



Organización Internacional del Café
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Organisation Internationale du Café

PC 29/05

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**Decisions and Resolutions adopted
by the Promotion Committee
at the Seventh meeting**

1. The Promotion Committee, chaired by Dr. Ernesto Illy, met for the seventh time under the 2001 Agreement on 19 May 2005.

Item 1: Adoption of the Agenda

2. The Committee adopted the draft Agenda contained in document PC-26/05 Rev. 1.

**Item 2: Votes in the Promotion Committee
for coffee year 2004/05**

3. The Committee noted that document EB-3873/04 Rev. 2 contained the situation of outstanding payments affecting voting rights and the redistribution of votes for coffee year 2004/05.

Item 3: Report of the Steering Group on Promotion

4. The Executive Director said that the Steering Group on Promotion had met on 16 May 2005. The report of this meeting was subsequently circulated as document PC-28/05. The Group had considered updates on the Step by step guide to promote coffee consumption and had also considered proposals to renew promotion activities in China. The Executive Director had urged exporting Members to consider authorizing funding to enable him to develop a proposal to identify a suitable promotion activity in China which would attract private sector support. To assist them in making a decision, exporting Members had stressed the need to provide concrete proposals with detailed costings and relevant information. The Group had noted the suggestion that both the ICO and the country benefiting from the activity should contribute towards promotion activities; this was a strategy that had been very

effective in Japan. The Group had also noted that resources for promotion including the second phase of the project to increase domestic consumption had been discussed with the Common Fund for Commodities and that there might be potential for educational activities related to promotion in the EU Action Plan on Commodities. It had received a report from the Vice-Chairman of the Private Sector Consultative Board (PSCB) on discussions on the Health Care Professions – Coffee Education Programme (HCP-CEP) and in the case of the Institute for Coffee Studies (ICS), had noted that lack of funds were preventing it from undertaking active research. Assurances had been received from the exporting countries involved that the loan of US\$60,000 to assist with fundraising activities of the ICS would be repaid to the ICO in the near future. The Group had also received a verbal report on the activities of the Institute for Scientific Information on Coffee (ISIC), including research which was proceeding into the contribution of coffee to the prevention of diabetes II and protection from cancer of the colon. Finally the Group had received presentations on the *Caféothèque* of Paris and the *Salon International de l'Agriculture* in 2006 and had noted that exporting countries would consider the possibility of participating in the latter event. The Promotion Committee took note of this report.

Item 3.1: Projects

5. In discussions on projects, the point was made that although only limited resources were available for promotion, a contribution towards promotion activities by Producers from the Promotion Fund could be an effective catalyst in obtaining counter-part contributions from other sources. The HCP-CEP initiative was a good example of such a strategy, being funded by the ISIC and local associations.

6. In the case of the Step by Step Guide to promote consumption, this had been financed by exporting countries in the hope that it would facilitate the development of a second phase of activities to promote domestic consumption. Although prices had recovered, at a future date the situation of over-supply might recur, and it was important to increase domestic consumption. Exporting countries were disappointed that funding for the second stage had not materialized. The fact that resources had not been available would mean that future proposals would be carefully scrutinized. They would pursue the strategies in the Guide although results would be slower than if external resources were available for such activities. The point was made that while exporting countries welcomed the Guide, local groups to obtain the basic data and then develop programmes were needed. It would be useful to look at counterpart funding from the ICO to assist interested parties in developing proposals for submission to appropriate donor agencies. Consideration could be given to investing in countries with particular potential for increasing consumption.

7. In the case of the *Salon International de l'Agriculture*, the Executive Director said that the idea was to have an exhibition space which interested countries could share. It was suggested that as participation by the ICO and exporting countries would generate additional

revenue for the organizers, the ICO should explore the possibility of a commission which could be added to the Promotion Fund. The proposed fees were high and a discount for participating countries should be investigated. The event would be useful to exporting countries if potential purchasers such as retailers and roasters were attending. Consideration could be given to having an unfurnished area and to using Promotion Fund resources so that countries which were interested, such as African Members, did not have to pay a fee.

8. Regarding the request for a specific proposal for promotion activities in China, the Executive Director said that several proposals had been circulated to the Steering Group on Promotion, including a proposal from Hill & Knowlton (document WP-Promotion No. 5/04) and an informal proposal from Paul Wang Hai. If exporting Members agreed to authorize funds of up to US\$15,000, he would consult appropriate companies to see what might be achieved and develop a proposal to increase coffee consumption in China among the target audience, for consideration at the next meeting.

9. The Promotion Committee took note of this information. It further noted that following informal consultations, exporting Members had agreed to allocate up to US\$15,000 for the Executive Director to develop a proposal for promotion activities in China.

Item 3.2: Resources for promotion and pledging meeting

10. The Committee noted that the Promotion Fund only had cash balances of US\$400,000 at 30 September 2004. In view of the need to develop promotion activities outlined in the Action Plan to increase coffee consumption (document PC-13/03 Rev. 2), the Executive Director said that he would consult Members about how the Fund might be replenished, such as through re-establishing regular contributions to the Fund. He would report to the Committee on the outcome of these consultations at the next meeting in September 2005.

Item 3.3: Coffee and health

11. The importance of providing information about coffee's positive contribution to health to the appropriate authorities in China was highlighted. In this connection, it would be helpful to have the support of the University of Shanghai. A programme providing scientific information on coffee and health to medical professionals in the USA would also be a useful initiative. The Committee took note of this information.

Item 4: Coffee and health

12. In September 2004, the Council noted that a suggestion made at the PSCB meeting concerning the possibility of support by exporting countries for the Positively Coffee Programme would be considered at the next meeting of the Promotion Committee. The Chairman of the Promotion Committee introduced document WP-Promotion No. 6/05

containing a proposal for a financial contribution to the Positively Coffee and HCP-CEP projects to enable work on both these projects to continue and to support the development of similar programmes in new producer and consumer markets. The HCP-CEP initiative in particular was a key tool in increasing consumption through informing the medical profession about current scientific findings on coffee consumption and health, and the relatively small investment was already producing good results. The annual contribution of ISIC was £410,000 and the total annual budget for both projects, taking into account matching contributions from national coffee associations to the HCP-CEP initiative was £770,000. A contribution from exporting countries, however small, would send a positive message to ISIC.

13. The Executive Director undertook to consult Members about the proposal and to prepare a supporting document outlining the activities taking place in the various countries to enable exporting Members to reach a decision on the matter.

14. The Committee took note of this information and further noted that the proposal from the Chairman of the Promotion Committee would be considered by exporting Members in September 2005.

Item 5: Financial matters

Item 5.1: Accounts of the Promotion Fund for the financial year 2003/04 and Report of the Auditors

15. In response to questions on the Accounts of the Promotion Fund for the financial year 2003/04, the Head of Finance and Administration confirmed that the debtor balance of US\$60,000 related to the Vanderbilt University Institute for Coffee Studies, and that the amount of US\$205,000 included in the expenditure account related to work carried out by P&A International Marketing on the Step by Step Guide to promote coffee consumption.

16. The Committee took note of this information, and the Accounts of the Promotion Fund for the financial year 2003/04 and the Report of the Auditors contained in document PC-27/05 were approved by exporting Members.

Item 5.2: Accounts of the Special Fund for the financial year 2003/04 and Report of the Auditors

17. The Accounts of the Special Fund for the financial year 2003/04 and the Report of the Auditors contained in document SF-37/05 were approved by exporting Members.

Item 6: Other business

Consumption of tea and other beverages

18. The Committee took note of the suggestion that it would be useful for the Committee to monitor consumption of other beverages such as tea and compare this with coffee consumption and identify emerging trends.

Item 7: Date of next meeting

19. The Committee noted that its next meeting would take place during the 94th Session of the Council in Salvador, Brazil, from 27 to 30 September 2005, and further noted that the Executive Director would look at the possibility of holding a meeting of the Steering Group on Promotion at the time of the Finance Committee in July 2005.