Report on the 3rd meeting of the Working Group for the Entry into force of the International Coffee Agreement 2022

Item 1: Adoption of the Agenda

Item 2: Report of the 2nd meeting of the Working Group held on 15 January 2024

Item 3: Draft Terms of Reference (ToRs) of the Economics Committee

Item 4: Participation of non-governmental stakeholders in the activities of the Organization

Item 5: Date of next meeting

Item 6: Other business
1. The Working Group for the Entry into Force of the International Coffee Agreement 2022 met for the third time on 12 February 2024. The Executive Director and the Chair of the Group, Mr Mick Wheeler of Papua New Guinea, welcomed all participants and thanked delegates for their presence and participation.

2. Representatives of the following Members were present online using the Zoom software: Brazil, Colombia, El Salvador, Ethiopia, European Union (including EU-France and EU-Italy), Ghana, India, Indonesia, Japan, Kenya, Papua New Guinea, Peru, Togo and Yemen.

Item 1: Adoption of the Agenda

3. The agenda contained in document WGEF-06/24 was adopted.

Item 2: Report of the 2nd meeting of the Working Group held on 15 January 2024

4. The Chair presented the report of the previous meeting, contained in document WGEF-05/24.

5. The WGEF took note of the report.

Item 3: Draft Terms of Reference (ToRs) of the Economics Committee

6. The Chair presented the three suggestions that arose during the last meeting regarding membership of the Economics Committee, as contained in document WGEF-07/24 under ‘Governance and Procedures’. He added that the delegation of Japan had written to the Secretariat to express that their preference was to retain the format approved for the Joint Committee and opened the floor for discussion.

7. The delegate of Brazil thanked the Chair and referred to the previous Session of the Council in India, during which issues such as geographical distribution and the possibility of an imbalance between importing and exporting Members were debated. He expressed a preference for open participation, emphasizing that active involvement was most important, as long as this did not lead to a concentration of views from only one kind of group or obstruct progress, consensus or the representation of the views of all Members of the Organization. He was optimistic that discussions in India showed that countries were invested and engaged, and expressed hope that colleagues from other producing countries would provide their inputs in order to reach a consensus.

8. The delegate of Japan reiterated the opinion that a set membership system was preferable as it would ensure a balance between exporting and importing Members. She raised concern that in-depth discussions might be difficult under an open system and that some Members might not participate. Moreover, she raised the fact that the draft ToRs mentioned the possible admission of observers and the establishment of ad-hoc working groups, arguing that this would allow all Members’ views to be collected. Finally, she stated that Japan had the same concerns regarding a core group system and that fixed membership should be adopted.
9. Regarding the concerns raised by Japan, the delegate of Brazil stated that he did not feel that there would be a disequilibrium with open participation. He recalled the comments of the former delegate of Colombia, who had previously reminded Members that the European Union represented 27 different countries, reiterating that even if there were only one representative, the voice of that group would indeed be present.

10. The delegate of the European Union mentioned that he did not have a firm position yet regarding membership and still needed to consult EU Member States. Referencing the delegate of Brazil’s points, he agreed that the distinction between importers and exporters continued to evolve but highlighted that the International Coffee Agreement (ICA) itself made the differentiation. Finally, he reiterated that he would rather avoid the composition agreed upon at the 136th Session of the Council for the Joint Committee, clarifying that this had just been a pragmatic, temporary solution at the time.

11. The delegate of the EU-Italy reminded Members that the purpose of committees was to facilitate Council decisions and said that this should be considered with regard to the composition.

12. Speaking as the delegate of Papua New Guinea and echoing the intervention of the delegate of the European Union, Mr Wheeler mentioned the likelihood that the same three countries from the consuming side would continue to participate regardless of the structure chosen. Regarding concerns about representation and continuity, where Members might make interventions at a meeting and then not turn up to the following one, he explained that this was the case already with defined membership and that, accordingly, an open system might be the way forward in today’s circumstances. He stated that he understood Japan’s reluctance to move away from the decisions taken in India, but kindly asked if they – as well as other delegations – might give the topic further thought.

13. The delegate of Japan stated that she would further discuss the situation with her colleagues and report back with comments, if necessary.

14. The delegate of the Philippines expressed her country’s willingness to open the Committee to all participants. She also raised the question of Resolution 476 regarding transitional mechanisms that would benefit exporting Members like the Philippines, highlighting that she had not managed to locate it among the draft ToRs being discussed during the meeting.

15. The Chair thanked the delegate of the Philippines for her intervention and confirmed that it was an important issue that had not been forgotten, but mentioned that it was logical to address other issues first since the transitional arrangements would only apply when the ICA 2022 entered into force.

16. The Secretariat and External Relations Officer reminded Members that all the documents to be drafted and discussed within the WGEF, including the one mentioned by the delegate of the Philippines, had been listed in the report of the first meeting.

17. Regarding the Economics Committee being “open” or “closed”, the delegate of India stated that each format had advantages and disadvantages. He echoed the statement of the EU-Italy on the
fact that committees existed to have discussions and make proposals to the Council, and stated that regional representation was favourable. Moreover, given previous experiences in which fixed membership resulted in limited participation, the delegate of India stated that the Core Group proposal was a good compromise.

18. Recognizing that the ToRs of the Economics Committee still required further discussion, the Chair stated that the WGEF would revisit them at the next meeting.

Item 4: Participation of non-governmental stakeholders in the activities of the Organization

19. The Chair invited the Secretariat to introduce the next topic and thanked the delegate of India in advance for the written proposal he had submitted on the Board of Affiliate Members (BAM).

20. The Secretariat and External Relations Officer recalled discussions from the previous meeting and highlighted that, under the ICA 2022, there would be two different bodies to ensure the participation of the private sector and civil society: the Coffee Public-Private Working Party (CPPWP) and the BAM. She reminded Members that the CPPWP would be the natural evolution of the current Coffee Public Private Task Force (CPPTF) comprising public Sherpas, representatives of ICO Member countries, and Sherpas representing the private sector. As for the BAM, she mentioned that ICO Members would still need to discuss the modalities to designate affiliate members from the private sector and civil society, reiterating that there would be no public participation therein.

21. The Secretariat and External Relations Officer showed a list of pending questions on screen (attached to this report).

22. The suggestions from India regarding the eligibility criteria, application procedure and contributions system for the BAM were then shared (the full proposal, including additional questions drafted by the Secretariat, is available in document WGEF-11/24).

23. The delegate of Brazil congratulated the Indian delegation on the comprehensive and detailed suggestions put forward and suggested that they present the rationale for the approach.

24. The representative of India thanked the delegate of Brazil for his remarks. He mentioned that the proposal had been devised to take into account the entire value chain and all coffee stakeholders. Regarding the proposed eligibility criteria, he stated that if a civil society or private sector entity were to apply for the BAM, they would need to prove that they were associated with the coffee value chain and looking to promote the sector, otherwise their participation would not further the objectives of the Organization. He also mentioned that it was important that they had at least a three-year history of operating in the field to ensure credibility, and that the absence of a strong financial base could not be justified because, again, the private sector should be able to contribute to the objectives of the ICO.

25. The delegate of India explained the rationale behind the proposed creation of an Evaluation Committee, suggesting that it might be impractical to discuss applications at the Council and, rather,
that there should be a recommendation beforehand. He also mentioned that an alternative could be to refer any such applications to the Economics Committee.

26. Regarding membership renewals being subject to a “positive evaluation of the project implementation plan”, the delegate of India’s justification was to ensure that all projects were evolving in the direction in which they were proposed. As for conflicts of interest, he noted that this had been suggested to avoid ending up at a crossroads with an affiliate member.

27. As for contributions, the delegate of India suggested the importance of ensuring accountability, implying that since importing and exporting Members made contributions to the administrative budget of the Organization, so too should affiliate members. Alternatively, he suggested that their contribution should facilitate additional activities and objectives foreseen under the ICA 2022. He clarified that the multiples proposed were only a suggestion and the main intention was to highlight that there should be a different charge for each type of affiliate member, with farmers paying the least.

28. Regarding the relationship between the BAM and the CPPWP, the delegate of India suggested that as the BAM was to operate as a comprehensive body representing the entire private sector, all private sector members of the CPPWP should also be part of the BAM. He emphasized that the Indian delegation took no hard stance on any of the matters discussed and that they remained open.

29. In response to a question of the Chair, the delegate of India explained that, since the Agreement did not foresee permanent membership for affiliate members, it would be more effective to review their status based on the results achieved in a given timeframe from three to five years. He noted that the status of affiliate member could be extended upon successful implementation of the project proposed and submission of a new project to the Council.

30. The Chair thanked the delegate of India for his clarifications, noting that while he was not against the proposal submitted, the annual revision of the status was foreseen by the ICA 2022 and granting the status of affiliate member for longer could represent a conflict.

31. The delegate of the EU-Italy echoed the Chair’s intervention, pointing out that linking affiliate membership to the implementation of a three-year project could represent a barrier especially for smaller enterprises, with a direct impact on stakeholders’ willingness to participate in the activities of the BAM.

32. The Chair informed Members that the document would be circulated after the meeting for their consideration (WGEF-11/24). He also noted that the Secretariat had been working on a document that compared non-public stakeholders’ participation in the activities of several international organizations.

33. The Secretariat informed Members that the document in question would be distributed after the meeting.

34. The delegate of Brazil again congratulated the representative of India for his thorough explanation. He then sought clarification as to whether, according to the proposal, all members of
the BAM would also automatically participate in the CPPWP, and if India foresaw any limit on participation.

35. The delegate of the European Union also extended his appreciation to India and requested that the Secretariat re-share the Organization’s organigram under the ICA 2022 (attached to this report). He also mentioned how, according to the ICA 2022, the Council had to approve the ToRs of the CPPWP, and asked whether the same was applicable for the ToRs of the BAM.

36. In response to the delegate of the European Union, the delegate of Brazil clarified that paragraph 8 of Article 34 of the ICA 2022 stated that the BAM would establish its own rules of procedure. On this basis, he asked his colleagues to confirm whether they were also on the same page.

37. The Secretariat and External Relations Officer clarified that while the BAM was responsible for the establishment of its own rules, as correctly pointed out by the delegate of Brazil, paragraph 5 of Article 6 stated that the Council was in charge of establishing the procedures for appraisal of applications for affiliate member status.

38. The delegate of India thanked Brazil and the European Union. In response to the former, he clarified that India’s intention was not that all members of the BAM should be members of the CPPWP. He reiterated that the BAM would be an umbrella body within the ICO, representing the private sector, from growers to corporations, and that the CPPWP could be considered like a “committee out of BAM”.

39. In response to the question on whether participation in the BAM should be open to everybody, the delegate of India shared his view that it should not be restricted, but that participants should meet strict criteria in order to add value, as detailed in his proposal.

40. In agreement with the delegate of Brazil, the delegate of India reiterated that the BAM would be an advisory body, adding that all proposals would have to be submitted to the Council, the only decision-making body, for approval. He referred to paragraphs 11 and 12 in Article 2 of the ICA 2022, relating to the definitions of the private sector and civil society, respectively, and clarified that, with the exception of governments, the rest of the coffee value chain was encompassed.

41. The delegate of the EU-Italy thanked the delegate of India for his work, while reminding Members that the Chair and Vice-Chair of the BAM would be representing the private sector at the Council, as foreseen by the ICA 2022.

42. The Chair of the WGEF and the Executive Director clarified that the Chair and Vice-Chair of the BAM would indeed have the right to participate in sessions of the Council as representatives of the private sector, but that they would not have the right to vote.

43. Regarding participation in the BAM, the delegate of the EU-Italy raised the possibility of conflict with regard to associations and private sector companies, stating that achieving a balance between them might be difficult. That said, he expressed that openness and inclusivity were important and agreed that anyone interested in joining should have the opportunity to apply.
44. The Executive Director recalled that the choice to use the word "entity" in the ICA 2022 was intentional, as Members were aware that the concept would be revisited and detailed at a later stage, thus leaving room for a broader involvement of different coffee stakeholders.

45. The delegate of India welcomed the plurality of perspectives and agreed with the representative of Brazil that the BAM was an opportunity for the entire value chain. He stated that it would not be rational for Members to make all decisions related to coffee – a deregulated commodity in an open market – without consulting other stakeholders in the sector. He then expressed further agreement with the comments of the Executive Director and the delegate of the EU-Italy.

46. The delegate of the EU-Italy commended the Organization's efforts to increasingly incorporate the voice of the private sector and civil society on the various issues discussed within the ICO, while highlighting that the CPPWP would be different to the BAM, since the current CPPTF has always worked in practical terms to overcome issues brought about by certain rules or regulations. Finally, he expressed his support for the idea of having CPPWP members also involved in global discussions within the BAM.

47. Addressing the question of inclusiveness posed by the delegate of EU-Italy, the delegate of India stressed that regarding the project proposal, clarity should be prioritized over complexity and length, as the project was intended to be a concrete and valuable commitment by the applicant towards the BAM and the Organization.

48. The delegate of Brazil noted that in order to avoid creating additional tasks for the Organization, Members could consider accepting documents such as annual turnovers as proof of strong financial base and also to determine affiliate members’ contributions.

The Chair thanked Members for their active participation and encouraged them to submit any comments in advance and in writing.

Item 5: Date of next meeting

49. The dates of future meetings were shared on screen for Members’ reference, with the following meeting having been scheduled for 11 March 2024.

Item 6: Other business

50. No additional requests for other business were made.
PENDING QUESTIONS TO BE ADDRESSED AT THE NEXT MEETING

1. Participation of non-governmental stakeholders – CPPWP
   a) Maximum number of members of the CPPWP? (especially considering that the current CPPTF has an equal number of representatives from the public sector and the private sector)
   b) Should private sector members of the CPPWP participate in the activities of the BAM? How?
   c) Should paying members of the CPPWP who are also members of the BAM pay contributions to the latter?
   d) What are the modalities for civil society and international organizations to participate in the activities of the CPPWP’s Technical Workstreams?
   e) How should the system for contributions to the CPPWP budget work?

2. Participation of non-governmental stakeholders – BAM
   a) What are the eligibility criteria for applications for the BAM?
   b) How should the system for contributions to the BAM budget work?
   c) Should private sector members of the CPPWP participate in the activities of the BAM? How?

ICO STRUCTURE (ICA 2022)