



Organización Internacional del Café  
Organização Internacional do Café  
Organisation Internationale du Café

ICC 101-7

7 October 2008  
Original: English

E

**Decisions and Resolutions adopted  
at the 101<sup>st</sup> Session of the  
International Coffee Council**

**22 – 26 September 2008**

1. The International Coffee Council, chaired by Mr G.V. Krishna Rau of India, met from 22 to 26 September 2008.

**Item 1: Adoption of the Agenda and schedule of meetings**

2. The Council adopted the draft Agenda contained in document ICC-101-0 Rev. 2 and took note of the schedule of meetings.

**Item 2: Admission of observers**

3. The Executive Director said that document WP-Council 186/08 contained a request from a non-governmental organization (NGO), Oxfam, to participate as observers in the Council Session. Oxfam had expressed interest in Item 6 of the Council's Agenda, in particular sub-items 6.3 and 6.4. He invited Members to consider this request and the issue of participation by NGOs as observers in general, noting that draft procedures for observers were being dealt within the context of revisions to the Rules of the Organization (document WP-Council 165/08 Rev. 1) that would be discussed during this Session.

4. In discussions on this item, points raised by Members included the fact that NGOs participated in the work of other organizations such as the United Nations and could enrich the proceedings of the Council. Oxfam's participation and that of other observers in the work of the Organization should be welcomed. It was also noted that unrestricted access to all Agenda items might not be appropriate and it would be useful to identify items which were open to observers. Consideration should also be given to developing a mechanism whereby organizations would be able to know in advance of the meeting whether or not they could

participate. The point was also made that NGOs should not participate in intergovernmental forums, and at future meetings, the ICO might receive requests from a number of NGOs which could be time-consuming to debate. A proposal was put forward for future participation of NGOs in Council Sessions to be based on a number of conditions. Firstly, participation should only be considered after the preparations for the ICA 2007 (such as terms of reference for new bodies and the draft strategic action plan) had been completed. The NGO should submit its request to the Council before the Session, at least 14 days in advance, providing an explanation for the request, including expertise in relation to particular Agenda items. Once the request had been received, the Executive Director should immediately notify Members, to enable them to consider this matter. Members should give their views and if there was consensus that the NGO could attend, it should only be for that particular Session and for specific Agenda items requested by the NGO and authorized by the Council.

5. The Council took note of this information and noted that the proposal for participation of NGOs would be considered at the time of discussions on Rule 6 of the Rules of the Organization. The Council further noted that as no consensus could be reached, a decision on the admission of Oxfam could not be taken at this Session.

**Item 3:                      Votes and credentials**

**Item 3.1:                  Votes in the Council for coffee year 2007/08**

6. The Council took note of the situation of outstanding payments affecting voting rights as at 25 September 2008 and approved the redistribution of votes in the Council and Executive Board for coffee year 2007/08 contained in document EB-3934/07 Rev. 5.

**Item 3.2:                  Initial distribution of votes in the Council  
for coffee year 2008/09**

7. 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.

8. The Secretary said that documents ED-2041/08 Rev. 1 and ED-2042/08 Rev. 2, respectively, contained the latest information on the basis for the distribution of votes among exporting and importing Members for coffee year 2008/09. He introduced document EB-3952/08 showing the initial distribution of votes for coffee year 2008/09. The Council took note of this information and approved the initial distribution of votes for coffee year 2008/09, which would be used as the basis for assessing contributions.

**Item 3.3:                    Credentials**

9.        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-101-6.

**Item 4:                    Membership**

**Item 4.1:                    Membership of the  
International Coffee Agreement (ICA) 2001**

10.      The Secretary reported that, as at 22 September 2008, there were 77 Members of the Organization, comprising 45 exporting and 32 importing countries. Under the provisions of Resolution 434, non-member countries had until 30 September 2008 to deposit an instrument of ratification, acceptance, approval or accession.

11.      The Secretary introduced document WP-Council 183/08 containing 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 2009, with provision for its termination once the 2007 Agreement entered into force. The Council decided to approve this draft Resolution, which became Resolution 438, a copy of which is attached to these Decisions.

**Item 4.2:                    Membership of the ICA 2007**

12.      The Secretary said that the ICA 2007 had been open for signature at the ICO headquarters in London from 1 February 2008 to 31 August 2008. Thirty-two Governments (28 exporting and four importing Governments) signed the Agreement by the deadline, including four new Members (Liberia, Timor-Leste, Turkey and Yemen). Depositary Notifications had been issued for all these actions and document DN-38/08 containing a report on the status as at 31 August had been circulated to Members. Information was also posted on the ICO website ([www.ico.org/depositary\\_e.asp](http://www.ico.org/depositary_e.asp)).

13.      Document ICC-101-3 contained a report on the status of the 2007 Agreement. Two exporting Members (Kenya and Vietnam, holding 13.9% of the votes of exporting Members) and two importing Members (the European Community and the USA, holding 89.8% of the votes of importing Members), had ratified, accepted, or approved the Agreement as at 5 September 2008. The requirements for the entry into force of the ICA 2007 had been met by importing Members but had not yet been met in the case of exporting

Members. Document WP-Council 183/08 contained draft Resolutions extending the time-limit for the deposit of instruments of ratification, acceptance or approval, and establishing procedures for accession to the 2007 Agreement.

14. The Council took note of this information and of the report on the status of the ICA 2007 contained in document ICC-101-3, and further noted that India had deposited an instrument of ratification on 22 September 2008. The Council also took note of additional documents circulated during the meeting, including document WP-Council 183/08 Add. 2 (ICAs 2001 and 2007 – Proposal from Ecuador), documents WD-Council 4/08, 6/08 and 7/08 containing proposals for new deadlines for signature and deposit of instruments of ratification, acceptance or approval, and document WD-Council 3/08, containing examples of decisions taken by the Council on successor Agreements. The option of provisional application by signatory Governments was highlighted as a procedure which could expedite the entry into force of the ICA 2007.

15. 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 31 August 2008. The Council was the supreme authority of the Organization under the ICA 2001, which was still in force during this period of transition. The Council further noted that it had taken decisions about successor Agreements under previous Agreements, as indicated in document WD-Council 3/08. Members considered that it was desirable for the new Agreement to enter into force as soon as possible and that it would be useful to establish new deadlines for signature and deposit of instruments of ratification, acceptance or approval.

16. Following informal consultations and further discussions, the Council noted that the establishment of new deadlines would facilitate membership by Governments which had not yet signed the Agreement or deposited instruments. It decided to establish 25 September 2009 as the new deadline for signature and deposit of instruments of ratification, acceptance or approval, and approved the draft Resolutions contained in documents WD-Council 6/08 and 7/08, noting that a reference to ‘except as otherwise provided’ should be included in the second paragraph of document WD-Council 6/08. These draft Resolutions became Resolution 439 and 440, copies of which are attached to these Decisions. Finally, the Council urged all Members to expedite the necessary formalities for membership as soon as possible, to avoid a similar situation recurring in September 2009, and to ensure that the new Agreement entered into force as soon as possible.

#### *InterAfrican Coffee Organisation (IACO)*

17. The Council noted that document WP-Council 185/08 contained a request for membership received from IACO and information about possible options for membership under the ICA 2007. The Secretary-General of IACO confirmed that the Chairman of IACO, representing 25 IACO members, had requested full membership for IACO, with five basic

votes like other sovereign Members. IACO had the status of an intergovernmental organization and its Agreement was deposited with the United Nations Economic Commission for Africa (UNECA). It had expressed its interest in becoming a Member during the negotiations on the 2007 Agreement (see document WP-WGFA 9/07), and its participation would be valuable for the African region in many ways, as outlined in Section 5.2 of document WP-Council 181/08. It would be useful to communicate the collective views of African Members on a regional basis and maximize the contribution and active participation of Africa in ICO activities and the development of the coffee sector. IACO had already encouraged membership by Liberia and would work to ensure that two other IACO Members which were not ICO Members completed the necessary procedures in due course. Article 5 (Group membership) of the ICA 2007 included provision for two or more contracting parties to notify the Council and declare that they were participating as a Member group, on conditions to be agreed by the Council. Conditions for group membership should be considered under the ICA 2007, and not the ICA 2001.

18. In discussions on this item, it was suggested that possible conditions could provide that Contracting Parties would retain their sovereignty and would continue to pay their contributions directly to the ICO. The need for further clarification on a number of issues, including payment of contributions, votes, competences and spokesperson was stressed.

19. The Council expressed its appreciation for this proposal. It noted that the legal implications would need to be considered further by some Members, and issues such as powers, payment of contributions, votes, etc. would need to be clarified. The Council further noted that IACO would discuss this matter again at its General Assembly in November 2008 and could provide further information at the next meeting. The Executive Director would work closely with African Members to facilitate the formulation of a proposal establishing the means for IACO's participation for consideration by the Council under the provisions of Article 5 of the ICA 2007. As other intergovernmental organizations might be interested in membership in the future, it would be useful if he could present a report on general issues which needed to be taken into account, so that Members would be in a better position to consider future applications for group membership. The Council would review this matter again at its next Session.

#### **Item 5: Coffee market situation**

20. The Executive Director introduced his report on the market situation (contained in the Letter from the Executive Director – August 2008). He noted that since 2005, there had been a trend towards a slow but sustained recovery in prices, with some periods of volatility. Although most commodity prices had been subject to a significant downward correction during the month of August, coffee prices had proved more resistant, with the ICO composite indicator price only slightly down from 132.78 US cents per lb in July to 131.14 US cents per lb in August, and 122 US cents per lb as at 19 September. The firmness in prices had

continued despite the recent appreciation in the exchange rate of the US dollar compared to other important currencies. These price levels reflected the importance of market fundamentals as opposed to factors solely related to speculative movements. A tight supply/demand balance remained the dominant factor in the coffee market.

21. In Brazil, CONAB had published a revised estimate of the country's production for crop year 2008/09, indicating a figure of 45.85 million bags (see document WP-Council 184/08). On this basis, Brazilian production for crop year 2008/09 would be the highest recorded since crop year 2002/03, when production totalled 48.48 million bags. Despite this, the combined effect of the low level of opening stocks in crop year 2008/09 and the need to set aside coffee for export during the low year of the biennial cycle in 2009/10 was likely to have an impact on the flow of Brazilian exports. Moreover, Brazilian domestic consumption was likely to account for more than 18 million bags in 2008/09. The ICO's estimate for world production in crop year 2008/09 had been revised to around 131 million bags in light of the new Brazilian estimate and other information received from exporting Members.

22. The Executive Director noted that despite improvements in coffee prices, the impact of increased costs for inputs such as fertilizers and transport and the depreciation of the dollar meant that in real terms, benefits to producers from the recovery in prices had been diluted. Many producing countries were facing difficulties as a result of the increased costs of labour and labour shortages. The higher prices were not yet significant enough to increase production levels or renovate ageing coffee plantations where coffee quality and productivity had fallen. He stressed the need to consider developing national coffee policies which would make better use of technology and increase productivity, and drew attention to the issue of land being used for bio-fuels which could eventually lead to a reduction in the area available for coffee-growing. He noted that the recent hurricanes in the Caribbean had affected Cuba, Haiti and other countries in the region. Many casualties had been reported, as well as damage to economic infrastructure. The impact on coffee plantations was still being assessed.

23. Total exports to all destinations were 96.4 million bags in 2007, a substantial increase on the 86.3 million bags recorded in 2003. Total exports during the first ten months of coffee year 2007/08 (October 2007 – July 2008) fell by 4.2% compared to the figure for the same period in coffee year 2006/07. This decrease in the flow of exports had helped to maintain a balance between supply and demand. He drew attention to the fact that stocks in producing countries were negligible and were not being renewed. The value of exports for 2007 amounted to almost US\$13 billion and was expected to rise further in 2008. This was a significant recovery from the level of US\$5.6 billion in 2003.

24. Regarding consumption, the preliminary estimate of world consumption in calendar year 2007 was around 124.7 million bags compared to 121.1 million bags in 2006, an increase of 2.9%. If current growth rates continued, world consumption could increase to

around 128 million bags in 2008, with producing countries accounting for 30 million bags. This was positive for the market and he envisaged that the current price levels would continue, or increase if there was a reduction in supply.

25. In discussions on this item it was suggested that it would be useful to include a number of matters in future reports. In the case of price trends, it would be useful to have an indication of key cost factors which needed to be taken into account such as energy and fertilizer costs, to see to what extent prices were indicating the same tendencies as in other periods. The area of price forecasting was also of interest and it would add depth to discussions to have an indication of what the market would be like in the next year or two. It was also suggested that it would be very helpful to have information about the nature and impact of programmes in producing countries such as financing programmes for coffee production or for renovation of plantations. This would help to inform the understanding of Members about how prices were affected by the actions of Governments and the private sector. Finally, it was suggested that it would be helpful to have estimates for consumption in non-member countries which could influence demand (possibly in a study), and to know the share of producing countries in the total value of the coffee chain. The Executive Director noted that costs of inputs varied in each country and requested exporting Members to provide him with data on increases in inputs such as fertilizers, transports, freight, etc., to enable him to review production costs (see document ED-2038/08). With regard to forecasting, he noted that while he could provide estimates on production, price forecasting was inherently difficult and could create expectations in the market that might not be fulfilled. It would be useful for exporting Members to regularly inform him about the impact of programmes in their countries and he invited Colombia to make a presentation at a future meeting about its programme to renovate plantations, which would increase production levels in this country.

26. The Council took note of this information and further took note of the final official estimate for the Brazilian coffee crop for 2007/08 and the third production estimate for the 2008/09 coffee crop in Brazil contained in document WP-Council 184/08.

#### **Item 6: Preparations for the ICA 2007**

27. The Council took note of documents WP-Council 166/08, WP-Council 177/08 and WP-Council 181/08, respectively, containing communications received from Indonesia, the USA and the African Group in connection with terms of reference and other documents related to the ICA 2007.

28. In preliminary discussions on this item, Members noted the need to distinguish between committees and advisory bodies such as the Private Sector Consultative Board (PSCB) and Consultative Forum on Coffee Sector Finance. Under the new Agreement, there would be many more producing countries than consuming countries. This would need to be taken into account in the composition of the committees. One option would be not to

designate a specific number of representatives, or alternatively to have a different number of exporting and importing Members. In the case of some bodies where specific skills would be required (such as the Finance and Administration Committee), while they should be open to all Members, it would be helpful to designate core representatives. In the case of the Consultative Forum on Coffee Sector Finance, a vision for how this new body would function was needed. The point was also made that the question of resources for development was crucial as without resources, no progress could be made in the area of sustainability.

#### **Item 6.1:                   Revisions to the Rules of the Organization**

##### *Rules of the International Coffee Organization*

29. The Secretary introduced document WP-Council 165/08 Rev. 1 containing proposals for revisions to the Rules of the International Coffee Organization. It was proposed to focus on reviewing specific rules which required further detailed discussion by Members.

30. The Council proceeded to review the proposals for revisions to the Rules of the Organization contained in document WP-Council 165/08 Rev. 1. Documents WD-Council 1/08, WD-Council 2/08 and WD-Council 5/08 respectively containing proposals for Rules 35, 6 and a new Rule under Chapter V were circulated during the meeting. The Council noted that a revised document reflecting the proposals and suggestions made by Members during the meeting would be prepared and circulated to Members for consideration at the next Session.

##### *Financial Regulations and Financial Rules of the Organization*

31. The Chairman of the Finance Committee said that in May 2008, the Committee had briefly reviewed proposals for revisions to the Financial Regulations and Financial Rules of the Organization. A revised document (document WP-Council 172/08 Rev. 1) had been circulated to Members, incorporating suggestions which had been made, and this had been reviewed again by the Committee at its meeting on 22 September. He stressed that the Committee had not been able to review the Rules in detail, and drew the attention of Members to the question of the decision-making competence of the Finance and Administration Committee. A number of matters would be referred to it for approval, but it might only have the power to make recommendations. Rules which needed to be looked at in detail included Rules 3, 4.1, 5.2, 7.5 and 7.6, 8.2, 9, 10.1, 11.1 (a) and (b); and Regulation 8.2 and 8.5.

32. The Council proceeded to review the proposals for revisions to the Financial Regulations and Financial Rules of the Organization. A number of further amendments, particularly relating to the relative roles of the Finance and Administration Committee and of



the Council, were suggested. Document WD-Council 8/08, incorporating suggestions which had been made, was circulated during the meeting. The Council noted that the Financial Regulations and Financial Rules would be presented again to the Finance Committee for further consideration prior to being considered by the Council.

**Item 6.2: Rules on Statistics**

33. The Secretary introduced document WP-Council 180/08 containing proposals for revisions to the Rules on Statistics – Statistical Reports. On the recommendation of the Statistics Committee, the Council decided to approve this document, which would take effect on the entry into force of the ICA 2007.

34. The Secretary introduced document WP-Council 179/08 containing proposals for revisions to the Rules on Statistics – Certificates of Origin. The Council noted that the Statistics Committee wished to review this document further before submitting it to the Council for approval.

**Item 6.3: Terms of reference**

35. The Secretary said that the Secretariat had circulated revised draft terms of reference incorporating proposals made by Members for new advisory bodies and committees under the ICA 2007. He noted that document WP-Council 181/08 contained comments by the African group on the draft terms of reference.

*Advisory bodies*

*Consultative Forum on Coffee Sector Finance*

36. The Council reviewed document WP-Council 167/08 Rev. 1 containing revised draft terms of reference for the Consultative Forum on Coffee Sector Finance. The Council noted that suggestions made by Members would be reflected in a revised document which would be circulated to Members for consideration at the next Session.

*Private Sector Consultative Board*

37. The Council reviewed document PSCB-107/08 Rev. 1 containing revised draft terms of reference for the Private Sector Consultative Board (PSCB). The Council noted that suggestions made by Members would be reflected in a revised document which would be circulated to Members for consideration at the next Session.

### *Committees*

38. The Council noted that document WP-Council 168/08 Rev. 1 contained revised draft terms of reference for the Promotion and Market Development Committee, document WP-Council 169/08 Rev. 1 contained revised draft terms of reference for the Projects Committee, document WP-Council 170/08 Rev. 1 contained revised draft terms of reference for the Finance and Administration Committee, and document WP-Council 171/08 Rev. 1 contained revised draft terms of reference for the Statistics Committee. In view of time constraints, discussion of these documents would be postponed to the next Session.

### *Next steps*

39. The Council noted that it had only been possible to discuss terms of reference for the Consultative Forum on Coffee Sector Finance and the PSCB at this Session. It noted that the Secretariat would circulate updated documents for both bodies incorporating suggestions which had been made during the week, and requested the Secretariat to ensure that the provisions of the Agreement were not repeated unnecessarily in the draft terms of reference. The Executive Director invited Members to send suggestions to the Secretariat on all revised draft documents relating to the ICA 2007 well in advance of the next meeting, to enable the Council to consider any additional proposals and conclude its discussions on these issues at that time.

### **Item 6.4: Strategic action plan**

40. The Council noted that document ICC-101-1 containing a report on progress on implementing the outline plan of action for the 2001 Agreement and document WP-Council 173/08 Rev. 1 containing a revised draft strategic action plan for the ICA 2007 had been circulated to Members in advance of the Session. An additional document, document WP-Council 188/08 containing comments from Jamaica, was circulated at the meeting.

41. The Council noted that due to time constraints, discussion of these documents would be postponed to its next Session.

### **Item 6.5: Development strategy for coffee**

42. Annex VIII of the Manual for the Common Fund for Commodities (CFC) requires a clear development strategy for each International Commodity Body, subject to review every four years and updated if required by changing circumstances. The current Development strategy for coffee (document EB-3768/01 Rev. 3) was revised and approved by the Council in May 2004. It would need to be updated and revised as appropriate in the light of the ICA 2007, taking into account the conclusions of the CFC/ICO workshop on coffee development priorities held in September 2006 (document CFC/ICO-8/06).

43. The Council noted that due to time constraints, discussion of this document would be postponed to its next Session.

**Item 7: Coffee development projects**

**Item 7.1: Projects for approval by the Council**

44. The Council noted that the Board had considered document EB-3951/08 containing the report and recommendations of the Virtual Screening Committee (VSC) on six proposals. The Board had decided to recommend that the Council should approve the following proposal for submission to the CFC:

- *Raising income security of smallholder coffee farmers in Malawi and Tanzania through sustainable commodity diversification* (document WP-Board 1056/08, containing terms of reference prepared by the Common Fund for Commodities (CFC) in response to the request by the Governments of Malawi and Tanzania to replicate two ongoing projects sponsored by the ICO in Latin America).

45. The Council further noted that the Board had recommended that the remaining projects should be revised as follows:

- *Qualitative and quantitative rehabilitation of coffee with the aims of improving living conditions of coffee farmers afflicted and displaced by war and their restoration to their areas of origin as well as the protection of their biophysical environment in the Democratic Republic of Congo* (document WP-Board 1055/08). The Board had recommended that this proposal should be revised taking into account the comments of the VSC.
- *Sustainable coffee production by smallholder farmers in Ethiopia: An integrated approach for quality improvement, poverty reduction and biodiversity conservation* (document WP-Board 1052/08) and *Improving coffee quality in East and Central Africa: Scaling up of enhanced processing practices in Ethiopia and Rwanda* (document WP-Board 1053/08). In the case of these two projects, the Board had initially decided to recommend approval of the first proposal, however following further clarification by the representative of the CFC, had decided to recommend that both proposals should be revised by the proponents and combined into a single project, with the guidance of the CFC and the Secretariat, in the light of the offer by the CFC to assist with the reformulation of the project. The Board further noted that concerns such as the need for issues specific to Ethiopia to be dealt with by Ethiopian organizations which had familiarity with financial and extension systems in the country would be taken into account.

- *Characterization, enhanced utilization and conservation of Coffea germplasm diversity* (document WP-Board 1054/08). The Board had recommended that in addition to being further revised, alternative sources of financing should be identified both by the proponents and the ICO, as the project in its current format might not be suitable for funding by the CFC.
- *Enhancing resource use efficiency in coffee production and processing by Farmer 2 Farmer learning* (document WP-Board 1049/08). The Board took note of the importance of this project for Vietnam and decided to recommend that it should be revised to take into account comments by the VSC, and to provide additional information on technical areas where this was missing.

46. The Council took note of this information and, as recommended by the Executive Board, decided to approve the proposal entitled ‘Raising income security of smallholder coffee farmers in Malawi and Tanzania through sustainable commodity diversification’ for submission to the CFC.

47. In discussions on the two proposals concerning Ethiopia, the importance of retaining the elements of genetic conservation and biodiversity in the project ‘Sustainable coffee production by smallholder farmers in Ethiopia: An integrated approach for quality improvement, poverty reduction and biodiversity conservation’ when merging the proposals was stressed by several Members. A large part of the coffee genetic bank was in Ethiopia and pressure on its forests meant that unknown varieties of coffee were at risk of extinction. The Council noted that the CFC had suggested that the concepts of the two proposals should be merged and terms of reference developed to submit to the CFC to provide an expert to develop a project proposal, which would in due course be considered for approval by the Council.

48. The Council decided that the concepts of both proposals should be merged into a single concept, and terms of reference prepared for submission to the CFC to fund a detailed project proposal for consideration by the Council in due course.

49. Finally the Council decided that the remaining proposals should be revised as recommended by the Board and took note of a statement by Vietnam on the project entitled ‘Enhancing resource use efficiency in coffee production and processing by Farmer 2 Farmer learning’.

## **Item 7.2: Projects already approved by the CFC**

50. The Head of Operations introduced document ICC-101-2 containing progress reports on the implementation of projects approved by the CFC. The Council took note of this report.

**Item 8: Coffee berry borer (CBB)**

**Item 8.1: Summary of outcomes of the Integrated Pest Management of the CBB project**

51. The representative of the Project Executing Agency, Mr Peter Baker of CABI, presented a summary of outcomes of the Integrated Pest Management of the CBB project which concluded in 2002. His presentation can be downloaded from the ICO website ([www.ico.org/presents/2008/cbb0908.pdf](http://www.ico.org/presents/2008/cbb0908.pdf)). He noted the CBB was returning, due in part to more favourable climatic conditions. Change was accelerating and another project with a focus on Integrated Pest Management could be too narrow. A change in paradigm could be needed. Some countries with mountain grown Arabica coffee might need to fundamentally assess their coffee production to stay in business. The CBB could be seen in a positive light as a necessary stimulus to bring about changes in perceptions. Projects needed to consider implications for coffee in 10 to 20 years time in the light of issues such as climate change, certification and Maximum Residue Levels of pesticides. The need to maintain institutional memory and involve young people was also stressed. Copies of a CD-Rom containing the CBB manual for collaborative research with smallholder coffee farmers were distributed to producing Members at the meeting. Additional copies of the CD-Rom are available on request from the Secretariat.

52. The Council took note of this report and further noted that an impact assessment of the project was being undertaken. Finally, the Council took note of the executive summary of the final report on this project contained in document ICC-86-5.

**Item 8.2: Current status**

53. The Chairman noted that, as stated in the Convocation of meetings (document ED-2039/08), countries had been invited to send technical experts to report on the status of CBB in producing countries.

54. In discussions on this item, the point was made that the project had proved very useful in India, where capacity-building and institutional mechanisms to develop bio-control methods in laboratories had been developed. During harvesting season, there had been sufficient pickers to ensure that cherries were not left on the ground, and it had been possible to keep the CBB under control. However as a result of adverse weather conditions, the CBB had been found in new areas. Training programmes for farmers had been initiated and it was hoped that this could be resolved, and that scientists with the necessary knowledge could help to train others. The Council took note of this information.

**Item 8.3: Seminar on CBB in May 2009**

55. The Council noted that provision had been made in the programme of activities for 2008/09 (document EB-3945/08 Rev. 1) for a seminar on the CBB at the time of the first Council Session in 2009. The Secretariat could circulate terms of reference for the seminar in advance and suggested that it would be useful to include representatives of countries involved in the original project.

56. In discussions on this item, the Council noted that Brazil would be willing to send scientific and technical experts to present scientific findings at the seminar, and had particular expertise in the area of Robusta coffee. Members noted that it would be important to encourage contributions on both past and new work in this area. One example of valuable work being undertaken was a project by a Colombian scientist on the thermal tolerance of the CBB, which had important implications for why it was not present in some regions. Another key point was that it was a parasitoid, and research had found that 80% of parasitoids came from the berries on the ground. By destroying such berries, the parasitoid would be destroyed. In view of the prevalence of the pest, concerted scientific action was needed and all producing countries were urged to share their research and contributions. Assistance from coffee institutions with costs and extension services was needed as growers were unlikely to have the resources for initial materials which were needed. Cultural factors, such as the resistance of farmers to changes proposed by outside agents, also needed to be taken into account. One option might be to hold the seminar a day before the Council and present a summary of the conclusions to Members during the Council. It was also noted that Ecuador would appreciate the offer by Brazil to send experts to help its growers.

57. The Council noted that the seminar would be open to both Member and non-member countries. The Executive Director would consider the timing of the seminar and whether a full day or an extended afternoon Session during the Council should be allocated. Members were invited to submit their suggestions for topics and speakers as soon as possible to assist the Secretariat in making the necessary arrangements. In view of the limited resources available, countries were invited to send scientists as part of their delegations.

**Item 9: Report by the Sustainable Coffee Partnership (SCP)**

58. Mr Jason Potts of the Sustainable Coffee Partnership made a presentation on the Committee on Sustainable Assessment (COSA) impact assessment tools, and Mr Michael Opitz of EDE Consulting presented research on the costs of transition to sustainable practices (GAP analysis). Copies of both presentations are available on the ICO website (<http://dev.ico.org/presents/presentation0708.htm>). The Council took note of these reports and of document ICC-101-4 containing a report on the COSA preliminary analysis of sustainability initiatives in the coffee sector.

59. In discussions on this item, points raised by Members referred to the fact that the model was currently very data intensive and required a certain level of education to use it. It might not therefore be very useful for many producers. Interest in sustainability was increasing, and it was important to have an analysis which could be used by small-holder farmers and to review the improvements which would be needed and investment required, yet the report did not assist Members in making recommendations as to which certification programmes should be adopted by farmers. There was no information about which certification had the best economic impact. There was concern that the costs and benefits were not shared; the costs of certification were high for small producers who usually had little experience in record-keeping, making it difficult to certify them. The Statistics Committee had suggested revisions to Certificates of Origin to begin to expand information. The impact of volatility of costs and the need to remunerate growers for the costs of certifying coffee should be addressed. With respect to a case-study undertaken in one Member country, there was concern that the data was not representative of either the state or country as a whole. In the case of another Member country, which had participated in this initiative, producers saw considerable potential for quality improvement and information which would translate into higher prices. The point was made that studies focussed on producers and not the whole coffee chain. The sustainability of the certification agencies was important and it would be important to know about additional costs involved in certification. These might be incurred without any preferential market share being gained.

60. In response to these points, the presenters stressed that the results were very preliminary and the small number of producers involved meant that the conclusions were not statistically significant. The model needed to be more accessible, and in future the names of certifiers would be provided. Particular case studies had been done to highlight the challenges that might be faced, and they did not represent entire countries. The Council took note of these discussions.

**Item 10:                    Programme of activities for 2008/09**

61. The Council noted that document EB-3945/08 Rev. 1 contained a revised programme of non-routine activities in coffee year 2008/09. The programme had been presented to the Executive Board in May 2008 and Members had been invited to submit suggestions for seminars or workshops in 2008/09. As no replies had been received by the deadline of 31 July, it was proposed that a seminar on the coffee berry borer should be held and the programme had been revised accordingly. The costs of activities (£31,000) had been included in the draft Administrative Budget for financial year 2008/09.

62. In discussions on this item, one Member noted that the second activity listed under 1.9.1 relating to continuing liaison with coffee experts on the possible harmonization of Resolution 420 with the ISO Standard on coffee defects (ISO 10470:2004) required further consideration. The Executive Director noted that the aim of this activity was not to impose

additional standards, but to share information on quality and ensure compatibility with the ISO standard. The Council decided to approve the programme of activities for 2008/09 contained in document EB-3945/08 Rev. 1, without the inclusion of the second activity listed under 1.9.1 for the time being.

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

63. The Chairman of the PSCB, Mr Christian Rasch Topke of ANACAFÉ, said that the PSCB had met on 24 September 2008. The PSCB had received a final presentation from the outgoing Coordinator of the Positively Coffee Programme and the Healthcare Professions – Coffee Education Programme on progress on these initiatives, and had received a presentation on the CoffeeClub Network. Members had also received updates on the implementation of the Coffee Quality-Improvement Programme, statistics and Geographical Indications for Coffee. These items would remain on the PSCB Agenda for discussion at future meetings. The Board had considered draft terms of reference for new ICO bodies which would be discussed by the Council at this Session. In the case of the 3<sup>rd</sup> World Coffee Conference, it had recommended that it should be known as the World Coffee Conference. With regard to office-holders, the PSCB had appointed Ms Florence Rossillion, of the European Coffee Federation, and Mr Rodolfo Trampe, of the Mexican Association of the coffee production chain (AMECAFÉ), Mexico, as Chairman and Vice-Chairman for 2008/09 respectively, and had noted that it was proposed that the Coffee Association of Canada should be designated as a representative on the PSCB. A proposal for a coffee association from Panama to be appointed as an alternate in the Other Milds category would be presented at the next Session.

64. The Council took note of this report. It approved the nomination of the Coffee Association of Canada as an importing member of the PSCB for 2008/09 and noted that a second nomination for a coffee association from an importing country was awaited. Finally the Council expressed its appreciation to the PSCB for its valuable work, and thanked Mr Rasch Topke for his excellent work in chairing the Board for the last two coffee years.

**Item 12:                      Statistics Committee**

**Item 12.1:                  Report by the Chairman of the Statistics Committee**

65. The Chairman of the Statistics Committee, Mr Jaime Junqueira Payne of Brazil, said that the Statistics Committee had met on 24 September 2008 (the report of this meeting was subsequently circulated as document WP-Statistics 132/08). The Committee considered a report on compliance with the Statistical Rules of the ICO. Performance was generally satisfactory; however provision of production and internal consumption estimates continued to be poor, and all exporting Members were urged to improve their performance (document



ED-2037/08). A manual of best practice by selected exporting Members was being prepared and the ICO would contact countries with poor compliance once it was finalized. The Committee had requested the Executive Director to contact Brazil regarding possible assistance to African countries with low levels of compliance through the Brazilian Agricultural Research Agency (EMBRAPA) in Ghana. The USA had reiterated its offer to explore provision of technical support to some exporting countries. The Committee had recommended that the Council should approve document WP-Council 180/08 (Draft Rules on Statistics – Statistical Reports) and would review documents WP-Council 179/08 (Draft Rules on Statistics – Certificates of Origin) and WP-Statistics 122/08 (Rules on Indicator Prices) at its next meeting. The Committee had welcomed elements of the draft strategic action plan, particularly those contained in Section II concerning market transparency and availability of statistical data, and had suggested six topics for studies and/or socio-economic analysis. In the case of conversion factors for roasted, decaffeinated, liquid and soluble coffee, the Committee would request the PSCB to consider this matter at its next meeting. The Committee had also received reports on organic coffee and exports to exporting countries, and had noted the importance of providing accurate information on both issues. In the case of the latter, it had noted that this would be compulsory under the ICA 2007.

66. The Council took note of this report and further noted that a decision establishing the Committee under the ICA 2007 would be taken once the new Agreement had entered into force. The Council expressed its appreciation to the Committee for its valuable contributions to the statistical work of the Organization.

**Item 12.2: Statistics Committee 2008/09**

67. The Council noted that the terms of reference for the Statistics Committee provided that it should approve the names of representatives for a two-year term of office at this meeting. It decided to appoint the Statistics Committee for a further year, pending the entry into force of the ICA 2007, as follows:

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)

**Item 13: Promotion Committee**

68. Article 34 of the 2001 Agreement provides that the Promotion Committee shall report regularly to the Council. The Chairman of the Promotion Committee reported that the

Committee had met on 25 September 2008 and had received reports on the implementation of the ICO CoffeeClub Network, and programmes to promote consumption based on the Step-by-Step Guide to promote coffee consumption. He noted that the latter was an important means of reaching young people, the consumers of the future. With regard to coffee and health programmes, the Coordinator, Mrs Sylvia Robert-Sargeant, had presented an overview of the Positively Coffee Programme, which had developed into a significant initiative following the launch of a small pilot project in 2001. The Committee had noted that her participation in coffee and health programmes would end on 30 September 2008, and expressed its appreciation for her work in developing initiatives in this field. The Committee had also taken note of a report by the Executive Director on the 22<sup>nd</sup> ASIC Conference held in Brazil in September 2008. With respect to the Steering Group on Promotion, the Committee had decided that as further consultations on this matter were needed, the matter would be discussed in the Council. The report of the Promotion Committee meeting was subsequently circulated as document PC-51/08.

69. The Council took note of this report and further noted that, following consultations by exporting and importing Members, there would be no changes to the composition of the Steering Group on Promotion in 2008/09 which would be as follows:

Exporting Members:	Brazil, Colombia, Côte d'Ivoire, Indonesia
Importing Members:	EC – France, Italy and United Kingdom, Japan
PSCB:	Chairman and Vice-Chairman
Promotion Committee:	Chairman and Vice-Chairman
ICO:	Executive Director

#### **Item 14:                   World Coffee Conference**

70. Article 21 of the 2001 Agreement provides that the Council shall appoint the Chairman of the World Coffee Conference, and decide on the form, title, subject matter and timing of the Conference, in consultation with the PSCB. The Executive Director noted that in May 2008, the Council had decided to accept an invitation by Guatemala to host a World Coffee Conference.

71. The representative of Guatemala made a presentation on the World Coffee Conference, including options for dates, conference centre facilities, hotels and tours. The Council took note of this information and decided that the next Conference should take place in Guatemala City from 26 to 28 February 2010, followed by the Council and other ICO meetings from 1 to 4 March 2010.

72. The Council noted that a committee had been established in Guatemala to assist with the preparations for the Conference. With respect to the appointment of the Chairman, further consultations were needed, and a proposal would be made at the next meeting. The

Council also agreed that the event should be known as the ‘World Coffee Conference’. The Executive Director noted that in the case of the previous World Coffee Conferences, a small task force consisting of the Chairmen of the various ICO bodies had been established to assist the Chairman with his preparations. This could be established for the next Conference if so wished. He suggested that with the support of an ad hoc group, he could begin to consult Members about the speakers and develop proposals for the next meeting. The Council took note of this suggestion and agreed that the Executive Director should consult Members on this matter and submit proposals to the next Session.

**Item 15:                    Mixtures and substitutes**

73.     The Head of Operations said that Article 36 of the 2001 Agreement provided that the Executive Director should submit a periodic report to the Council on compliance with the provisions of this Article. The Executive Director had circulated document ED-2043/08 requesting Members to inform him of measures taken to prohibit the sale and advertisement of products under the name of coffee if such products contained less than the equivalent of 95% green coffee as the basic raw material; and any difficulties encountered in enforcing such measures, together with the reasons for such difficulties and proposed ways of overcoming them. Replies had been received from Germany and Japan, which had confirmed that there had been no changes since the previous document was issued in September 2006 (document ICC-96-6). The Council took note of this information and further noted that Members should keep the Executive Director informed of changes on this matter.

**Item 16:                    Cooperation with other agencies**

74.     The Council noted that in the light of the ICA 2007, the Secretariat was reviewing Memoranda of Understanding and future cooperation with other organizations, including the International Trade Centre UNCTAD/WTO (ITC), the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Environment Programme (UNEP).

**Item 17:                    National coffee policies**

75.     The Council noted that there were no requests to report on national coffee policies at this Session.

**Item 18: Financial and administrative matters**

**Item 18.1: Draft Administrative Budget for the financial year 2008/09**

76. 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 2008/09 contained in document WP-Finance 54/08 Rev. 1. Based on overall expenditure of £2,904,000 and estimated income from external sources of £240,000, the contribution per vote would be £1,332 for 2008/09, representing an increase of 2.2% compared with the financial year 2007/08.

77. The Council took note of this information and further noted a reservation on the Budget expressed by one Member, which considered that international organizations should have zero nominal growth in their budgets. It decided to approve the draft Administrative Budget for 2008/09 contained in document WP-Finance 54/08 Rev. 1<sup>1</sup>.

**Item 18.2: Other financial and administrative matters**

78. The Chairman of the Executive Board said that the Board had noted that the financial situation as at 31 August 2008 was satisfactory, and the Executive Director proposed to appoint Smith Williamson as the auditors of the ICO for the financial year 2008/09, in view of the recommendation of the Finance Committee that the current auditors (Mazars) should be changed in 2009, the 10th anniversary of their appointment. The Board had further noted that both Nicaragua and Uganda were in compliance with the schedules of payments established in Resolutions 437 and 429, respectively. In the case of the Democratic Republic of Congo, this country had made some small regular payments but was considerably behind with the schedule established in Resolution 430 and its voting rights would therefore continue to be suspended. The Board had reappointed the Finance Committee for a further year, pending the entry into force of the ICA 2007, and had approved document WP-Finance 60/08 containing proposals for the basis for contributions to the Provident Fund for staff in the Professional and higher categories. Finally, the Board had decided to recommend that the Council should approve a change to Regulation 9.4 of the Staff Regulations and Staff Rules of the Organization amending the mandatory retirement age in a phased manner over nine years, starting on 1 October 2008 with an increase in the age from 62 to 63; with a further rise to 64 four years later, on 1 October 2012; and a final rise to 65 five years later, on 1 October 2017.

---

<sup>1</sup> Subsequently distributed as document EB-3954/08.

79. The Council took note of this report and approved the proposed change to Regulation 9.4 of the Staff Regulations and Staff Rules of the Organization contained in document WP-Board 1057/08.

**Item 19: Elections for coffee year 2008/09**

**Item 19.1: Chairman and Vice-Chairmen of the Council**

80. 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 2008/09:

Chairman:	Mr David Brooks (USA)
First Vice-Chairman:	Mr Brendan Nevin (Ireland)
Second Vice-Chairman:	Mr Juan Lucas Restrepo (Colombia)
Third Vice-Chairman	Mr Abdoulaye Nana (Cameroon)

**Item 19.2: Executive Board**

81. 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 2008/09. 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 280 votes	(representing Brazil and Venezuela)
Vietnam, with 159 votes	(representing Papua New Guinea and Vietnam)
Indonesia, with 102 votes	(representing India and Indonesia)
Colombia, with 113 votes	(representing Colombia)
Mexico, with 93 votes	(representing Guatemala, Mexico, Nicaragua and Panama)
Uganda, with 88 votes	(representing Angola, Cameroon, Côte d'Ivoire, Ghana, Togo and Uganda)
Honduras, with 84 votes	(representing Costa Rica, Ecuador, El Salvador and Honduras)
Kenya, with 39 votes	(representing Burundi, Kenya, Tanzania and Zimbabwe)

82. The following Members were absent: Benin (5 votes), Cuba (5 votes), Jamaica (5 votes), Nigeria (5 votes), Philippines (5 votes), Rwanda (8 votes) and Thailand (9 votes).

83. The following Members had their votes suspended: Bolivia, Central African Republic, Congo (Democratic Republic of), Congo (Republic of), Dominican Republic, Ethiopia, Gabon, Guinea, Haiti, Madagascar, Malawi, Paraguay and Zambia.

#### Importing Members

European Community, with 680 votes	(representing the European Community: European Community, Belgium, Germany, Italy and Spain)
United States of America, with 218 votes	(representing the United States of America)
Japan, with 72 votes	(representing Japan)
Switzerland, with 18 votes	(representing Switzerland)

84. The following Member was absent: Norway (12 votes).

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

85. 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 2008/09:

Chairman:	Mr G.V. Krishna Rau (India)
Vice-Chairman:	Mr Hartoyo Agus Tjahjono (Indonesia)

#### **Item 20: Other business**

##### *Website*

86. The Head of Operations reported that the Secretariat was continuing to develop the ICO website and invited Members to contribute suggestions for its future development and to send links to the websites of coffee associations and ministries in their countries for inclusion on the links section of the website. The Council took note of this information.

##### *Production and domestic consumption estimates*

87. The Head of Operations invited Members who had not yet responded to document ED-2037/08 requesting exporting Members to provide production and domestic consumption estimates to do so as soon as possible. The Council took note of this request.

**Item 21:                      Future meetings**

88.     The Executive Director introduced document WP-Council 175/08 Rev. 1 containing proposed dates of meetings in 2008/09 and 2009/10. In the case of coffee year 2008/09, Members were invited to consider whether a meeting of the Executive Board or an extraordinary Session of the Council should be held in January 2009. If no meeting were scheduled at that time, the next Session of the Council could take place in either March or May 2009.

89.     The Council took note of this information and decided that its next Session should take place from 16 to 20 March 2009. The Council also took note of document ICC-101-5, containing a statement by the Government of Kenya rescinding its bid to host the first Council Session in 2009, and making a formal bid to host the 4<sup>th</sup> World Coffee Conference in Nairobi.

90.     Finally, the Council took note of an invitation by the Government of Côte d'Ivoire to host the Council Session in September 2009. It expressed its appreciation for this invitation which would be considered in March 2009, and further noted the suggestion that consideration could be given to holding one Council Session in Member countries each year, alternating between exporting and importing Members.



Organización Internacional del Café  
Organização Internacional do Café  
Organisation Internationale du Café

## ICC Resolution 438

22 September 2008  
Original: English

E

**International Coffee Council**  
101<sup>st</sup> Session  
22 – 26 September 2008  
London, England

### **Resolution number 438**

APPROVED AT THE FIRST PLENARY MEETING,  
22 SEPTEMBER 2008

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

#### **WHEREAS:**

By Resolution 432 the International Coffee Agreement 2001 was extended for a period of one year to 30 September 2008; 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 2008. 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.





Organización Internacional del Café  
Organização Internacional do Café  
Organisation Internationale du Café

## ICC Resolution 439

26 September 2008  
Original: English

E

**International Coffee Council**  
101<sup>st</sup> Session  
22 – 26 September 2008  
London, England

### **Resolution number 439**

APPROVED AT THE FIFTH PLENARY MEETING,  
26 SEPTEMBER 2008

### **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 Depositary headquarters from 1 February 2008 until and including 31 August 2008;

A number of Governments eligible to sign the Agreement pursuant to the provisions of paragraph (1) of Article 40 of the Agreement did not do so by 31 August 2008 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, Governments eligible to sign the International Coffee Agreement 2007, may sign the Agreement on or before 25 September 2009.



Organización Internacional del Café  
Organização Internacional do Café  
Organisation Internationale du Café

## ICC Resolution 440

26 September 2008  
Original: English

E

**International Coffee Council**  
101<sup>st</sup> Session  
22 – 26 September 2008  
London, England

### **Resolution number 440**

APPROVED AT THE FIFTH PLENARY MEETING,  
26 SEPTEMBER 2008

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

Paragraph (3) of Article 40 of the Agreement provides that the Council may decide to grant extensions of time to signatory Governments that are unable to deposit their instruments by 30 September 2008; 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 30 September 2008 to 25 September 2009.