate in view of her excellent contributions to the work of the ICO.

Mr José Sette, Head of Operations

55. The Council noted that Mr Sette would be leaving the ICO at the end of December 2012, and expressed its great appreciation for his diplomatic and professional skills and service to Members during the last five years, including acting as Executive Director in 2010/11.

Mr Guillermo Fernández, Chef d'Equipe

56. The Council noted that Mr Fernández who had provided interpretation for the ICO since 1963 had retired and thanked him for his long-standing service and dedication to the Organization.

Item 16: Future meetings

57. The Council noted the importance of food safety for Members and agreed that it should be included as a permanent item on its Agenda to enable Members to identify and consider legislation with implications for the sector.

58. The Council noted that its next Session would take place in London from 4 to 8 March 2013.



International Coffee Council

109th Session

24 – 28 September 2012

London, United Kingdom

Resolution number 449

APPROVED AT THE FIRST PLENARY MEETING,
24 SEPTEMBER 2012

**Extension of the time limit for
ratification, acceptance, approval or accession**

WHEREAS:

Paragraph (3) of Article 40 of the International Coffee Agreement 2007 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 448 the period for the deposit of instruments of ratification, acceptance or approval of the International Coffee Agreement 2007 is further extended to 30 September 2012;

Under the terms of paragraph 1 of Resolution 447, Governments eligible for membership in accordance with Article 43 of the Agreement may accede by depositing an instrument of accession with the Organization no later than 30 September 2012 or such other time as the Council may decide; and

A number of Governments have indicated that they require additional time to deposit the required instruments,

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 and of Resolution 448 from 30 September 2012 to 30 September 2013.

To extend the period for the deposit of instruments of accession to the International Coffee Agreement 2007 with the Depositary under the provisions of Article 43 of the Agreement and of Resolution 447 from 30 September 2012 to 30 September 2013 or such other time as the Council may decide.