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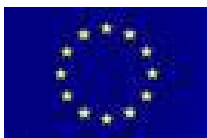
**WORKING PAPER**

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**WORKING DOCUMENT**

From:	Council of the European Union
To:	Working Party on Commodities
Subject:	EU POSITION on 122nd session of the International Coffee Organisation, London, 17 - 21 September 2018

In view of WP PROBA meeting on 11 September delegations will find attached the EU position for the 122nd Session of the International Coffee Organization.



## EUROPEAN COMMISSION

DIRECTORATE-GENERAL FOR INTERNATIONAL COOPERATION AND DEVELOPMENT  
Planet & prosperity  
Rural development, food security and nutrition

### EU POSITION

#### **122<sup>nd</sup> session of the International Coffee Organisation London, Mon 17 to Fri 21 September 2018**

Delegations will find hereafter the EU position for the 122<sup>nd</sup> Session of the International Coffee Organization on:

- I Council
  - 1 Agenda
  - 2 Programme of activities 2018 / 19
  - 3 Cooperation with other agencies
  - 4 Mixtures and substitutes
  - 5 Maximum Residue Limits
- II Projects Committee
  - 6 Coffee development projects
- III Administration & Finance Committee
  - 7 Financial situation
  - 8 Administrative budget 2018 / 19
- IV Statistics Committee
  - 9 Compliance with statistical rules
- V Promotion and Market Development Committee
- VI Private Sector Consultative Board
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- VII Core Group for the Consultative Forum on Coffee Sector Finance
- 10 Composition of committees and appointment of office holders
- 11 Future meetings

<b>1 Draft agenda</b>	<b>ED 2268 18</b>	<b>ICC 122-0, 122-1, 122-4 ED 2273 18, ED 2033 08 rev.13 WP 291 18</b>
<b>Background</b> All the following points are to be considered as usual business 2 Draft agenda 3 Admission of observers 4 Votes: only 6 members in importing group, up to 19 exporting members in arrears having lost voting rights, consolidated data published by Eurostat used to calculate 4 Y		

average of imports of all forms of coffee from all sources: average 14 / 17 = 78 340 896 on 95 274 595 60 kg bags (trends from 14 till 17: 76.2, 76.9, 81, 79.2)  
6 Membership: up to 7 exporting members still in the process of joining ICA 2007!

11 International Coffee Day

### **EU position**

2 To be adopted

3 To be flexible on the admission: always positive to benefit of the knowledge of external stakeholders.

4 To keep in mind EU is the only member with a blocking minority (30% in its group),

6 To support accession of new members and approve extension of deadline for the deposit of instruments of ratification, acceptance, approval or accession.

11 To share initiatives taken in EU.

<b>2 Programme of activities 2018/19</b>	<b>ICC 120 11</b>	<b>FA 186 18</b>
<b>Background:</b> The programme of activities for the coffee year 2018/19 is submitted for its approval. The 3 strategic goals are well covered by 11 main actions, clearly detailed in planned activities with expected outputs, resources needed and key performance indicators.		
<b>EU position:</b> EU welcomes this comprehensive programme and considers that activities to be implemented are in line with ICO strategic goals of the 5 Y action plan and the annual theme (climate change). To be approved.		

<b>3 Cooperation with other agencies</b>		<b>WP 292 18</b>
<b>Background:</b> MoU have been negotiated with different key actors in the sector like 1) the Global Coffee Platform (GCP), 2) the Sustainable Coffee Challenge (SCC), 3) the Global Adaptation Plan (GAP), 4) UNCTAD and 5) ITC. There is new proposal to sign one with the International Women Coffee Alliance (IWCA).		
<b>EU position:</b> EU welcomes those initiatives as they prove the crucial role the ICO has to play as the best global platform of the coffee sector. MoU presented is taking into account key EU cooperation priorities, a.o. promoting equal participation of women in all human activities and developing Cooperation for Vision 2030 aligned on the SDG. EU takes good note of the IWCA initiative where the Research Alliance address the		

absence of credible gender data in the coffee sector. Its presence in 22 countries is promising. Its location in California, USA is also positive.

As a matter of sound management, EU also wants to make sure this MoU has a genuine benefit, looking for synergies in the policies and economies of scale in the implementation.

<b>4 Mixtures and substitutes</b>	<b>Art 27 ICA 2007</b>	<b>ICC 122 7 ED 2270 18</b>
<p><b>Background:</b></p> <p>Members are required to prohibit the sale and advertisement of products under the name of code if such products contain less than the equivalent of 95 % green coffee as the basic raw material.</p> <p>It looks like so far 1 MS has updated its position regarding the subject.</p> <p>4 others had shared theirs in the past and would be very kind to update it also.</p> <p>It would be very much appreciated that we together lead by example by complying with this requirement.</p>		
<p><b>EU position:</b></p> <p>EU reiterates its commitment to fully comply with all the articles of the ICA and will ensure report on measures taken and difficulties encountered will be communicated.</p>		

<b>5 Maximum Residue Limits (MRL)</b>	<b>ED 2267 18</b>	<b>ICC 122 10</b>
<p><b>Background:</b></p> <p>ICO is committed to keeping Members informed about food safety issues and in particular the MRLs.</p> <p>We were requested to update details of MRLs for pesticides used in the coffee production process. So far 16 ICO Members have responded, 14 exporting and 2 importing of which the European Union.</p> <p>32 chemicals are applicable to coffee. We note that EU is not the only one to have its own national standards and some countries use ours in combination with the codex guidelines.</p>		
<p><b>EU position:</b></p> <p>We thank all the Members who have updated their data available regarding their limits.</p> <p>We anticipate others will also do so in a rather reasonable time.</p>		

<b>6 Financial situation</b>		<b>FA 187 18</b>
<p><b>Background:</b></p> <p>Statement of revenue and expenditure at 31 Jul 2018 is submitted.</p>		

<p>Current old arrears amount to GBP 468 416 old arrears (22 Members).</p> <p>Income is reported at GBP 2 972 000 of which 309 057 correspond to unpaid contribution from 19 Members on 50 (43 % of the exporting group).</p> <p>Personnel cost 70 % of the total for 22 posts. Language services costs GBP 101 000.</p>
<p><b>EU position:</b></p> <p>EU considers that the contributions outstanding for the current year should not be booked as an income carried to reserve fund.</p> <p>Once again, progress in recovering arrears looks difficult and will remain so as long as there is no difference between those who respect payment delays and the others.</p> <p>EU reiterates its proposal to deal with late payment as the best and easiest way is to impose late payment interest: + 3 % after 1 month, 7 % after 3 months and afterwards semi-annual capitalisation.</p> <p>In the meantime, accounting adjustments need to be done in order to give a fair and reasonable assurance on the sound financial situation of the ICO. Unless done professional scepticism and responsible judgement would indicate, financial situation is not free of material misstatement and the Organisation could not be able to continue as a going concern.</p> <p>It remains clear that legally speaking an accounting provision does not imply the debt becomes undue. The legal obligation to pay supersedes the booking value of the arrear.</p>

<b>7 Draft Administrative Budget 2018/19</b>	<b>FA 185 18</b>	<b>FA 182 18, FA 184 18</b>
<p><b>Background:</b></p> <p>Draft administrative budget for financial year 1/11/18 – 30/9/19 is submitted for approval. Budget has to be approved before 30 Sept.</p> <p>As discussed at length during the intersessional meetings of the fin committee the Secretariat has proceeded with important cost reduction due to the USA withdrawal.</p>		
<p><b>EU position:</b></p> <p>A budget without taking into account the issue of arrears is no more acceptable.</p> <p>EU considers that the draft budget should not include any membership contribution reduction, as it would not be understandable for those having to support personally the withdrawal of a consuming member. .</p> <p>The amount calculated per voting right should be fixed by taking into account but only those who have no old arrears (debtors older than 1 year) without them being deprived of any other rights nor relieved of any other obligations (see art 21 ICA).</p> <p>EU fully supports the secretariat for all the clear details given to explain how cost reduction will not affect too negatively the implementation of the revised strategy and the following action plans.</p> <p>EU is open to extra source of financing in order to balance the budget.</p>		

<b>8 Projects</b>		<b>PJ 126 18</b>
<b>Background:</b> Draft Terms of Reference for the Working Group on Sustainability Performance Indicators is submitted in the context of the Delta Project in line with Cooperation for Vision 2030.		
<b>EU position:</b> EU welcomes the join efforts of ICO, GCP, BCI and ICAC to operationalize a sustainability performance framework to be linked to business actors and governments. It is clear that all concerned when based on evidence will much easily endorse any policies.		

<b>9 Statistics</b>	<b>ICC 102 10</b> <b>SC 80 18</b>	<b>SC 86 18</b>
<b>Background:</b> Members face compliance constraints in delivering world-class data, analysis and information. Actions need to be taken to improve their performance. It has been generally found that importing Members submit timely and nearly complete data to the Secretariat, while compliance among exporting Members shows higher variance. Lack of financial and personnel resources is a major barrier to Members in complying with the Rules on Statistics, meaning that meeting the requirements laid out in the Rules on Statistics can be quite burdensome for Members.		
<b>EU position:</b> EU considers that indeed data are an essential element in any public policies and therefor commends the efforts of the secretariat to help Members to improve these processes. Sharing best practices for collecting and submitting data is surely a very constructive first step.		

<b>10 Office holders and committees</b>	<b>Art. 10 ICA 2007</b>	<b>WP 293 18</b>
<b>Background</b> It is a good practise that all the members of the delegation of the European Union posted in the city of the organisation's headquarters may be appointed ad hominem in all the committees EU is member. Today an official from EU is vice-chair of the Projects Committee and the Statistics		

Committee (Ina Grohmann).

Composition of the following committees includes:

4 importing Members for the Core Group on the Consultative Group (6 exporting),  
3 importing Members for the Promotion and Market Development Committee (8 exporting),  
3 importing Members for the Projects Committee (8 exporting),  
5 importing Members for the Finance and Administration Committee (6 exporting),  
3 importing Members for the Statistics Committee (8 exporting).

It is understood that the head of the EU delegation should not become chair of any body as this would imply a vacuum for its main duty.

### **EU position**

The following positions should be elected among the representatives of the importing Members:

I chairman of: 1) Council, 2) Projects 3) Statistics

II vice-chairman of: 1) Promotion, 2) Finance, 3) Consultative Forum on Coffee Sector Finance.

EU has been, is and will be Member of all the committees.

<b>11 Next Sessions</b>		<b>ED 2280 18, ED 2281 18</b>
<b>Background</b>		
ICO is indicating the next year planning. Any EU MS is welcome to organise a Council session. Following the removal of the London HQ it is to be remembered that there is no more room available for the Council sessions.		
<b>EU position</b>		
EU shares the view that one Council session seems appropriate and month of June may be convenient for all. Back to back coffee events could also be promoted.		
As far as Kenya is concerned EU welcomes the invitation to host the 123rd session of the ICO Council but regrets to have to decline the request of changing dates from 8-12 April 2019 to 25-29 March 2019. If April is really not feasible, June is suggested.		
As far as India is concerned EU has no objection to reschedule WCC 2020 in Bengaluru from April 2020 to September 2020.		