



International Coffee Organization
Organización Internacional del Café
Organização Internacional do Café
Organisation Internationale du Café

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Report

**Report of the Private Sector
Consultative Board
on the meeting of 24 May 2006**

1. The Private Sector Consultative Board (PSCB), chaired by Dr. Euan Paul, met on 24 May 2006.

Item 1: Adoption of the Agenda

2. The PSCB adopted the draft Agenda contained in document PSCB No. 81/06 Rev. 1.

Item 2: Report on the meeting of 30 January 2006

3. The Chairman commented that the Report had not reflected the fact that Mr. Christian Rasch-Topke had been nominated as spokesman for the producers in relation to the European Contract for Coffee and that this should be formally noted. Subject to this addendum, the PSCB approved the Report on the meeting of 30 January 2006 contained in document PSCB No. 79/06.

Item 3: Coffee and health

4. The Programme Coordinator made presentations on the Positively Coffee Programme and the Health Care Professions – Coffee Education Programme (HCP-CEP).

5. The main conclusion from the three year programme to date was that it had worked well, and there was no need to change its thrust. New topics being covered were Coffee and Social Pleasure, Coffee and Blood Pressure and Coffee and Cancer. The Coordinator demonstrated the new website in all four languages and reported that it was hoped that the revised website would be live by the end of June 2006. PSCB members would be informed when this was the case. The second major initiative was the preparation of slide

presentations which would also be made available on a number of topics, such as Coffee and Liver Function, again in all four languages. She noted that a peak had been achieved in terms of website visits in October/November 2005 following the 2nd World Coffee Conference.

6. Turning to the HCP-CEP Programme, the Coordinator recalled that she had reported on the results of the previous two years in some detail at the last meeting. Preliminary results from the 2006 Programme were highly encouraging and significant progress had been made in all the countries participating in the Programme: Finland, France, Italy, Netherlands, Russia and the UK. She reminded the Board that 2006 was the final year of the programme. Results would be reported to ISIC later in the year and a decision taken then about how to proceed.

7. The delegate from the NCA made a presentation concerning the NCA's consumer orientated programme in the US. The objective was to answer the question: what can we do to make consumers drink more coffee? Prior to the campaign, 71% of consumers said that coffee was bad for health, including 60% of coffee drinkers, while daily coffee consumption had declined from 78% to 49% over the last 50 years. The NCA had undertaken a targeted research programme using best practices research, including qualitative and quantitative research. A programme had been developed which sought to change attitudes towards coffee, satisfy consumers' behavioural needs, debunk old myths, and launch a nationwide comprehensive campaign of positive news. Finance had been provided by the Colombian, Guatemalan and Costa Rican Coffee Associations and by the NCA, amounting to some US\$150,000 to US\$200,000 p.a.

8. He also showed a DVD summarising the press campaign. The results had been significant: they had achieved over 350 million media impressions, while positive press coverage had increased from 56% to 71% during 2005; the public perception that coffee was good for health had increased from 26% to 56%; and daily coffee consumption had increased from 53% to 56%.

9. The Chairman thanked the representative of the NCA for his presentation. Several delegates agreed that this had been a highly successful campaign. One delegate asked if the ICO could collate these publications with a view to creating a central library. The Chairman cautioned about using centralised material: there were very different attitudes in different countries, for instance regarding accepted norms of high and low consumption. It was noted that one of the objectives of the Positively Coffee Programme was to summarise and render comprehensible clinical materials which could not be distributed because of copyright laws. The Chairman of the Promotion Committee congratulated those involved for this excellent work in the US and Europe, including the work being conducted with the medical profession. The next challenge was India and China: to change the perception of coffee in these countries.

Item 4: Sustainability initiatives

10. The representative of the ECF reported on a meeting on the 4Cs initiative in the Netherlands from 21 to 23 March 2006 (see document PSCB No. 83/06). He commented that the Management Unit should be regarded as a membership organization financed by users. The verification of compliance would be covered by self-assessment, assisted by a technically qualified person helping the farmer. The licence to sell 4Cs coffee would be issued only after verification occurred. The 4Cs had been discussing this issue with PricewaterhouseCoopers who had experience in the tea sector and who had many local offices which could offer help, thus avoiding expensive travel costs. The representative of ASOEXPORT agreed that they did not wish to create a large bureaucracy and the structure would be highly decentralised. The objective was to integrate the structure into existing local bodies. Consultation with anti-trust authorities had not revealed any problems to date. The next meeting would be held in Switzerland on 4 October 2006.

11. The delegate from AEKI observed that they were still studying and watching progress. Their focus was on the issue of how difficult and critical was the question of verification. As an example of difficulties which might be encountered he cited the case of organic meat products in the United Kingdom which, it had been revealed, had little or no connection with organic means of production, but used “traditional” means. There was considerable confusion in the minds of consumers on this issue.

12. The Chairman thanked the Rapporteurs for their report.

13. The Chairman referred the Board to document ED-1981/06 and the need for a clear definition of sustainability. The delegate from the ECF drew the attention of the Board to paragraph 2a) contained in document WD-Board No. 32/06 which he considered problematic. Production and living costs were included irrespective of market conditions. The Executive Director agreed with the objection to the inclusion of all costs of production: a solution might be to add the word “reasonable” before costs of production. One of the problems highlighted during the coffee crisis had been the discovery that relative costs of production could be very different. The issue of economic return was fundamental to the concept of sustainability. The representative of the NCA said that he had not yet been able to compare the wording in this document to the NCA’s wording on the subject since they had carried out a great deal of work in this area. In general, he supported the ECF delegate’s comments. He also drew attention to an ambiguity in the wording “stable communities”, over which they had no control.

14. The representative of AEKI observed that the Board had asked the ICO for a definition of sustainability, and that this was welcome. The various comments highlighted the difficulty of finding a definition and the comments could apply equally to 2b) and 2c): the cost of preparing good quality coffee was not reflected in the retail price and ignored relative

environmental costs. Several delegates commented that one should recognise that the objective of producing coffee was financial: to make money. The delegate from ASOEXPORT suggested that instead of production costs, perhaps one should refer to “economic viability through time”.

15. The NCA delegate offered to submit the NCA’s work on the subject for the Board’s review. The Chairman welcomed its proposal and offered to circulate this to the PSCB, inviting comments in advance of the next PSCB meeting. The Secretariat would endeavour to circulate ideas and comments received before that meeting.

Item 5: Food and safety aspects

Ochratoxin A (OTA) legislation

16. The Chairman commented in relation to OTA that the EU had imposed limit values on finished products and would consider the inclusion of green coffee in the summer. This would be based on a toxicological investigation. It was understood, although not confirmed, that the European Food Standards Agency panel had concluded that OTA was not genotoxic. He stressed however that this report had not been confirmed officially. If this were correct, it was unlikely that green coffee would be included in the limits legislation. He also noted with some alarm the incidence of alerts on imported bulk soluble coffee in Europe in the immediate past. The origin of this coffee was unknown, but he asked delegates to take up the matter with their local associations.

Acrylamide

17. The Chairman reported that Codex Alimentarius had decided to set up a Code of Practice on the subject. The Board needed to ensure that it had input on this question. The leader of this initiative was the UK with the US as co-partner. It was generally accepted that nothing could be done about roasted coffee. It was also known that the longer coffee remained on the shelf, the less the incidence of acrylamide. The delegate from the NCA reported that the NCA was holding an intensive one and a half day programme on the subject in Toronto from 22 to 23 June 2006.

Furan

18. The Chairman reported that a European industry study was about to commence on the issue of furan, which constituted part of the aroma of coffee. Virtually nothing was known on this subject to date.

Pesticides

19. The Chairman raised the question of pesticides. He reminded the Board that they had received a document from the AJCA at the January meeting concerning the level of pesticides, following which the Executive Director had sent a letter to Members asking for information about Maximum Residue Levels. There had been no response from delegations and he appealed again for information. He drew attention to the comprehensive package of information from the AJCA which was included in delegates' documents and asked them to refer the document to their technical colleagues. He thanked the AJCA for their efforts in this respect and for having had the document translated into English. The delegate from ORCECA reported that they were working with AJCA on these issues and would submit a set of proposals to the ICO. The delegate from SCAA reported that the Canadian authorities were contemplating a zero default basis: in other words, a limit had to be established.

Item 6: Implementation of the Coffee Quality-Improvement Programme (CQP)

20. The Executive Director introduced a report on the CQP (WP-Board No. 996/06). Since Resolution number 420 came into effect in June 2004, 153 million bags of green coffee had been exported, 91 million bags of which were exported by Members implementing the Resolution. Of this, 88% reached the quality standards. In total 53% of all coffee exported since June 2004 had met the quality standards.

21. Several delegates opined that the figures should be examined with care. They were grateful for the ICO's work in this respect which represented a good start: the ICO and the PSCB should take a role here. Disappointment was expressed about the results to date and it was thought that alternative methods should be examined. The Executive Director referred to the ISO standard on green coffee defects. He noted that the ISO text could not be distributed for copyright reasons, but it might be possible to make a synopsis and distribute this at the next meeting. The Chairman queried whether the Quality Committee should be reconvened with wider participation. The ICO could be critical in moving this forward. He would discuss this further with the Executive Director and the Secretariat.

Item 7: European Contract for Coffee (ECC)

22. The Chairman asked the Vice Chairman of the PSCB in his capacity as spokesperson for the producers if he wished to comment on the ECC. There was no comment, but it was agreed that the issue should be kept on the PSCB's agenda.

Item 8: International Coffee Genome Network (ICGN)

23. The Chairman recalled that Dr. Graziosi (an Arabica specialist) had been appointed as a representative of the PSCB at the ICGN. At Dr. Illy's suggestion, the Chairman proposed that Dr. Petiard (a Robusta specialist) be appointed as an alternate to Dr. Graziosi. This was approved. Dr. Illy reported that a meeting of the ICGN had recently been held in Trieste with positive results. The Chairman asked Dr. Illy to report on such meetings in future, as far as his other commitments permitted. In the meantime the Board would communicate with Dr. Illy, Professor Graziosi and Dr. Petiard.

Item 9: Future of the International Coffee Agreement (ICA) 2001

24. The Chairman introduced a discussion on the future of the ICA and the Executive Director drew the Board's attention to an informal document summarising the preliminary views received to date from some members of the PSCB.

25. One delegate asked for clarification: were views sought from delegations or from the PSCB as a whole? The Executive Director reported that one of the reasons for separating the elements of private and inter-governmental entities was to avoid conflict between governments and their own private sector associations. One delegate thought that this might be a good reason to aim to produce a combined PSCB document rather than individual association views.

26. Regarding the question of whether small producers were under-represented, the representative of ORCECA said that his members consisted primarily of small producers and he reminded the PSCB of the wide range of small producers which he represented. This sentiment was echoed by the delegate from AEKI who reminded the Board that he represented the largest group of small producers in the world. It was concluded that small producers were indeed adequately represented in the PSCB and that this should be conveyed to the Council.

27. The Executive Director returned to the question of procedure and the fundamental question which should be addressed: what was the role of the PSCB in the negotiations? Should it conciliate the views of the private sector and advise the result to the Council? Should it debate what was proposed by the private sector? He reminded delegates that this was the first time that the private sector had participated in discussions on the future of the 2001 Agreement. It might be difficult for the PSCB to arrive at a common view, but it was important that the different views of the private sector should be reflected to the Council.

28. One delegate pointed out that the Board had no role in the negotiations on the 2001 Agreement. However, it could identify certain themes, and if it could not address these

immediately, it should set them aside for discussion at a later date. The objective of the PSCB's discussions should be to urge the Council to consider the recommendations which would be formulated and then each association should lobby its government.

29. Another delegate said that it was his understanding that the Council was looking for a considered view from the PSCB. This could not be done in an hour and he suggested that a day be set aside for the purpose. He noted that many speakers in the Council had referred to the PSCB, whose creation constituted arguably the most significant advance since the last ICA. It was incumbent upon the Board to ensure that this happened. These were fundamental issues which should not be hurried.

30. Another delegate agreed that the PSCB should not get involved in intergovernmental issues such as voting, structure etc. The Agreement was a framework and this did not imply agreement between Members. However, the Board should agree on the importance of the themes. It should endeavour to identify the themes in the short term and use this as a working agenda, at a separate meeting.

31. The Chairman concluded that there were two main issues:

- (1) Suggestions/recommendations from the PSCB to the Council relating to the discussions on the future of the Agreement and the way ahead for September 2007.
- (2) Proposals relating to the composition, function and activity of the PSCB within the ICA.

32. Three additional points needed to be considered;

- (1) The question of small producers – further to the earlier discussion it was agreed that the Chairman should report to the Council that the PSCB considered that it adequately covered small producer representation through its existing membership and that no change was required. Members needed to be democratic institutions.
- (2) The question of observers – after discussion it was concluded that the PSCB agreed and accepted that NGOs had a role to play, and that it recommended that the Council should consider opening part of its agenda, e.g. presentations and reports of general interest, to include NGOs. Additionally there should be ad hoc participation in seminars/workshops when their input could be of considerable benefit.

- (3) The proposal to establish a research fund (see document PSCB No. 84/06). It was agreed that discussion should be deferred until the extraordinary meeting on Sunday 24 September.

33. One delegate repeated a request to reduce the frequency of meetings – the Council and the Board should be a matter for governments. The PSCB was a matter for private associations and travel was expensive. He proposed that the January meeting be removed. Another delegate proposed that the preliminary informal paper noted above should not be introduced as a PSCB document: it reflected the views of private sector consumers, not producers. The producers had been active, but had used the established channels, namely the governments. This document was issued on Thursday 25 May as document PSCB No. 86/06 and at the request of the Chairman was later withdrawn from circulation.

34. To assist further discussions, the NCA offered its document with outline thoughts of the possible paths to take.

35. Summarising the discussion and the conclusions, the Chairman asked the Secretariat to provide the NCA with the email addresses of the PSCB members. The NCA's document would be circulated and comments invited by the end of June 2006¹. A second draft would be circulated reflecting those comments, and possibly a third. An extraordinary PSCB meeting would be held on Sunday 24 September with a view to submitting the Board's views and conclusions to Council on Monday 25 September.

Item 10: Other Business

China

36. The Executive Director said that there was little to report. The question would be discussed further at the Promotion Committee.

Election of the PSCB Chairman and Vice-chairman

37. The Chairman reminded the Board that, in accordance with the Rules of the PSCB, the current Vice-Chairman would become Chairman in September 2006. He asked members from the consumers to submit nominations for the role of Vice-Chairman.

Effects of tariffs on the coffee trade

38. One delegate drew attention to document ICC-95-3 relating to tariffs. He felt that its conclusion over-simplified the causes and effects of VAT. Any study should take into

¹ The NCA document was subsequently distributed as PSCB No. 90/06.

account a number of other factors, such as the effect of other drinks and demographic issues. Several other delegates supported these comments: it was felt that the document was useful, but needed to be revised.

Membership of the PSCB

39. The Chairman drew the Board's attention to document WP-Council No. 134/05 Rev. 2 relating to a number of amendments to the membership of the PSCB for 2005/06 and 2006/07. The Board took note of these amendments.

Item 11: Future meetings

40. The PSCB noted that its next regular meeting would take place on Wednesday 27 September 2006, preceded by an extraordinary meeting on Sunday 24 September 2006 at 13.30, as discussed under Item 9.

List of acronyms used in this report

4Cs	Common Code for the Coffee Community
AEKI	Association of Indonesian Coffee Exporters
AJCA	All Japan Coffee Association
ASOEXPORT	Association of Coffee Exporters of Colombia
ECC	European Contract for Coffee
ECF	European Coffee Federation
HCP-CEP	Health Care Professions – Coffee Education Programme
ICA	International Coffee Agreement
ICGN	International Coffee Genome Network
ISIC	Institute for Scientific Information on Coffee
ISO	International Organization for Standardization
NCA	National Coffee Association of the USA
NGOs	non-governmental organizations
Ochratoxin A	OTA
ORCECA	Organización Centroamericana de Exportadores de Café
SCAA	Specialty Coffee Association of America