



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

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**Report of the Promotion and Market
Development Committee on the 4th meeting
held on 26 September 2012**

1. The Promotion and Market Development Committee, chaired by Mr Andrea Illy of the EU-Italy, met in London on 26 September 2012 for the fourth time under the 2007 Agreement.

Item 1: Adoption of the Agenda

2. The Committee adopted the draft Agenda contained in document PM-15/12 Rev. 1.

**Item 2: Promotion and market development under the
International Coffee Agreement (ICA) 2007**

3. The Chairman introduced document PM-18/12 containing a Plan for Promotion and Market Development under the ICA 2007 which he had prepared following his presentation to the Committee in March 2012. He said that ICO promotion programmes had made a positive contribution to consumption under the 2001 Agreement as part of an overall strategy to reduce imbalance between demand and supply, with average annual growth of 2.3% since 2001 compared to less than 2% in the previous decade. Although the market was now facing a deficit in supply, a long-term strategy could help to reduce volatility, and promoting consumption when prices were higher could help to avert a future crisis if coffee supplies increased in response to increases in prices.

4. The objective of ICO promotion and market development activities under the Plan would shift from promoting coffee consumption to promoting value and differentiation through a multi-stakeholder network of partners, with two strategic goals: promoting value through quality, health, sustainability and differentiation; and supporting producing countries in de-commoditizing coffee through programmes to increase income with a

particular focus on small growers, with the ICO acting as a facilitator and knowledge provider. No budget was proposed, as the idea was for the ICO to act as a catalyst by developing a multi-stakeholder network of partners and promotion agents who would implement the Plan on a pro bono basis, and coordinating the use of a non-intrusive holistic claim for use in communications. The Chairman noted that two landmark events would provide an opportunity for the participation of partners in the Plan: the 50th anniversary of the ICO in Brazil in September 2013 and Expo 2015 in Milan, which would be on the theme of 'Feeding the Planet, Energy for Life', and which would include a 'Coffee Cluster' where producing and consuming countries would present the entire coffee chain. All Members were encouraged to participate in the Expo and he would encourage the Government of Italy to consider hosting the next World Coffee Conference at the same time. As agreed in March, he had carried out a feasibility study and had received very positive feedback from both private and government representatives that he had consulted in importing and exporting countries.

5. The representative of the Institute for Scientific Information on Coffee (ISIC) reported briefly on coffee and health activities in recent years. In the last ten years, two programmes had successfully promoted the benefits of drinking coffee: Positively Coffee and the Healthcare Professions – Coffee Education Programme (HCP-CEP), with a consequent reduction of negative information about coffee drinking and an increase in positive reports. Reducing health concerns of consumers was paramount to increasing coffee consumption; other pillars of the Promotion Plan such as pleasure and quality would have no impact if consumers were concerned about health issues. It was also possible that in the future, concerns might arise about the impact of toxins found in coffee, such as acrylamide and furan, which could be addressed through a holistic approach informing consumers that coffee had a beneficial effect. Finally, he stated that if exporting Members took the decision to allocate resources in the Special Fund (around US\$1,370,000) to consolidate existing work and to further develop coffee and health programmes with ISIC, that organization would consider the possibility of matching this funding at a future meeting.

6. The Committee took note of this information. In discussions on this item strong support was expressed for the Plan, and appreciation was expressed to the Chairman for his efforts to move forward on this important objective under the 2007 Agreement. In the case of the proposal to use the resources of the Special Fund for coffee and health programmes, exporting Members would need to consider this further. The importance of a matching contribution from consumers was noted in view of the benefits from this activity to both categories of Members. Concerning the proposal for a working or steering group to assist with implementing the Plan, a steering group on promotion had proved useful under the

previous Agreements and it could be helpful to establish a group, and to draw up terms of reference for it. The point was made that any holistic slogan might need a legal framework to avoid it being used for products that did not meet quality or other requirements. The need for practical actions to help smallholders such as assisting with replanting and increasing incomes was also noted. Finally, in response to a point about the need to plan for the future and ensure that funds were available when needed at a later date, the Chairman reiterated the importance of measuring outcomes and reports. If positive feedback was received, this would enable additional resources to be sought, and this could be a medium-term goal. If the results were not satisfactory, the programme would not continue.

7. The Committee expressed its appreciation to the Chairman for his efforts over the last six months to conduct a feasibility study and to develop a comprehensive and timely Plan on Promotion, and decided to recommend to the Council that it should approve the Plan. Once approved by the Council, the next steps would be to disseminate the Plan to all Members and potential stakeholders, to establish a network of potential stakeholders, and to recruit promotion agents. Finally, the Committee noted that exporting Members would hold consultations the following day about the use of the Special Fund for coffee and health programmes.

Item 3: Promotion activities

8. The Executive Director reported that the 24th ASIC International Conference on Coffee Science would take place in Costa Rica from 11 to 16 November 2012. Information was available on the website (www.asic2012costarica.org). As agreed by exporting Members at the last meeting, a contribution from the Promotion Fund had been made to the Conference. In the case of CoffeeClub, the future of this initiative would be considered in the context of the Plan for Promotion and Market Development. The Committee took note of this report.

Item 4: Implementation of the Coffee Quality-Improvement Programme (CQP)

9. The Head of Operations introduced document PM-17/12 containing a report on the CQP for calendar years 2005 to 2011 and January to June 2012. Nineteen exporting Members of the ICA 2007 were fully implementing Resolution 420 and a further six Members were providing partial data. These Members accounted for around 64% of world exports in the period 2005 to 2011 and 52.7% of exports in the first six months of 2012.

10. The Head of Operations also introduced document PM-16/12 containing a report on gradings for Arabica and Robusta coffees for calendar years 2005 to 2011 and January to June 2012. In the case of Arabica coffee graded by ICE during the period covered by the report, the overall pass levels on grade, cup and colour reached a peak of 87.3% in 2009, and fell to 70% in 2011, the lowest pass rate recorded since the CQP was implemented. The overall pass rate for the first six months of 2012 was 73.4%. The volume of Robusta coffee graded by NYSE Euronext from January 2005 to June 2012 deemed to be below the standards of Resolution 420 amounted to 12.25 million bags (56.9%) out of a total of 21.53 million bags graded in that period. Vietnam was the origin of the highest volume of coffee rejected with 8.84 million bags in total (72.1%) during the period, followed by Côte d'Ivoire with 1.0 million bags or 8.2% of the total.

11. Finally, the Head of Operations reported that the ICO had circulated ED-2124/11 and its revision requesting Members to send the latest information about their national coffee quality standards including grading and classification systems, with a view to considering quality standards at a future meeting. Brazil, Colombia, Costa Rica, Cuba, Ecuador, EU, Guatemala, Haiti, and Mexico had sent this information to the ICO to date and he urged Members who had not yet done so to send this information as soon as possible. The Committee took note of this information and of documents PM-16/12 and PM-17/12.

Item 5: Phytosanitary matters

12. The Committee noted that at its meeting on 26 September 2012, the Private Sector Consultative Board (PSCB) had received updates on phytosanitary matters including acrylamide and furan. There were no changes to report at this time, however a close watch was being kept on changes to European legislation on acrylamide which could take place in the near future. In the case of document ED-2124/11 Rev. 1 requesting Members to send details of Maximum Residue Levels (MRLs) used in the coffee production process and the methodology used for calculating these, together with relevant studies, responses had been received from Brazil, Colombia, Costa Rica, Cuba, Ecuador, EU, Guatemala, Haiti, Indonesia, Kenya, Rwanda and the USA. A report would be prepared for a future meeting. The Committee further noted that as requested at its last meeting, the ICO had contacted the EU to request an update on new EU directives on food safety and recent developments in this area. The EU had confirmed that there were no new developments to report. Information was available on the EU website at: http://ec.europa.eu/dgs/health_consumer/information_sources/docs/plant/factsheet_pesticides_en.pdf.

Item 6: Other business

13. The Committee noted that the Council would approve the composition of the Committee for 2012/13 during its 109th Session and at its first meeting in March 2013, the Committee would appoint a Chairperson and Vice-Chairperson for 2012/13. The Committee agreed that at that time, Mr Andrea Illy should be re-appointed as Chairman in 2012/13 in order to implement the Plan for Promotion and Market Development that he had developed.

Item 7: Date of next meeting

14. The Committee noted that the next meeting would take place in London at the time of the 110th Council Session from 4 to 8 March 2013.