



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

PC 60/10

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**Decisions and Resolutions adopted by the  
Promotion Committee at its 17<sup>th</sup> meeting**

1. The Promotion Committee, chaired by Mr Mick Wheeler of Papua New Guinea, met in Guatemala City, Guatemala on 2 March 2010 for the 17<sup>th</sup> time under the 2001 Agreement.

**Item 1: Adoption of the Agenda**

2. The Committee adopted the draft Agenda contained in document PC-58/09 Rev. 1.

**Item 2: Promotion activities and proposals**

**Item 2.1: ICO CoffeeClub Network**

3. The consultant, Mr Carlos Brando of P&A International Marketing, made a presentation on the implementation of the ICO CoffeeClub Network ([www.coffeeclubnetwork.com](http://www.coffeeclubnetwork.com)) which was funded by the Promotion Fund. A copy of this presentation is available on the technical presentations area of the ICO website (<http://dev.ico.org/presents/presentation0910.htm>). He said that social networks were now a reality, with 400 million and 150 million users of Facebook and MySpace respectively. Many sophisticated social networks were not profitable, as even on the big networks, users would not pay to access them since they considered online interaction to be free. However, users were starting to see social networks as web service providers for fun, business and travel. Profit would come from perceived value and when the networks achieved maximum utility for their users. The CoffeeClub Network had received 100,000 visits from 160 different countries, and enabled participants to establish connections and interact online. Users' needs included coffee business opportunities, specific coffee connections and community customization. Technological development was required as internet technology evolved quickly. New web 2.0 service tools needed to be developed and the Network needed to be customized to meet participants' requirements. It had been managed by the consultants

at no cost to the ICO for the last 18 months but now required further investment, either from the ICO or private partners. Options for the future would need to be considered which could include transferring the management and operation of the Network and sharing future profits. Although the fact that it had been initiated under the auspices of the ICO had many benefits, taking it outside the ICO could allow greater freedom of operation.

4. The Executive Director noted that the Network was a valuable initiative and consideration needed to be given to its future development. He highlighted the need for additional human and financial resources that the ICO was unable to provide to enhance the performance of the Network, and welcomed ideas on taking it forward.

5. In discussions on this item, several Members expressed disappointment that the Network required further resources so soon after the original investment of US\$114,000. The Promotion Fund was almost exhausted and consideration would need to be given to finding resources to continue operating the Network, or not proceeding further. There were various ways of marketing coffee on the internet, and Members should consider whether this was the best option, or whether there were better alternatives. The costs of the Network came from coffee producers, and Members should bear this responsibility in mind. The point was made that it would be a shame to lose the investment which had already been made and it would be useful to continue to develop the Network and promote trade in coffee. The ICO's reputation was a significant asset. Avenues for making the Network self-sustaining needed to be explored and the Executive Director should be given flexibility to look at the various alternative options and solutions for generating resources, while safeguarding the interests of Members. The point was also made that this was an ICO initiative developed with ICO resources and Members should not lose sight of the original aim of benefitting the coffee sector as a whole. It was also suggested that it would be useful to have a detailed assessment of the Network which would analyse what had been done and problems which had arisen.

6. The Promotion Committee noted that the points made by Members would be taken into account by the Executive Director. It decided to authorize the Executive Director to explore all options for the future of the Network, including discussions with private enterprise as well as with the consultant who assisted the ICO in creating this project, taking into account the interests of the ICO. The lessons of this project would be taken into account in future promotion activities. The Executive Director said that he would invite the consultants to advise him about possible solutions for the continuing management and development of the Network and, in any negotiations with interested parties, would raise the possibility of recovering some of the original investment.

**Item 2.2: Programmes to promote coffee consumption**

7. The consultant, Mr Carlos Brando of P&A International Marketing, reported on consumption in producing countries. A copy of this presentation is available on the technical presentations area of the ICO website (<http://dev.ico.org/presents/presentation0910.htm>). Consumption in producing countries had increased significantly since 2003 when the ICO Step-by-Step Guide to Promote Coffee Consumption was published. The Guide provided a methodological basis for consumption programmes in a number of producing countries including Costa Rica, Colombia, El Salvador, India, Indonesia and Mexico. Colombia would launch a US\$3 million programme in March 2010 focussing on four strategic aspects: the benefits of coffee, occasions and places of consumption, revaluing coffee in retail channels and a support network. Four producing countries had considerable potential for increasing consumption: Brazil, India, Indonesia and China, with average growth in consumption of around 5% to 6% p.a. They had a combined population of 2.6 billion people which included a potential 800 million consumers, and their share of world consumption could increase from 18% to 25% in the next ten years. The Philippines and Vietnam also had potential to increase consumption. In future, it was likely that producing countries would have a larger share of consumption, and India and China could become net coffee importers. Soluble coffee would initially account for much of the increased consumption. Finally, the consultant reported on consumption in emerging markets, noting that three countries (the Russian Federation, Ukraine, and Poland) led this field in 2008.

8. In discussions on this item, the Committee noted that the Step-by-Step Guide to Promote Coffee Consumption had proved a valuable tool for increasing consumption and had been a worthwhile investment by the Promotion Fund. Activities to increase consumption needed to be considered but there were limited resources remaining in the Promotion Fund. Although coffee companies were interested in promoting their own brands, in the past when activity had been undertaken in cooperation with the ICO the results had been very encouraging, and similar cooperation could be considered with the coffee industry in the future. It would be useful to focus efforts on emerging markets such as China where purchasing power was increasing, enabling consumers to try new products, and the Guide could be adapted to take account of the tea-drinking tradition in this country. Consideration should also be given to encouraging the interest of the Chinese private coffee sector association in the work of the ICO. The point was made that although the Guide was a valuable starting point, institutional frameworks and structures needed to be developed within countries. As a neutral body, the ICO could play a useful role in creating materials which could be freely reproduced and used by Members, as in the case of the Positively Coffee programme, and contribute to the development of the coffee sector.

**Item 2.3: Coffee and health**

9. The Committee noted that the Private Sector Consultative Board (PSCB) had considered an update on coffee and health programmes at its meeting on 1 March 2010, and Members who were interested in more information were invited to contact the Executive Director.

**Item 3: Promotion and market development under the ICA 2007**

10. The Committee noted that at previous meetings, Members had been invited to submit suggestions for the recapitalization of the Promotion Fund, however, to date no formal proposals had been received. The resources of the Fund were now almost depleted, and needed to be replenished if activities to increase consumption were to continue. A range of options, including the controversial option of funding from the Administrative Budget, would need to be considered. The Chairman requested the Executive Director to allocate sufficient time for discussions on this topic in September 2010. All Members were requested to come prepared to the next meeting with suggestions for future resources for activities to increase coffee consumption, and to submit proposals in writing in advance of the meeting.

**Item 4: Financial matters**

**Item 4.1: Accounts of the Promotion Fund for the financial year 2008/09 and Report of the Auditors**

11. The Accounts of the Promotion Fund and Report of the Auditors for the financial year 2008/09 contained in document PC-59/10 were approved by exporting Members.

**Item 4.2 Accounts of the Special Fund for the financial year 2008/09 and Report of the Auditors**

12. The Accounts of the Special Fund and Report of the Auditors for the financial year 2008/09 contained in document SF-42/10 were approved by exporting Members.

**Item 5: Other business**

*23<sup>rd</sup> ASIC Conference (Bali, 3 to 8 October 2010)*

13. The Executive Director reported that Maurice Blanc was now the Scientific and Administrative Secretary for the Association for Science and Information on Coffee (ASIC). The 23<sup>rd</sup> ASIC Conference would take place in Bali from 3 to 8 October 2010 and information about registration was available on the website (<http://www.asic2010bali.org>). Members were encouraged to participate and to inform the coffee sector in their countries

about this event. Exporting Members had agreed to make financial contributions from the Promotion Fund to ASIC conferences in previous years, most recently US\$10,000 for the 22<sup>nd</sup> Conference in Brazil in 2008. Although the balance of the Promotion Fund was very low, exporting Members might wish to consider making a small contribution to the event as a gesture of support.

14. The Committee took note of this report and further noted that exporting Members agreed to approve a contribution of US\$2,000 from the Promotion Fund to the 23<sup>rd</sup> ASIC Conference.

**Item 6:                      Date of next meeting**

15. The Committee noted that its next meeting under the 2001 Agreement would take place in London during the 105<sup>th</sup> Session of the Council from 20 to 24 September 2010.