



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

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**Preparations for implementation of the
International Coffee Agreement 2007**

Background

1. At its 98th Session on 28 September 2007, the International Coffee Council adopted the text of the International Coffee Agreement (ICA) 2007, contained in document ICC-98-6. The ICA 2007 includes new provisions which have implications for the regular work of the Organization. This document outlines the preparations by the ICO to implement the new Agreement. The Annex contains an outline schedule of actions for the implementation of the ICA 2007.

2. Members are invited to send the Executive Director suggestions and contributions to assist him in the preparation of the draft documents outlined in this report. These should be sent in writing to the Executive Director **by 29 February 2008**.

Action

The Council is requested to consider this document.

PREPARATIONS FOR THE IMPLEMENTATION OF THE INTERNATIONAL COFFEE AGREEMENT 2007

Depositary functions

1. Paragraph (10) of Article 2 (Definitions) provides that the Council shall designate the Depositary of the ICA 2007 before 31 January 2008. The Council will consider a recommendation to designate the ICO as the Depositary at a special session on 25 January 2008 (see document WP-Council 161/07). In view of the need of the ICO to be ready to assume this function, the Executive Director has requested Members to provide him with the contact details for communications relating to the ICA 2007 (see document ED-2029/07). The ICO will also undertake the following actions:

- Preparation of the original text of the Agreement for signature.
- Preparation of certified true copies of the ICA 2007 and circulation of two copies to countries eligible to become Members.
- Preparation of depositary notifications for: certified true copies; advising that the Agreement is open for signature; signatures of the ICA 2007; deposit of instruments; when the conditions for entry into force have been met; and any other actions relating to the ICA 2007 which should be made known.
- Verification of Full Powers and instruments of ratification, acceptance or approval received from Members.
- Registration of the ICA 2007 with the United Nations.

2. The Treaty Section of the United Nations has provided the ICO with the full texts and other relevant information about the Summary of Practice of the Secretary-General as Depositary of Multilateral Treaties, and the Treaty Handbook, which contains detailed information on depositary practice. In addition, the Treaties and Rules Section of the Legal Affairs and External Relations Division of the International Maritime Organization (IMO) has furnished the ICO with information on its functions and obligations as Depositary of IMO treaties, as well as models of the circulars that it issues in connection with depositary functions.

3. The UN Treaty Section (in a letter dated 17 October 2007) has confirmed its willingness to continue cooperating closely with the ICO. The legal office of the IMO has also expressed its readiness to be of further assistance in this connection.

4. The ICO intends to discharge faithfully all its obligations under the Vienna Convention, especially Article 76 which provides that the depositary is under an obligation to act impartially in performing its functions. In the case of any questions relating to the 2007 Agreement, such as whether a signature or an instrument relating to the Agreement is in due and proper form, the ICO Secretariat would review these with the United Nations Treaty

Section and/or the legal office of the IMO. Any doubts would be brought to the attention of the State concerned and a way forward suggested. Ultimately, the matter could also be brought to the attention of Members through the Council.

Membership

5. The ICA 2007 will open for signature from 1 February to 31 August 2008, with the deposit of instruments to take place by 30 September 2008. The ICO will circulate information on procedures for membership to countries eligible to become Members of the ICA 2007, including a model instrument of ratification, acceptance or approval and a model of Full Powers.

6. It is suggested that, if Members so wish, during ICO meetings in May and September 2008, a day could be reserved for countries wishing to sign the Agreement (May only) and deposit instruments with the ICO (May and September sessions).

7. Regular reports on membership will be submitted to each Council session. In September 2008, the Council will review the status of membership and whether the requirements for entry into force have been met, or whether the ICA 2001 should be extended for a further year.

8. An area on the ICO website will be dedicated to information about the ICA 2007, where key documents such as the Agreement itself, Resolutions, copies of certified true copies, reports on the status of membership, etc. can be downloaded.

9. In the case of non-member countries, the Executive Director will send all relevant information about the new Agreement to their representatives, and develop a strategy to encourage them to become Members.

Development of a strategic action plan for the ICA 2007

10. Paragraph (4) of Article 9 of the ICA 2007 provides that the Council shall establish on a regular basis a strategic action plan to guide its work and identify priorities, including priorities for project activities undertaken pursuant to Article 28 and studies, surveys and reports undertaken pursuant to Article 34. Priorities identified in the strategic action plan shall be reflected in the annual work programmes approved by the Council.

11. A draft strategic action plan for the ICA 2007 will be presented for preliminary consideration by Members in May 2008.

Terms of reference

12. The ICA 2007 establishes the following four new bodies:

- Consultative Forum on Coffee Sector Finance (Article 31)
- Promotion and Market Development Committee (Article 25)
- Projects Committee (Article 28)
- Finance and Administration Committee (Article 18)

13. The Council will need to establish rules of procedure for the functioning of the Forum, the designation of the Chairman and the dissemination of its results. It will also need to determine the composition and mandate of the Projects Committee, the Committee on Promotion and Market Development and the Finance and Administration Committee. The ICO will prepare draft Terms of Reference for all four bodies for consideration by Members in May 2008.

14. If so wished, the Private Sector Consultative Board (PSCB) and the Statistics Committee could also review their terms of reference in the light of the new Agreement. These bodies are currently appointed on a biennial basis with the PSCB appointed in one coffee year, and the Statistics Committee the following year. It may be useful to consider harmonizing the appointment of these two bodies so that the terms of office of representatives of both bodies start from the year that the new Agreement enters into force.

Coffee development strategy

15. The ICO's Development strategy for coffee is contained in document EB-3768/01 Rev. 3. The Manual of the Common Fund for Commodities (CFC) requires each International Commodity Body (ICB) to have a clear development strategy, subject to review every four years and updated if required by changing circumstances. A revised version of the strategy was approved by the Council in May 2004.

16. The ICO will review this document and update it as appropriate, taking into account the report of the CFC/ICO workshop on coffee development priorities contained in document CFC/ICO 8/06, the Five-Year Action Plan of the CFC (2008 – 2012), the findings of the 2nd World Coffee Conference and other documents as appropriate. It is proposed that this could be prepared for review by Members in September 2008.

Projects

17. Paragraph (2) of Article 28 provides that the Council shall establish procedures and mechanisms for submitting, appraising, approving, prioritizing and funding projects, as well as for their implementation, monitoring and evaluation, and wide dissemination of results.

18. The following documents provide information about current mechanisms and procedures for projects and may be reviewed by the Projects Committee, as appropriate:

- Development strategy for coffee (EB-3768/01 Rev. 3) (see above).
- Guidelines for the monitoring by the Organization of coffee projects financed by the CFC (EB-3854/03).
- Basic information on the submission of applications to the CFC for financial support for activities related to coffee (EB-3573/96 Rev. 4).
- Virtual Screening Committee (VSC) draft terms of reference (WP-Board 955/04 Rev. 1) and screening checklist.
- Deadlines for submission of project proposals.

Promotion and market development

19. The ICO will propose a strategy for promotion and market development, drawing on document PC-13/03 Rev. 2 as appropriate, for consideration by the Promotion and Market Development Committee once the ICA 2007 has entered into force.

Statistics

20. Articles 32 (Statistical information) and 34 (Studies, surveys and reports) of the ICA 2007 expand the range of statistical information which shall be collected by the Organization. This may have implications for the data that Members are required to provide. As the ICO does not have a specific mandate to introduce changes on its own, modifications will need to be approved by the Council in the form of the ICO's Rules on Statistics which are revised at the time of a new Agreement.

Rules on Statistics

21. The ICO's Rules on Statistics (see below) will need to be updated as appropriate to reflect new provisions relating to statistics in the ICA 2007.

- Statistical reports (document EB-3830/02)
- Indicator prices (document EB-3776/01 Rev. 1)
- Certificates of Origin (document EB-3775/01)

22. The ICO will review the existing Rules, and proposals for revisions will be discussed by the Statistics Committee in May 2008, which will then submit them with its recommendations to the Council for approval. In the case of Indicator prices, in particular, Members may wish to send their statistical experts to participate in discussions on the

existing rules in the Statistics Committee. The terms of reference for the Committee provide that it shall be open to all Members, to representatives of the private sector and to experts in the area of coffee statistics.

Conversion factors

23. Paragraph (1) of Article 2 provides that the Council shall review the conversion factors for roasted, decaffeinated, liquid and soluble coffee as soon as possible after the 2007 Agreement enters into force, and again at intervals of three years. The conversion factors were last reviewed by the Statistics Committee in January 2004 which recommended that they should remain unchanged. No changes were proposed to the conversion factors during the discussions on the future of the Agreement. Once the ICA 2007 has entered into force, the Statistics Committee will review the conversion factors and submit its recommendations to the Council.

Studies, surveys and reports

24. Article 34 (Studies, surveys and reports) expands the range of the ICO's work on the economics of the coffee sector. It is proposed that this should be dealt with in the context of the strategic action plan and annual programmes of work.

Rules of the Organization

25. Paragraph (3) of Article 9 of the ICA 2007 provides that the Council shall establish such rules and regulations, including its own rules of procedure and the financial and staff regulations of the Organization, as are necessary to carry out the provisions of this Agreement and are consistent therewith. The following Rules will need to be revised in the light of the new Agreement:

- Rules of the Organization (document EB-3820/02)
- Financial Regulations and Financial Rules of the ICO (document EB-3634/97)
- Staff Regulations and Staff Rules (document EB-2770/86 Rev. 2)

26. The ICO will review these Rules and update them in the light of changes to the ICA 2007. It is proposed that a first draft of the Rules of the ICO be presented to the Executive Board in May 2008, with a final draft presented for approval to the Council in September 2008. The Financial Regulations and Financial Rules of the ICO, as well as the Staff Regulations and Staff Rules, should ideally follow a similar pattern. In the case of the former, it is suggested that they also be reviewed by the Finance Committee before being submitted for consideration by the Executive Board.

Cooperation with other organizations

27. The ICO has established Memoranda of Understanding or Cooperation with the following organizations:

- **International Trade Centre UNCTAD/WTO (ITC):** Memorandum of Understanding (MOU), signed in November 2000 (document ED-1765/00). The MOU provides that it may be amended at any time by the written agreement of the Parties, and shall remain in force until such time as either Party terminates it.
- **United Nations Environment Programme:** MOU, signed in February 1999, outlining cooperation on the preparation of three studies exploring linkages between coffee production, environment and international trade (document ED-1737/00). The MOU provides that it shall be in effect from 12 December 1999 to three months after the final meeting report is prepared (broadly autumn 2000).
- **Food and Agriculture Organization of the United Nations (FAO):** Memorandum of Cooperation (MOC), signed in September 2004 (document ICC-91-7). The MOC provides for periodic review by the Parties, and can be modified in writing upon their mutual consent. It may be terminated by the Parties at a jointly agreed time, or by one Party giving three months' notice in writing to the other Party.

28. The ICO will review these Memoranda and consult the organizations concerned about renewing or modifying them as appropriate in the light of the ICA 2007. It will also review the possibility of establishing MOU with other bodies, such as the African Development Bank. It is proposed that this should be done once the strategic action plan has been prepared.

ICO meetings

Observers

29. The procedures for observers will be updated in the light of the ICA 2007, and reviewed by the Council in May 2008.

Votes

30. Once the ICA 2007 has entered into force, the voting system will be updated to reflect the changes provided for in Article 12 (Votes).

Dates of meetings

31. The Executive Director will review the requirements for ICO meetings in the light of the decision to eliminate the Executive Board and the establishment of four new bodies.

Other matters

32. The staffing structure of the Organization has been revised in preparation for the new tasks which the Organization will undertake in implementing the ICA 2007.

**OUTLINE SCHEDULE OF ACTIONS FOR
THE IMPLEMENTATION OF THE ICA 2007**

January 2008	<ul style="list-style-type: none"> • Council decides whether to designate the ICO as Depositary • If so designated, ICO prepares the original Agreement for signature, circulates certified true copies, depositary notifications, information on membership procedures to Members and non-member countries, and undertakes other actions as appropriate • Revised draft procedures for observers are reviewed by the Council
February 2008	<ul style="list-style-type: none"> • ICA 2007 opens for signature on 1 February • Deadline for Members to send comments on documents relating to implementation of ICA 2007 (29 February)
May 2008	<ul style="list-style-type: none"> • Opportunity for signing ICA 2007/deposit of instruments before Council session • Report on membership submitted to Council • Draft strategic action plan presented to Executive Board/Council • Draft terms of reference submitted to Executive Board/Council for: <ul style="list-style-type: none"> ○ Consultative Forum on Coffee Sector Finance ○ Promotion and Market Development Committee ○ Projects Committee ○ Finance and Administration Committee • Rules on Statistics reviewed by the Statistics Committee • Rules of the Organization presented to the Executive Board/Council • Financial Regulations and Financial Rules reviewed by the Finance Committee • PSCB and Statistics Committee review their TOR (if wished)
June – July 2008	<ul style="list-style-type: none"> • ICO reviews Memoranda of Understanding in the light of the strategic action plan • ICO reviews requirements for dates for ICO meetings in 2008/09 and subsequent years • Preparation of strategy for contacts with non-member countries
August 2008	<ul style="list-style-type: none"> • ICA 2007 closes for signature on 31 August 2008
September 2008	<ul style="list-style-type: none"> • Opportunity for deposit of instruments before September Council Report on membership submitted to Council (deadline for deposit of instruments is 30 September) • Council reviews need for further extension of ICA 2001/extensions of deadlines for deposit of instruments for ICA 2007 • Coffee Development Strategy reviewed by Executive Board/Council • Executive Board/Council review revised draft documents presented in May, including strategic action plan, terms of reference for new bodies, Rules of the Organization, Financial Regulations and Financial Rules, Rules on Statistics etc. • Nomination of representatives on new bodies (Consultative Forum, Promotion and Market Development Committee etc.) – if appropriate
After entry into force of ICA 2007	<ul style="list-style-type: none"> • Strategy for promotion and market development prepared • Voting system updated to reflect changes in Article 12 (Votes) • Staff Regulations and Staff Rules reviewed by the Finance and Administration Committee • Conversion factors reviewed by Statistics Committee and recommendations submitted to the Council • Current project procedures and mechanisms may be reviewed by the Projects Committee as appropriate

