

BENEFITS OF MEMBERSHIP

TANGIBLE AND INTANGIBLE BENEFITS OF
BEING A SIGNATORY TO THE
INTERNATIONAL COFFEE AGREEMENT (2007)



INTERNATIONAL
COFFEE
ORGANIZATION

THE ICO IN A NUTSHELL

4

Official languages

English, French, Spanish, and Portuguese

49

Member Governments*

Exporting Members

Angola, Bolivia (Plurinational State of), Brazil, Burundi, Cameroon, Central African Republic, Colombia, Costa Rica, Côte d'Ivoire, Cuba, Democratic Republic of the Congo, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Honduras, India, Indonesia, Kenya, Liberia, Madagascar, Malawi, Mexico, Nepal, Nicaragua, Nigeria, Panama, Papua New Guinea, Peru, Philippines, Rwanda, Sierra Leone, Tanzania, Thailand, Timor-Leste, Togo, Venezuela, Vietnam, Yemen, Zambia, Zimbabwe.

Importing Members

European Union (representing 27 EU Member States), Japan, Norway, Russian Federation, Switzerland, Tunisia, United Kingdom.

97%

Global production

67%

Global consumption

*As of 2 February 2022

Why join?

- **International forum and representation**
- **Enhanced cooperation with multilateral and non-governmental organizations**
- **Coffee Public-Private Task Force**
- **ICO Certificates of Origin**
- **Access to data, knowledge & statistics**
- **Promotion of coffee consumption**



TANGIBLE AND INTANGIBLE BENEFITS TO BE A SIGNATORY OF THE INTERNATIONAL COFFEE AGREEMENT

I. Introduction and background

The **International Coffee Agreement (ICA)** is an international treaty under which governments of countries engaged in the production, transformation, trade and consumption of coffee, work together and are committed to “strengthen the global coffee sector and promote its sustainable expansion in a market-based environment for the betterment of all participants in the sector.” The ICA is based on and contributes to the implementation of the United Nations Development Agenda: first the Millennium Development Goals (MDGs) and now the Sustainable Development Goals (SDGs).

The ICA is the only international policy mechanism under which countries that produce and export coffee and countries that import coffee work together towards the common goals of prosperity for all those engaged in the global coffee value chain (C-GVC) with a special focus on the livelihood of farmers.

The **International Coffee Organization (ICO)** is established under the ICA as the depository of the Agreement and its mandate is to help all member countries to implement it. The first ICA and the ICO were established in 1962 under the auspices of the United Nations with the objective to “Achieve a reasonable balance between supply and demand in the coffee market”.

Until 1989, the ICA and the ICO focused on regulating the market by establishing the shares (quotas) of coffee to be exported by each exporting country. Through these export quotas, consumers were subject to an invisible “tax” in support of producers to promote economic, social, and political stability. The ICA is considered to have been reasonably effective for larger exporters to accrue rents, however, changes in the global political climate during the 1980s and internal rows about quota distribution led to the collapse of the quota system.

As the quota system was no longer considered an effective and operationally sound model to regulate trade, ICO member countries changed the nature of the agreement but agreed, as with other international commodities (cocoa, sugar, grains, timber, rubber, etc.), on the strong need for an international forum and a body, the ICO, at the intergovernmental level where all coffee matters could be discussed and joint solutions shared among all coffee stakeholders and development partners.

International Coffee Agreements were signed in 1962, 1968, 1976, 1983, 1994, 2001, and 2007. Presently, ICO members are engaged in drafting a new ICA to address current challenges and opportunities and to incorporate the respective needs and views of all members. The International Coffee Council established in 2018 a Working Group on the Future of the Agreement (WGFA) that is working towards more effective governance and decision-making mechanisms and the greater integration of the private sector in the Agreement and in the work of the Organization, based on SDG17 “Partnerships for the goals.” As is common practice, till a new ICA has been agreed upon among ICO members, the existing ICA is extended. Therefore, the current ICA (2007) has been extended until February 2024.

The supreme decision-making body of the Organization is the International Coffee Council (ICC) formed by all exporting and importing members. The ICC approved a 5-year Strategic Action Plan in 2017 to guide the ICO in the implementation of the ICA. The ICO is responsible for executing the Plan through annual programmes of activities (PoA), which are approved by the ICC and implemented by the Secretariat.



The 5-year Plan and the PoA focus on three axes:

- (I) World-class data, statistics and analytics/research;
- (II) Policy dialogue among members, non-members, intergovernmental organizations (IGOs), academia, the private sector, civil society and NGOs;
- (III) assistance to members in the development of technical cooperation projects and the promotion of coffee consumption through public-private memberships.

II. Tangible and intangible benefits of being a signatory to the ICA and a member of the ICO

The work of the ICO is currently governed by the International Coffee Agreement 2007 (ICA 2007), whose main objective is to strengthen the global coffee sector and promote its sustainable expansion. Under the ICA 2007, the Organization serves as a forum for intergovernmental consultations, facilitates international trade through increased transparency, provides know-how and data to facilitate decision-making and promotes a sustainable coffee economy for the benefit of all stakeholders, particularly smallholder farmers in coffee-producing countries. As was the case with the 1994 and 2001 Agreements, the ICA 2007 has no market-regulatory clauses. Yet, it is an executive instrument for "coffee diplomacy".

Therefore, close multilateral collaboration on coffee matters is important economically and politically for all participants in the Coffee Global Value Chain (C-GVC). In order to improve the sustainability of the C-GVC the ICO promotes more balanced value distribution, upgrading and value addition, gender and intergenerational equity, sustainable coffee production and consumption, and improved relations among all coffee stakeholders.

Access to a range of services, data, knowledge, and strategic, commercial, and development partnerships—among producing and importing countries as well as with development organizations and financial institutions—are also key factors that Members value as part of their participation and integration in the International Coffee Agreement.

In its work, the ICO aligns itself with the 2030 Agenda for Sustainable Development of the United Nations, including its Sustainable Development Goals (SDGs), especially SDG1 "No poverty"; SDG2 "Zero hunger"; SDG5 "Gender equality"; SDG6 "Clean water and sanitation"; SDG7 "Renewable and clean energy"; SDG8 "Decent work and economic growth"; SDG9 "Industry, innovation and infrastructure"; SDG12 "Responsible consumption and production"; SDG13 "Climate action"; and SDG17 "Partnerships for the goals".

At present, ICO Members account for 97% of world coffee production and exports and 67% of coffee imports. The United Kingdom and Nigeria are the most recent Members that have joined the ICA 2007 and become Members of the Organization in December 2021 and November 2022, respectively. Negotiations with the Republic of Korea and China on membership continue and are expected to be intensified in the post-pandemic era. Steps are also being taken for the USA to re-join the ICO, building on the continued and successful cooperation of the ICO with the USA private sector organizations.



II.a Intangible benefits of ICO membership

Membership in the ICO has a positive impact on the policy and performance of the coffee sector in the Organization's Members. Membership in the ICO provides a unique forum with vast opportunities, as presented below.

International forum and representation

Members are entitled to appoint representatives to the International Coffee Council (ICC), the governing body of the ICO, which meets twice a year to review the coffee market situation, develop coffee policies and establish priorities for the work of the Organization, as well as to the committees and other advisory bodies. ICO Members are often hosting the ICC in their country as a tool to provide international visibility to their coffee sector and promote their country. Every four to five years the ICO, together with the hosting government and the private sector, organizes the WCC. The WCC provides a forum for discussion. It is a fair that brings together all world coffee stakeholders as well as technology and solution providers. It allows promoting coffee origins and products. ICO members benefit from free access to the WCC.

Cooperation with international governments, non-governmental organizations and other private initiatives

Members participate in the only worldwide forum for discussion at an inter-governmental level, on coffee policy, trade, development issues, and related matters, thereby gaining access to the know-how and experience of other countries in structuring their coffee economies. In order to facilitate cooperation and access to knowledge and human and financial resources, the ICO in the last few years has intensified its partnership and cooperation with leading national, regional and international public and private institutions and actors.

- The ICO has signed Memorandums of Understanding with relevant private sector initiatives such as the Global Coffee Platform, the African Fine Coffees Association, the Sustainable Coffee Challenge, and the International Women's Coffee Alliance (IWCA) to join forces and address issues affecting coffee-producing countries, as well as to access technical support.
- The ICO has signed cooperation agreements and Memorandums of Understanding and/or is working closely with key development partners such as: the Common Fund for Commodities (CFC), United Nations Food and Agriculture Organization¹ (FAO), United Nations Conference on Trade and Development (UNCTAD), the International Trade Centre (ITC), United Nations Industrial Development Organization (UNIDO), the International Fund for Agricultural Development (IFAD), the World Bank (WBG), the African Development Bank (AfDB), the African Export-Import Bank (Afreximbank), the Central American Bank for Economic Integration (BCIE) and the Global Environment Facility (GEF).
- ICO works closely with regional coffee organizations, such as the InterAfrican Coffee Organization (IACO) and PROMECAFE, to respond to the current green coffee price crisis and the Covid-19 pandemic.

Close dialogue and partnerships with the private sector

The ICO facilitate close dialogue and partnerships with the private sector through its **Private Sector Consultative Board (PSCB)**, composed of high-level representatives of trade associations in exporting and importing countries, which advises the International Coffee Council on matters of practical relevance to the world coffee sector, such as positive communication on coffee, food safety and sustainability. Members include, among others, the European Coffee Federation, the National Coffee Association (USA), the All-Japan Coffee Association, Rusteacoffee, and the India Coffee Trust.



And again, through the **Coffee Public-Private Task Force (CPPTF)**, which is the most important element in the sector-wide Dialogue organized by the ICO. A process that started as an exercise to engage relevant stakeholders and the broader international community in a discussion on coffee price levels culminated in the development of a Joint Declaration of Intent by private stakeholders in the form of the “London Declaration” signed in September 2019 by 12 leading coffee firms (traders, roasters) and supported by leading private sector organizations and NGOs.

The London Declaration was welcomed by the ICC, which also requested the ICO to set up a Coffee Public-Private Task Force (CPPTF). Today the Task Force consists of 16 private sector ‘sherpas’—representatives of the signatory companies—, 16 public sector representatives of ICO Member countries, the PSCB, and private sector initiatives. The aim of the CPPTF and its related Technical Workstreams is to implement and advance the work of the abovementioned Sector-wide Dialogue initiated and led by the International Coffee Organization (ICO). The objectives of the Task Force are:

- i) to drive the discussion on a joint long-term vision beyond 2020 for the sector in order to achieve transformational solutions towards sustainable, inclusive, and resilient global coffee value chains;
- ii) build consensus among public and private sector coffee stakeholders on a roadmap for the implementation of the commitments and concrete actions contained in the London Declaration and in line with the International Coffee Agreement to achieve the long-term vision;
- iii) define new joint concrete, practical, actions that build on local initiatives and allocate resources; monitor and report on progress and measure impact.

The ultimate objective of the Task Force is to build consensus on priority issues and actions to be submitted

for consideration to the International Coffee Council (ICC) and the CEO and Global Leaders Forum (CGLF). In November 2020, the ICC and the CGLF agreed on a Joint Communiqué and a Road Map focused on closing the living and prosperous income gap through the implementation of pilot projects in selected countries, making policy recommendations on the reform of the futures market, improving the transparency of coffee prices and establishing a system for monitoring the volatility of coffee prices. And then again, in September 2021, a Joint Communiqué by the CGLF and the ICC was signed to reiterate the commitment to provide coffee community-wide response, investment and collaboration to address the main challenges faced by the coffee farmers and the whole sector.

Consultation on finance and risk management

A Consultative Forum on Coffee Sector Finance facilitates discussions on topics related to finance and risk management in the coffee sector, with particular emphasis on the needs of small- and medium-scale producers and local communities in coffee-producing areas. Sharing best practices and technologies allows Members to establish contacts with key public and private sector technical solutions providers.

Opportunities to access know-how, networking and resources

ICO Members have their own channels and bilateral negotiations, however, through membership in the ICO they are able to meet, discuss and network globally and to interact with all coffee stakeholders including potential commercial partners, know-how and technology providers, donors, and the private sector, as well as academia, development, and financial partners and non-governmental organizations (NGOs).



II.b Tangible benefits of ICO membership

Certificates of Origin

Only ICO Members are authorized to issue ICO Certificates of Origin, which are globally recognized and are an important tool for trade facilitation.

Access to statistics

The ICO is the world's independent and neutral provider and most respected authority on coffee statistics. Members have access to the latest coffee market information and analysis from experts as part of their membership (otherwise provided as a fee-based subscription service), as well as access to the recently launched **World Coffee Statistics Database (WCSD)**, a one-stop-shop for all coffee-related statistics unique in its kind which is set to revolutionize the way in which coffee data are delivered and used, giving analysts and users simple, finger-tips control and access to more than 50 years of coffee statistics covering over 190 countries.

The whole coffee sector, including the coffee industry, private investors, and traders, uses ICO data as a reference and benchmark to help monitor coffee trends and make well-informed business decisions. All the world's generalist and specialized media (Bloomberg, BBC, Financial Times, Global Coffee Report, Comunicaffè, etc.) utilize ICO data (from daily prices to the Coffee Development Report) for their publications on the coffee sector, providing the sector with a powerful voice on the international stage. In the same way, the UN specialized agencies (FAO, UNCTAD, ITC, etc.), as well as the academia, base their analysis and research on the coffee sector on statistical data and both institutional and ad-hoc reports provided by the ICO.

Regular statistical publications of the ICO

- Indicator Prices (daily)
- Coffee Market report (monthly)
- Monthly Trade Statistics (monthly)
- Green and Processed Coffee Trade Statistics (quarterly), annual trade statistics, Arabica/Robusta (by subscription)

Research and analysis

In partnership with leading academic and research institutions (University of California at Davis, London School of Economics, Kiel Institute for the World Economy, Universities of Göttingen and Newcastle, International Food Policy Research Institute etc.), the Organization conducts extensive research and studies on all matters related to coffee, including: key production, trade and consumption trends; climate change; pests; diseases, gender equality, ICT, etc.

Main analytical publications

- The ICO flagship report: The Coffee Development Report (since 2019)
- Regular reports: Obstacles to Consumption/Tariff and non-tariff barriers to trade; Mixtures and substitutes; Status of coffee development projects.
- ICO/Conservation International Guide to Access Green and Climate Funding for the Coffee Sector: The Global Environment Facility (GEF)
- Ad hoc studies: Coffee and health; consumption trends in Asia; the African coffee value chain; benchmarking of production costs; women in coffee; coffee price crisis, impact and mitigation of covid-19.



Promotion of coffee consumption

The Organization continuously engages with public and private agencies to promote the consumption of coffee, which is a key element in achieving a balanced and more sustainable world coffee economy. ICO Membership allows countries to take part in initiatives to promote consumption.

- Regional projects for promoting coffee consumption (Africa, Central America and Asia/Pacific)
- A Step-by-Step Guide to Promote Coffee Consumption in Producing Countries, which provides practical guidelines to increase demand for coffee and will be transformed into an online market access toolkit.
- Conceptualization and provision of promotional material for celebrating International Coffee Day (ICD).

Assistance in the development and funding of coffee development projects

The ICO provides a convergence platform for all initiatives stimulating the growth of the world coffee economy, particularly development projects aimed at promoting the sustainability of coffee. In view of the current limited availability of project funding to coffee farmers, the Organization organizes networking events to bring together donor institutions and government agencies in producing countries in order to discuss possible sources of finance for projects designed to enhance the sustainable production of coffee.

In the last two years, ICO Members, mainly Germany and Switzerland, provided funding for the Programme of Activities covering the sector dialogue, the CPPTF and the Coffee Development Report, as well as issues related to living income and gender.

The ICO has already facilitated funding for 34 projects in producing countries, with a value greater than US\$100 million. For example, consideration of contamination from mould formation resulted in a multi-year US\$6 million project to reduce mould formation and the incidence of Ochratoxin A (OTA), which was a major problem at the time.

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