



International Coffee Organization  
Organización Internacional del Café  
Organização Internacional do Café  
Organisation Internationale du Café

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**Action Plan to increase coffee consumption**

1. At its 88<sup>th</sup> Session in May 2003, the International Coffee Council issued a declaration on coffee consumption (document ICC-88-7). After affirming the importance and priority of promoting consumption, the Council instructed the Steering Group on Promotion to prepare for presentation to the Council in September 2003, an Action Plan designed to achieve a substantial increase in world coffee consumption; and to recommend ways to mobilize the necessary resources to achieve this increase in consumption. The Steering Group met on two occasions to consider a draft Action Plan, which was revised and submitted to the Promotion Committee and subsequently to the Council for consideration and endorsement.
2. The attached document contains the final Action Plan which was approved by the Council at its 89<sup>th</sup> Session in Cartagena, Colombia from 17 to 19 September 2003.

## **I. Introduction**

1. Article 34 of the International Coffee Agreement 2001 states that:

(1) Members recognize the need to promote, encourage and increase the consumption of coffee, and shall endeavour to encourage activities undertaken in this respect.

(2) The Promotion Committee, which shall be composed of all Members of the Organization, shall promote coffee consumption by appropriate activities, including information campaigns, research and studies related to coffee consumption.

(3) Such promotion activities shall be financed by resources which may be pledged by Members, non-members, other organizations and the private sector at meetings of the Promotion Committee.

(4) Specific promotion projects may also be financed by voluntary contributions from Members, non-members, other organizations and the private sector.

(5) The Council shall establish separate accounts for the purposes of paragraphs (3) and (4) of this Article.

(6) The Promotion Committee shall establish its own rules of procedure, as well as establish the pertinent regulations for the participation of non-members, other organizations and the private sector consistent with the provisions of this Agreement. It shall report regularly to the Council.

2. With respect to rules of procedure the Promotion Committee (PC) in May 2003 approved terms of reference for a Steering Group on Promotion (SGP) contained in document PC-8/03. It is this Group that is responsible for the present Action Plan.

3. At its first meeting on 7 July 2003 (see document PC-12/03) the Steering Group decided that the Plan should be prepared by the Executive Director with the Chairperson of the Promotion Committee to specify in three to four pages the broad areas of action, to identify projects that have been proposed to address these areas and the resources already available for such projects and to propose ways in which resources could be mobilized if not already available. With respect to generation of additional resources it was suggested that the pledging meeting envisaged under Article 34 of the Agreement should be oriented towards considering resource generation for specific projects and that where appropriate it would be desirable if projects could receive counterpart funding from within the countries where activities take place. It should be possible to establish a date and further details of a pledging meeting on approval of the Action Plan.

## **II. Broad areas of action**

4. The overall focus of the Action Plan should be on market development, understood as all actions conducive to attracting consumers to coffee and maintaining and enhancing the habit of consumption, always with the clear aim of increasing the volume consumed. It therefore includes education, image-building, cup quality, and positive public relations as well as promotion in the narrower senses.

5. The Steering Group emphasises the importance of national involvement and commitment in all these areas, which will facilitate tailoring the broad approach to local priorities.

6. Market development actions should be tailored to the following geographical areas:

- (a) Coffee producing countries;
- (b) Emerging markets such as Russia and China; and
- (c) Traditional markets.

7. In pursuing actions for market development, the ICO should play a catalytic role in mobilizing and harmonizing resources and cooperation from the industry and other sources. The precise nature of this role will necessarily vary according to the area and type of project.

## **III. Sources of funding**

8. The following sources of funding have been identified:

### *Private sector*

9. Funds may be provided by the private sector in a number of ways:

- (a) Company sponsorship;
- (b) Company collaboration in activities designed to harmonize with an ICO project or programme;
- (c) Specialist body contributions, e.g. ISIC; and
- (d) Through national or regional associations.

### *Government funding*

10. Governments of consuming countries have stressed the difficulties of making contributions, asserting that promotion should be undertaken by the private sector. Producing

country governments have funded promotion in the past but have been reluctant to contribute in periods of low coffee price. However, certain governments may be interested in financing specific projects or programmes.

#### *Multilateral agencies*

11. Multilateral development finance agencies have traditionally been oriented towards supply chain projects. The ICO is attempting to build an understanding that projects designed to increase consumption in producing countries could have positive developmental effects through encouraging small enterprises as well as making a contribution to greater balance in the global coffee market. Here it is worth pointing out that such projects – together with diversification projects – are one of the few ways in which market imbalance can be tackled using market-oriented means.

#### *Old Promotion Fund*

12. A remaining balance of some US\$600,000 in funds contributed by exporting Member countries under the provisions of the 1976 and 1983 Agreements is still available.

#### *Pledging meetings*

13. As provided under Article 34 of the Agreement, resources may be pledged by Members, non-members, other organizations and the private sector at meetings of the Promotion Committee.

#### *“Solidarity” funds*

14. Proposals have been tabled for funding promotion through moneys collected into a fund designed also to fund coffee development projects.

### **IV. Listing of existing (E) and potential (P) projects by broad area and funding**

15. Projects are listed under geographical areas.

#### *Producing countries*

- (a) Expansion and development of the coffee market in producing countries  
WP-CGP No. 4/02 (P)  
Major project to promote consumption in a number of key producing countries. Cost: £3.25 million; Funding agencies approached: CFC, World Bank, E.U. to date; Nature of project not in mainstream policy of most development funding agencies; Implementation: consultancy.

- (b) Project proposal: Expansion of coffee consumption in producing countries WP-CGP No. 9/03 (P)  
Project to create a framework and methodology for the promotion of coffee in producing countries using the experience of Brazil and other countries. Cost: US\$287,000; Sources of funding as in project (k) or pledged funding; Implementation: consultancy.
- (c) Projects (h) to (n) are also relevant.

### ***Emerging markets***

- (d) New coffee festival in China (P)  
Follow-up festival to one held in 2001. Approximate cost: US\$200,000; Suitable for pledged funding; Implementation: consultancy.
- (e) New coffee festival in Russia (P)  
Follow-up festival to one held in 2001. Approximate cost: US\$150,000; Suitable for pledged funding; Implementation: consultancy.
- (f) Informative newsletter service on coffee for E.U. candidate Member countries (P)  
To disseminate consumer-related information to new E.U. Members. Cost to depend on frequency and languages; Suitable for pledged funding; Implementation: from ICO.
- (g) Projects (h) to (n) are also relevant.

### ***Traditional markets***

- (h) Positively Coffee (E)  
Beginning with UK pilot to produce and disseminate to national coffee associations information on positive health-related effects of coffee consumption for use in their current or future national communication activities. Cost: £50,000 p.a.; Funding: ISIC; Implementation: consultancy supervised by PSCB Working Group.
- (i) SNICC project (E)  
Dissemination of positive information on coffee and health to medical profession and the media in France. Cost: unknown; Funding: SNICC; Implementation: consultancy.

- (j) Positively Coffee market development (P)  
Dissemination of positive information on coffee and health to medical profession and the media in cooperation with participating national coffee associations. Cost: US\$1.5 million; Funding: ISIC; Implementation: consultancy supervised by PSCB Working Group.
- (k) Vanderbilt Institute of Coffee Studies (E)  
Scientific research on positive effects of coffee on human health. Cost: US\$780,000 p.a.; Funding: some producing countries and U.S. companies.
- (l) PEC (Physiological Effects of Coffee) studies (E)  
(Co-)funding of scientific research by independent research organizations on the effects of coffee on human health. Approximate cost: US\$700,000 p.a.; Funding: ISIC.

### ***Quality***

- (m) A number of projects related to quality may be developed in the framework of Resolution number 407.
- (n) Norwegian Coffee Association coffee brewing project (P)  
For the ICO to disseminate information on optimum grinding and brewing methods with the aim of maximizing cup quality. The Norwegian Coffee Association has offered to contribute to this project at no cost to the ICO.

### **V. Pledging meetings**

16. As specified in paragraph (3) of Article 34 of the Agreement these are meetings of the Promotion Committee with resources sought from non-members, other organizations and the private sector as well as Members.

17. At least 30 days before such a meeting the Executive Director, in consultation with the Chairperson of the Promotion Committee should circulate details of proposals to potential funders. If an organization or Member is prepared to contribute they should notify the Executive Director and make a pledging statement at the meeting. Such statements should be supported in due course by a written undertaking. Bodies may indicate strong interest in particular projects without immediate pledging.

18. If organizations are interested in supporting ideas not yet formulated they may indicate to the meeting their potential interest.

19. New proposals must be approved by the Promotion Committee before they can be implemented; they should be initially addressed to the Executive Director, who will normally first refer them to the Steering Group.

20. Proposals with no or partial funding may be approved by the Committee only in principle and must revert for definitive approval once funding has been secured.

#### **VI. Administrative considerations**

21. The monitoring and administrative implications for the ICO of the development of a number of promotion projects need to be considered. Although existing resources can cope with a small number of projects consideration would need to be given to the future. Particularly the benefits of having enough seed money to engage full-time staff dealing with promotion needs to be assessed. It is proposed that the matter be debated further in the Promotion Committee.

#### **VII. Conclusions**

22. The Action Plan therefore focuses on market development to increase consumption of coffee in the following areas:

- (a) Dissemination of positive health-related information on coffee;
- (b) Improvement of quality;
- (c) Promotion of consumption in producing countries; and
- (d) Promotion of consumption in new and emerging markets.

#### **VIII. Timetable**

September 2003	Approval of Action Plan.
October 2003	Dissemination of Action Plan and projects to all Members and potential stakeholders.
November 2003	Meeting of Steering Group to review projects.
January 2004	Meeting of Steering Group to finalize project proposals where possible. Circulation of project proposals.
March 2004	Convocation of Promotion Committee for pledging meeting.
May 2004	Pledging meeting of Promotion Committee.
June 2004	Meeting of Steering Group in connection with project implementation.
September 2004	SGP and PC review of progress on promotion.