

The Executive Director, Mr. Néstor Osorio, was invited to address participants attending the ExcorCafe 2006 Conference held in Cordoba in the State of Veracruz, Mexico from 3 to 5 May 2006. The Governor of the State of Veracruz participated at the Conference, which was attended by around 400 coffee producers and industry representatives in Mexico. Mr. Osorio reviewed the coffee market situation and said that it was likely that prices would continue at the levels seen in recent months of between US\$1.10 and US\$1.20 for the remainder of the year. Prices had been stable and he did not envisage a change in the fundamentals bearing in mind production levels in Brazil where the Government had set production at the lower range of its initial forecast, at around 40.6 million bags, and current low levels of stocks which had dropped to below 40 million bags for the first time in over 50 years. Total world production was likely to be 120 million bags in crop year 2006/07, up from 107 million bags in 2005/06, while consumption in 2006/07 should reach at least 117 – 118 million bags but could potentially be higher because of rapid growth in domestic consumption in Brazil.

The Executive Director also highlighted the benefits of encouraging coffee consumption in exporting countries as a means of achieving a balanced global coffee market. Stimulating coffee consumption in producing countries could have positive effects such as providing an alternative market for farmers, increasing producer awareness of consumer preferences and leading to greater appreciation by growers of the value of quality, as well as providing an incentive for significant foreign investment and promoting the development of small and medium enterprises such as regional roasters and coffee houses. It was an important step towards successful export marketing of value added coffees such as processed coffee. Brazil's experience in almost doubling domestic consumption in 15 years had led the way in showing what could be achieved. The ICO Step by Step Guide to increasing consumption which had been developed by a Brazilian consultancy and distributed to all ICO Member Governments was a major resource giving detailed and practical information on what needed to be done to promote consumption. He noted that as a neutral body, the ICO could play a key role as a catalyst in initiating a market development programme that would allow the private sector to work under an overall umbrella framework. As some donors were now willing to consider projects in this area he was hopeful that there would be positive news to report on this at forthcoming ICO meetings in London from 22 – 25 May 2006.