



**Report on the 3rd Meeting of the
Working Group on the Future of the
International Coffee Agreement
10 December 2019**

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1. The Chair, Ms Stefanie Küng, of Switzerland, welcomed all participants to the third meeting of the Working Group on the Future of the International Coffee Agreement (WGFA).

2. Representatives of the following Members were present, in person or by teleconference call: Brazil, El Salvador, European Union, Indonesia, Japan, Madagascar, Nicaragua, Panama, Papua New Guinea, Peru, Russian Federation and Switzerland.

Item 1: Adoption of the Agenda

3. The agenda contained in [WGFA-10/19](#) was adopted.

Item 2: Report of the 2nd meeting of the Working Group held during the 125th Session of the International Coffee Council (27 September 2019)

4. The Chair presented a summary of the work of the Working Group up to the present date. She explained that three options concerning the future of the International Coffee Agreement 2007 (ICA 2007) had been put before Members, namely:

- a) Extension of the ICA 2007, with or without amendments
- b) Negotiation of a new ICA
- c) Termination of the Agreement.

5. The Chair noted that a survey had been carried out to get Members' views on this matter in April 2019. Out of the 16 responses received, none were in favour of termination of the ICA 2007.

6. Subsequently, Members had been requested to submit their proposals for changes to the Agreement. Responses had been received from the European Union, Kenya, Nicaragua and Peru.

7. The Group took note of the report.

Item 3: Proposals for change submitted by Members

8. The Chair invited the Members who had presented proposals for change that were present at the meeting, namely the European Union, Nicaragua and Peru, to explain their suggestions.

9. The delegate of the European Union informed that his delegation did not favour a simple extension of the ICA 2007 without any changes. Key aspects of the EU proposal,

contained in [WGFA-11/19](#), were a change in Article 48, so as to remove an “end date” to the Agreement, and an amendment to Article 21, in order to promote the financial sustainability of the Organization.

10. The delegate of Nicaragua presented the proposals contained in document [WGFA-7/19](#) and concurred with the European Union’s proposal to extend the ICA 2007. However, Nicaragua would like to take the opportunity to change elements of the Agreement in order to benefit the coffee sector worldwide. The objective of any amendment to the Agreement should be to enable all stakeholders in the coffee supply chain to put in place a strategy to address the challenges they face, such as the volatility of coffee prices. This would provide Members with an opportunity to examine the structure of the Organization and mechanisms for financing on the national and international levels, which were not present in the current Agreement. To facilitate a comparison of the proposals from various Members on different articles of the Agreement, he suggested that the Secretariat consolidate all suggestions into a single document. He reiterated the need to extend the current Agreement in order to give adequate time to renegotiate a new Agreement.

11. The delegate of Peru presented the proposals contained in document [WGFA-12/19](#). Peru supported the extension of the ICA 2007, while favouring the option of changes by means of amendments, in accordance with Article 49, to address issues such as the organizational structure of the Organization, its financial mechanisms and ways to address emerging issues. However, her delegation would also be willing to consider the negotiation of a new Agreement.

12. The delegate of Japan stated that his country was in favour of a simple extension of the current Agreement. Japan’s view was that amendments should only be made if matters could not be addressed through the approval of Resolutions by the Council. For example, instead of rewriting Article 21, the text proposed by the EU could be issued as a Resolution. He reminded delegates that, at the last meeting of the Finance and Administration Committee, the Executive Director had been requested to seek legal advice from solicitors on issues related to Members in persistent arrears and that the Group should await that advice before moving forward.

13. The Chair agreed that all proposals should be consolidated into one document.

14. The Executive Director informed the Group that he was awaiting the legal opinion requested from the ICO’s solicitors in connection with the creation of a category of suspended membership within the scope of the current Agreement and also on the proposed amendment to Article 21 put forward by the European Union. On a general note, he noted that Members appeared to be expressing a preference for simply extending the Agreement

with amendments. However, many proposed changes to Article 1, which contained the Objectives of the Agreement. A preliminary legal opinion had already been received that changes to this Article would be considered as substantive, and therefore require the negotiation of a new Agreement. Although the legal opinion from the Organization's lawyers regarding suspended membership had still not been received, he considered it likely that any changes in the assessment of contributions would also be considered substantive, therefore also requiring a new Agreement. He noted that, in most Member states, the legislative procedures for amendment of the ICA 2007 or approval of a new Agreement would be the same. In these cases, there was no practical difference between amendment and renegotiation.

15. The delegate of Brazil stated that his country was in favour of a simple extension of the current Agreement to give sufficient time to enable the renegotiation of a new Agreement. He highlighted the need to have regular meetings of the Group, perhaps on a monthly basis, in order to review the Agreement and to provide a full report to the Council in September 2020.

16. The delegate of Indonesia stated that his country was in favour of an extension of the Agreement in accordance with paragraph 3 of Article 48 and amending the Agreement, in accordance with Article 49. He informed the Group that Indonesia would be submitting its proposals in the next few weeks.

17. The delegate of Madagascar supported the proposals made by the delegate of Nicaragua.

18. The Executive Director informed the Group that only four written formal proposals had been received so far, although twelve other Members had responded to the survey. He urged Members to send their proposals and was pleased that Indonesia would be submitting its proposal in the next few weeks. He suggested that Members should submit their proposals by 31 January 2020 at latest, in order to allow documents to be translated in time for a follow up meeting in the second half of February. He confirmed that all proposals received would be consolidated into one document, while proposing that the Secretariat should also be given the opportunity to put forward its suggestions.

19. The Chair agreed with the deadline for submission of proposals by 31 January 2020, and the consolidation of all proposals into one document. She welcomed the inclusion of suggestions from the ICO Secretariat in the consolidated document. In addition, the Chair also agreed to hold regular monthly meetings of the Group.

20. The delegate of the European Union stated that time was of the essence. The next meeting of the Group should provide a clear direction on the way forward. He was in agreement with regular monthly meetings; in addition, he suggested that an entire day should be set aside for a Working Group meeting during the April 2020 session of the International Coffee Council. He informed that the EU was ready for both options namely, amendment or renegotiation of the Agreement. He stressed the need for substantive advances before the meeting of the Council in September 2020.

21. The delegate of Brazil stated that pressing issues, such as the situation of Members in persistent arrears, should be addressed within the framework of the existing Agreement, if at all possible. As far as Article 21 was concerned, it was prudent to await the legal opinion of the solicitors. He emphasized that Brazil desired a new and better Agreement to address the challenges faced by the coffee sector. Achieving this aim might require some time, so an extension of the ICA 2007 would be justified.

22. The delegate of the EU stated that the EU would not agree to any kind of extension if the issues raised in connection with Article 21 were not resolved.

23. The delegate of the Russian Federation agreed with the proposal made by the delegate of Brazil and also for the deadline for submission of proposals by 31 January 2020. He was also in agreement with regular monthly meetings of the Group. He mentioned that the question of Members with persistent arrears should be examined in light of the practice in other international organizations, especially international commodity bodies. This matter could be dealt with in the regular monthly meetings of the Group.

24. The delegate of Papua New Guinea concurred with the position of Brazil and confirmed that his country would submit a proposal by 31 January 2020. He acknowledged the EU's concern about Members in persistent arrears and the requirement to review Article 21, while agreeing on the need for a more modern new Agreement.

Item 4: Method of communication

25. The Executive Director made a presentation on Slack, an online communication platform that the Secretariat would be using for the purposes of the discussion on the future of the ICA 2007. Further information on the platform would be communicated to Members. Members were requested to contact Ms Hamida Ebrahim, Personal Assistant to the Executive Director, to be registered on Slack.

Item 5: Next steps

26. Members were requested to submit proposals for changes to the ICA 2007 to the Secretariat by 31 January 2020. A document consolidating all the proposals received, including the suggestions of the Secretariat, would then be circulated. Regular meetings of the Group would be held on a monthly basis in the interval leading up to the session of the Council in September 2020. The Secretariat would contact Members individually to request them to send their proposals.

Item 6: Other business

27. No issues were raised under this item.

Item 7: Date of next meeting

28. The next meeting will be held on 27 February 2020.