



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

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Common Fund for Commodities

Executive Board/  
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### **Development strategy for coffee**

APPROVED BY THE INTERNATIONAL  
COFFEE COUNCIL, 27 SEPTEMBER 2001

### **Background**

1. The International Coffee Organization is the designated International Commodity Body (ICB) for coffee and has responsibility for formally submitting projects to the Common Fund for Commodities (CFC). As an ICB, it is also responsible for prioritization, formulation and supervision of projects and for seeking stakeholder, and most particularly target beneficiary participation.

2. The Manual for the preparation and management of projects to be financed by the Common Fund for Commodities states that the process of project formulation starts with the definition of a clear development strategy for the commodity concerned by the designated ICB. This document contains an update of the development strategy for coffee which was approved by the International Coffee Council in May 1995, contained in document EB-3531/95 Rev. 2. It identifies and prioritizes coffee development issues, and indicates measures to address them, in order to assist the process of formulating projects for consideration by the CFC. However, it may also be seen as a general statement of strategic priorities independent of its specific role as a reference for projects. The strategy document contains the following sections:

- I. Brief profile of coffee
- II. International cooperation on coffee
- III. Prospects and potential
- IV. Problems encountered by coffee
- V. Development strategy and action programme
- VI. Identification of beneficiaries

#### **Annexes**

- I. Statistics
- II. List of coffee-producing LDCs
- III. List of project ideas raised at the CFC round table in Guatemala
- IV. List of project ideas raised at the CFC round table in Africa

### **Action**

The development strategy for coffee has been officially transmitted to the Common Fund for Commodities by the Executive Director.

## I. BRIEF PROFILE OF COFFEE

1. Coffee is remarkable for being produced in almost all non-arid countries in the tropics. There are over 50 countries producing significant amounts of coffee; in many of these, earnings from coffee exports are of vital importance to the country's balance of payments, with coffee accounting for over 25 percent of total export earnings in at least nine countries and, in some cases, representing over 75 percent of such earnings. A further characteristic is that, with minimal exceptions, coffee is produced in developing countries, including a significant number of least developed countries (LDCs). Apart from Brazil, the second largest coffee consuming country in the world behind the USA, the bulk of consumption, on the other hand, takes place in industrialized countries. Coffee is an important agent of development, providing a livelihood for some 100 million people around the world, generating cash returns in subsistence economies and, since coffee production and harvesting is labour-intensive, providing an important source of rural employment, both for men and women.

2. The coffee tree is grown for its fruits, which contains one or more usually two "coffee beans". After various stages of processing, these beans are roasted and used primarily in the preparation of a beverage known throughout the world. Of the numerous botanical varieties of coffee trees, only two are cultivated and utilized commercially to any large extent worldwide. One is *Coffea arabica*, usually known as Arabica, accounting for some 70 percent of world production. The other one is the Robusta coffee tree, derived from the *Coffea canephora* species and usually known as Robusta. After the ripe berries have been harvested two methods are used to remove the envelope or husk from the beans so as to obtain the marketable green coffee: the wet and the dry methods.

3. In the wet method the beans are separated from the cherries by consecutive operations involving considerable quantities of water, consisting of pulping, fermentation to remove mucilage, drying and hulling. In the dry method the harvested berries are placed on racks to dry in the sun for some three weeks, following which hulling can take place. The harvest time (crop year) depends on the geographical zone and climate. In some countries the harvest starts on 1 April, whereas in other countries it starts on 1 July or 1 October (See Annex I, Table 1: Total production of exporting Members, crop years 1995/96 to 1999/2000).

4. Although there is a multiplicity of specific grades traded worldwide the International Coffee Organization recognizes four main groups (See Annex I, Table 3: Exports by exporting Members, 1995/96 to 1999/2000):

- (a) *Colombian Mild Arabicas*, exported by Colombia, Kenya and Tanzania;
- (b) *Other Mild Arabicas*, exported by other Arabica producing countries;
- (c) *Brazilian and other Natural Arabicas* exported by Brazil, Ethiopia and Paraguay; and

- (d) *Robustas*, generally produced in Africa, in some countries in Asia and also in Brazil.

5. Excellent coffees in terms of their organoleptic characteristics can be produced in all these groups. However, these characteristics do vary and certain groups of coffee are favoured above others with respect to their use in particular preparations or brewing methods. Data on the prices obtained by the various groups are shown in Annex I, Table 6: Indicator prices, monthly and annual averages, 1996 to 2000.

## II. INTERNATIONAL COOPERATION ON COFFEE

6. The principal issues with respect to coffee are summarized clearly in the Preamble to the International Coffee Agreement 2001, in which participating Governments recognize:

- the exceptional importance of coffee to the economies of many countries which are largely dependent upon this commodity for their export earnings and thus for the continuation of their development programmes in the social and economic fields;
- the importance of the coffee sector to the livelihoods of millions of people, particularly in developing countries, in many of which production is on small-scale family farms;
- the need to foster the development of productive resources and the promotion and maintenance of employment and income in the coffee industry in Member countries, thereby bringing about fair wages, higher living standards and better working conditions;
- that close international cooperation on trade in coffee will foster the economic diversification and development of coffee-producing countries, will contribute to the improvement of political and economic relations between coffee exporting and importing countries, and will provide for increasing consumption of coffee;
- the desirability of avoiding disequilibrium between production and consumption which can give rise to pronounced fluctuations in prices harmful both to producers and to consumers.

7. The 2001 Agreement represents the main instrument for international cooperation on coffee and hence provides the most appropriate framework for the establishment of a development strategy for coffee. For this reason it is worth recalling the specific objectives of the Agreement, established in Article 1, which have clear strategic implications:

- (1) to promote international cooperation on coffee matters;
- (2) to provide a forum for intergovernmental consultations, and negotiations when appropriate, on coffee matters and on ways to achieve a reasonable balance

between world supply and demand on a basis which will assure adequate supplies of coffee at fair prices to consumers and markets for coffee at remunerative prices to producers, and which will be conducive to long-term equilibrium between production and consumption;

- (3) to provide a forum for consultations on coffee matters with the private sector;
- (4) to facilitate the expansion and transparency of international trade in coffee;
- (5) to act as a centre for and promote the collection, dissemination and publication of economic and technical information, statistics and studies, as well as research and development, in coffee matters;
- (6) to encourage Members to develop a sustainable coffee economy;
- (7) to promote, encourage and increase the consumption of coffee;
- (8) to analyse and advise on the preparation of projects for the benefit of the world coffee economy, for their subsequent submission to donor or financing organizations, as appropriate;
- (9) to promote quality; and
- (10) to promote training and information programmes designed to assist the transfer to Members of technology relevant to coffee.

8. In addition to these objectives a number of functions and activities are required by specific Articles of the Agreement.

### **III. PROSPECTS AND POTENTIAL**

9. In order to meet the demands of a changing and in many ways hostile external economic environment most commodity-dependent countries must face a restructuring of their economies. It is commonly agreed (see, for example, Resolution Number 93 (IV) of the UNCTAD) that the longer-term objective of this process should be diversification away from excessive dependence on primary commodities towards industrial development. Nevertheless, the achievement of this objective has been made much more difficult by the prolonged period of depressed commodity prices, mainly arising from an excess of supply over demand, which has been particularly severe in the case of coffee. In early 2001 the ICO composite indicator price was around 47.50 US cents per lb. of green coffee compared with a range of 120 – 140 US cents maintained during most of the 1980s, representing a drop of over 60 percent in nominal and 75 percent in real terms.

10. Nevertheless coffee has a number of long-term strengths. Firstly, it generates substantial employment in rural areas; secondly, it is in the main a crop which is beneficial to the environment; thirdly, it is often one of the few tropical agricultural products which can generate both cash income to growers and hard currency export earnings, and lastly, it is very widely consumed throughout the world, with a considerable range of differing product

preparations and qualities reaching up to high-value “gourmet coffee”. Awareness of these factors is uneven and there remains considerable potential to expand consumption in a number of countries with large populations.

#### **IV. PROBLEMS ENCOUNTERED BY COFFEE**

11. Coffee is subject to a number of pests and diseases, which need to be fought since they may reduce, both yields and quality. Moreover, the marketing of coffee has seen many changes over the last 10 years during which many countries have moved towards liberalized trading systems. The challenge is to ensure a healthy and competitive trading environment in which the interests of the stronger commercial sectors of the global industry do not outweigh the needs of the less advantaged developing countries. The problem of low prices is seen as one of particular concern, resulting in more poverty and lower quality. Moreover, the high degree of price volatility is also a problem, particularly to the millions of smallholders who depend on coffee for their livelihoods. Finally, the increasing amount of regulatory measures currently being introduced on grounds related to environmental or public health concerns and imposed tariff barriers to added value coffee (or finished goods) need to be carefully monitored in order to avoid effects that may be inappropriate and detrimental to the coffee trade and its products.

##### **Strategic issues**

12. More specifically, to create a more favourable atmosphere for economic restructuring and to avoid long periods of depressed commodity prices, it is essential to:

- reduce excessive short-term fluctuations in prices and export earnings;
- maintain prices at levels which are remunerative to producers while taking into account the interests of consumers;
- improve market access and reliability of supply;
- diversify production and expand processing in exporting countries;
- improve market structures;
- enhance the participation of producing countries in the marketing, transport and distribution of their commodity exports;
- promote a favourable image for coffee;
- promote the contribution of coffee to poverty alleviation and living conditions of smallholders.

13. The attainment of such objectives should be at the core of any long-term coffee development strategy.

## **V. DEVELOPMENT STRATEGY AND ACTION PROGRAMME**

14. In the case of coffee the specific objectives listed in Article 1 of the 2001 Agreement identify the main areas for overall consideration. Following from these, seven main strategic areas for action may be identified, listed in approximate order of priority. Although in this document it is not appropriate to identify specific project areas, Annexes III and IV contain a list of project ideas developed at the CFC regional round table meetings on commodity development in Latin American and the Caribbean region, and in Africa, as an example of possible areas of action.

### **1. Promotion of a sustainable coffee economy**

15. It is vital that coffee production and processing should take into account criteria to ensure environmental sustainability. It is also necessary that the economic environment should be such as to encourage stability and reasonable living standards for the populations involved with coffee by increasing the returns to, and welfare of, producers, ensuring meanwhile that adequate care may be given to maintaining quality rather than the amount of coffee produced. The Organization wishes to encourage the improvement and diversification of old coffee plantations towards more market-oriented and environmental plantations, such as organic, gourmet and shade grown coffee in areas previously natural forest (see also Point 3 below). It also seeks to promote the use of friendly environmental technologies through the production and processing chain, integrated biological pest control and improved technology for the washing process.

### **2. Market improvement**

16. With the transition in many exporting countries to liberalized marketing systems, care is needed to ensure that the benefits of increased market flexibility are not jeopardized by the elimination of necessary functions previously undertaken by marketing boards and similar regulatory bodies, and that there are sound institutions at the domestic and international levels to develop and implement relevant policies and programmes. Besides this the coffee sector in many exporting countries consists of large number of smallholder farmers who need assistance to strengthen grass root organisations, develop their capacity to compete in the market, get access to commercial credit, cope with price volatility through risk management and generate benefits to their communities. In certain importing markets the Organization may also be able to assist, through training and educational programmes, in improving expertise and trading methods and in facilitating contacts with suppliers in exporting Member countries. In the interests of a healthy and competitive trading economy it is important that traders in producing countries have the necessary degree of commercial expertise, access to credit and appropriate legal framework to function effectively.

17. There are considerable differences in countries' ability to assess coffee trade-related issues and subsequently benefit from the results. The Organization also seeks to evaluate and, if appropriate, propose new instruments of international cooperation designed to monitor particular coffee market trends that might be of interest to Members. These could be undertaken in collaboration with the World Bank, the World Trade Organization and regional organizations.

18. In view of the way in which various market factors operate in the process of price determination it is also necessary to study factors affecting the market arising from the nature of futures trading and the complete range of influences on price levels and fluctuations, including the mode of operation of the various players in the markets.

### **3. Protection against pests and diseases**

19. Action against pests and diseases is important not only to protect the economies of producing countries and the livelihood of farming populations but also to protect the quality of the product. Care is needed when developing protection programmes to ensure that these are as environmentally friendly as possible. Such programmes could include the conservation of germplasm of wild coffee species threatened by the rapid destruction of natural forests as well as key features such as resistance to pests and diseases, tolerance to adverse growing conditions, yield potential, and cup and technological quality.

### **4. Encouraging consumption**

20. In the long-term a healthy coffee industry is conditional on the maintenance of consumption and its increase in areas where coffee is not well known as a consumer product. This implies action in traditional and non-traditional markets, including in certain coffee-producing countries themselves, to stimulate demand and encourage a positive image of coffee among consumers. In order to maintain high quality coffee, the Organization discourages trading coffee with less than the equivalent of 95 percent of green coffee as the basic raw material, and seeks to encourage quality enhancement programmes.

### **5. Quality enhancement**

21. The maintenance and improvement of quality are crucial to sustain consumption in the long term, add value to the product and protect it against contamination. This can be done through disseminating awareness of marketing and preparation methods appropriate to high quality coffee, improving cultivation, processing, storage and transportation practices, and through protection against pests, diseases and contamination during storage. Schemes to improve marketable standards and divert undergrades to alternative uses also merit consideration, both as a means of raising overall quality and to support the market in times of depressed prices.

## **6. Research and development of new technologies**

22. New technologies are under development in a number of areas and include: ecologically more beneficial wet processing, plant breeding, genetically modified plant material, improved soluble coffee manufacturing processes, and Internet trading. It is important that appropriate technological advances be developed, evaluated and disseminated to the benefit of the world coffee community, and that increased exchanges of information amongst producers be promoted.

## **7. Emergency assistance**

23. In cases where producing countries have suffered large decrease in production for reason of “*force majeure*”, it may be appropriate to encourage programmes to secure a recovery in production capacity, providing increases are not of a scale to exert an adverse effect on the supply-demand balance. Such action assists in ensuring that characteristic coffees remain available to the market, in safeguarding the exploitation of comparative advantage and, not least, in providing an important source of employment in view of the labour-intensive nature of coffee cultivation. As part of this strategy, emphasis is given to promoting studies/technical assistance on coffee development in countries that have suffered major natural disasters and/or war disruption.

24. In countries under reconstruction, in order to alleviate poverty and help families with resettlement, the Organization promotes rehabilitation of coffee plantations (with special support for the development of disease resistant and high yielding plant varieties) and marketing systems.

## **VI. IDENTIFICATION OF BENEFICIARIES**

25. The target groups of beneficiaries can be identified with reference to populations suffering substantial poverty, populations and economies heavily dependent on coffee, areas where there are few viable economic alternatives to coffee and areas where coffee growing provides stable rural employment where the alternative may be disruptive population movements to urban areas or cultivation of socially harmful products. Many coffee-producing countries are LDCs, as listed in Annex II, and action in favour of coffee would include targeting this category effectively.



**Annex I – Statistics**

**Annex II – List of coffee producing LDCs**

**Annex III – Proposals for projects arising from the CFC regional round table meeting on commodity development in Latin America and the Caribbean (document EB-3759/00)**

**Annex IV – Proposals for projects arising from the CFC regional round table meeting on commodity development in Africa**

**STATISTICS****Table**

- 1 Total production of exporting Members  
Crop years 1995/96 to 1999/2000
- 2-A Domestic consumption of exporting Members  
Coffee years 1995/96 to 1999/2000
- 2-B Consumption in importing Member countries  
Coffee years 1995/96 to 1999/2000
- 2-C Consumption in non-member countries  
Calendar years 1994 to 1998
- 3 Exports by exporting Members to all destinations  
Coffee years 1995/96 to 1999/2000
- 4 Imports of all forms of coffee by importing Members from all origins  
Coffee years 1995/96 to 1999/2000
- 5 Value of exports of all forms of coffee by each exporting Member to all destinations as a percentage of the value of exports of all commodities  
January-December 1995 to 1999
- 6 Indicator prices  
ICO daily composite, Other Milds and Robustas  
Monthly and annual averages 1996 to 2000

**TABLE 1**  
**TOTAL PRODUCTION OF EXPORTING MEMBERS**  
**CROP YEARS 1995/96 TO 1999/2000**

		(000 bags)				
Crop year commencing		1995	1996	1997	1998	1999
<b>TOTAL</b>		<b>85 647</b>	<b>102 495</b>	<b>95 969</b>	<b>106 508</b>	<b>114 218</b>
	<i>1 April</i>	<i>28 439</i>	<i>42 861</i>	<i>36 260</i>	<i>49 636</i>	<i>45 249</i>
Angola	(R)	62	71	64	85	55
Bolivia	(A)	151	133	153	150	184
Brazil	(A/R)	15 784	27 664	22 756	34 547	32 353 1/
Burundi	(A/R)	434	401	297	356	434 2/
Ecuador	(A/R)	1 888	1 993	1 191	1 204	1 350
Indonesia	(R/A)	5 865	8 299	7 759	8 463	6 014 2/
Madagascar @	(R/A)	785	849	623	992	427
Malawi	(A)	91	49	61	64	59
Papua New Guinea	(A/R)	1 002	1 089	1 076	1 350	1 386
Paraguay	(A)	45	40	34	34	28 2/
Peru	(A)	1 871	1 806	1 922	2 022	2 529
Rwanda	(A)	330	293	194	222	308
Zimbabwe	(A)	131	174	130	147	122 2/
	<i>1 July</i>	<i>3 463</i>	<i>3 016</i>	<i>3 278</i>	<i>2 627</i>	<i>3 048</i>
Congo, Rep. of @	(R)	12	14	3	3	3
Cuba	(A)	285	366	300	280	318 2/
Dominican Republic	(A)	886	519	941	422	694
Haiti	(A)	506	429	435	442	402
Philippines	(R/A)	850	890	935	685	739
Tanzania	(A/R)	897	765	624	739	837
Zambia	(A)	27	33	40	56	55 2/
	<i>1 October</i>	<i>53 745</i>	<i>56 618</i>	<i>56 431</i>	<i>54 245</i>	<i>65 921 2/</i>
Benin @	(R)	0	0	0	0	0
Cameroon @	(R/A)	663	1432	889	1334	1 218
Central African Republic @	(R)	108	208	115	214	210
Colombia	(A)	12 878	10 876	12 211	11 088	9 336
Congo, Democratic Rep. of	(R/A)	1 099	794	800	650	750
Costa Rica	(A)	2 684	2 126	2 500	2 350	2 465
Côte d'Ivoire @	(R)	2 532	4 528	3 682	2 042	5 463
El Salvador	(A)	2 586	2 534	2 175	2 056	2 778
Equatorial Guinea @	(R)	2	1	2	1	0
Ethiopia	(A)	2 860	3 270	2 916	2 745	3 505
Gabon @	(R)	2	2	3	4	2
Ghana	(R)	57	32	28	45	56
Guatemala	(A/R)	4 002	4 524	4 218	4 892	5 201
Guinea	(R)	104	148	172	140	120
Honduras	(A)	1 909	2 004	2 564	2 195	2 975
India	(A/R)	3 727	3 469	4 735	4 372	5 407
Jamaica	(A)	43	54	46	29	39
Kenya	(A)	1 664	1 246	882	1 172	1 433
Liberia	(R)	5	5	5	5	5
Mexico	(A)	5 527	5 324	5 045	5 051	6 442
Nicaragua	(A)	985	793	1 084	1 073	1 384
Nigeria	(R)	53	46	45	46	56
Panama	(A)	209	211	218	192	161
Sierra Leone	(R)	44	41	50	24	50
Sri Lanka	(R/A)	36	37	58	35	40
Thailand	(R)	1 317	1 403	1 293	916	1 397
Togo @	(R)	85	290	222	321	334
Trinidad and Tobago	(R)	18	18	20	17	16
Uganda	(R/A)	3 244	4 297	2 552	3 298	3 097
Venezuela	(A)	1 364	1 200	986	991	717
Vietnam	(R)	3 938	5 705	6 915	6 947	11 264

1/ Under correspondence

2/ Derived on the basis of gross opening stocks in 2000

(A) Arabica

(R) Robusta

(A/R) Both types, predominantly Arabica

(R/A) Both types, predominantly Robusta

**TABLE 2-A**  
**DOMESTIC CONSUMPTION OF EXPORTING MEMBERS**  
**COFFEE YEARS 1995/96 TO 1999/2000**

		(000 bags)				
		1995/96	1996/97	1997/98	1998/99	1999/00
<b>TOTAL</b>		<b>23 193</b>	<b>24 264</b>	<b>24 613</b>	<b>24 555</b>	<b>24 773</b>
<b>Colombian Milds</b>		<b>1 564</b>	<b>1 667</b>	<b>1 667</b>	<b>1 666</b>	<b>1 463</b>
Colombia	(O)	1 500	1 600	1 600	1 600	1 400
Kenya	(O)	50	50	50	50	50
Tanzania	(J)	14	17	17	16	13
<b>Other Milds</b>		<b>5 471</b>	<b>5 539</b>	<b>5 232</b>	<b>4 923</b>	<b>5 158</b>
Bolivia	(A)	40	43	45	52	60
Burundi	(A)	2	2	3	1	2
Costa Rica	(O)	215	279	258	223	299
Cuba	(J)	193	189	197	200	203
Dominican Republic	(J)	344	325	325	325	325
Ecuador	(A)	325	300	300	265	234
El Salvador	(O)	270	230	192	192	153
Guatemala	(O)	310	300	300	300	300
Haiti	(J)	330	330	330	332	340
Honduras	(O)	161	168	161	138	168
India	(O)	1 000	1 000	916	833	916
Jamaica	(O)	15	18	20	15	11
Malawi	(A)	2	2	2	2	1
Mexico	(O)	1 005	980	970	1 108	1 200
Nicaragua	(O)	112	95	123	127	130
Panama	(O)	77	77	81	67	67
Papua New Guinea	(A)	2	2	2	2	1
Peru	(A)	200	196	156	120	120
Rwanda	(A)	1	1	3	3	2
Venezuela	(O)	860	997	843	613	621
Zambia	(J)	1	1	1	1	1
Zimbabwe	(A)	6	4	4	4	4
<b>Brazilian Naturals</b>		<b>11 820</b>	<b>12 770</b>	<b>13 403</b>	<b>14 078</b>	<b>14 528</b>
Brazil	(A)	10 550	11 250	11 800	12 425	12 875
Ethiopia	(O)	1 250	1 500	1 583	1 633	1 633
Paraguay	(A)	20	20	20	20	20
<b>Robustas</b>		<b>4 338</b>	<b>4 288</b>	<b>4 311</b>	<b>3 888</b>	<b>3 624</b>
Angola	(A)	15	30	35	25	25
Congo, Democratic Rep. of	(O)	200	200	200	200	200
Ghana	(O)	28	3	3	1	1
Guinea	(O)	50	50	50	50	50
Indonesia	(A)	2 065	2 085	2 045	1 625	1 250
Nigeria	(O)	40	40	40	40	40
Liberia	(O)	5	5	5	5	5
<b>OAMCAF</b>		<b>332</b>	<b>332</b>	<b>332</b>	<b>287</b>	<b>250</b>
Benin	(O)	0	0	0	0	0
Cameroon	(O)	100	100	100	100	100
Central African Republic	(O)	10	10	10	19	21
Congo, Rep. of	(O)	3	3	3	3	3
Cote d'Ivoire	(J)	50	50	50	50	50
Equatorial Guinea	(O)	0	0	0	0	0
Gabon	(O)	1	1	1	1	1
Madagascar	(O)	167	167	167	112	73
Togo	(A)	1	1	1	2	2
Philippines	(O)	814	838	842	823	851
Sierra Leone	(J)	8	8	5	5	5
Sri Lanka	(O)	20	20	20	30	30
Thailand	(O)	417	333	390	433	433
Trinidad and Tobago	(O)	14	14	14	14	14
Uganda	(O)	80	80	80	100	120
Vietnam	(O)	250	250	250	250	350

(A) Crop year commencing 1 April  
(J) Crop year commencing 1 July  
(O) Crop year commencing 1 October

**TABLE 2-B**  
**CONSUMPTION IN IMPORTING MEMBER COUNTRIES**  
**COFFEE YEARS 1995/96 TO 1999/2000**

	(000 bags)				
	1995/96	1996/97	1997/98	1998/99	1999/00
<b>Total</b>	<b>60 084</b>	<b>60 600</b>	<b>59 221</b>	<b>62 257</b>	<b>60 437 1/</b>
U.S.A.	18 138	17 847	18 194	19 057	18 681
<b>European Community</b>	<b>34 223</b>	<b>34 896</b>	<b>33 560</b>	<b>35 275</b>	<b>33 360</b>
Austria	871	1 345	967	1 087	1 163
Belgium/Luxembourg	983	950	1 391	1 099	797
Denmark	865	834	802	871	891
Finland	920	818	1 079	988	1 088
France	5 519	5 623	5 317	5 311	5 316
Germany	9 761	9 773	8 990	10 632	9 497
Greece	633	774	715	604	584
Ireland	87	102	92	119	93
Italy	4 718	4 857	4 843	4 977	4 827
Netherlands	2 516	2 491	2 012	1 893	1 241
Portugal	642	647	657	708	736
Spain	2 930	3 029	2 968	3 354	3 381
Sweden	1 327	1 358	1 162	1 267	1 304
United Kingdom	2 452	2 296	2 565	2 365	2 442
<b>Other importing Members</b>	<b>7 723</b>	<b>7 857</b>	<b>7 468</b>	<b>7 925</b>	<b>8 396</b>
Cyprus	49	41	49	56	51
Fiji	2	3	2	3	3
Japan	5 999	6 369	5 900	6 261	6 733
Norway	738	700	689	766	785
Singapore	0	0	0	0	0
Switzerland	935	745	827	838	826

Note: Consumption is derived on the basis of data on net imports of all forms of coffee adjusted for changes in visible inventories. Figures are adjusted for net exports for Singapore and Cyprus if necessary.

Due to rounding the totals may not always reflect the sum of the relevant components

1/ Provisional. Includes estimates for July-September 2000

TABLE 2-C

**CONSUMPTION IN NON-MEMBER COUNTRIES  
CALENDAR YEARS 1994 TO 1998**

	(000 bags)				
	1994	1995	1996	1997	1998
<b>TOTAL</b>	<b>15 900</b>	<b>14 996</b>	<b>15 664</b>	<b>16 989</b>	<b>17 009</b>
<i>Importing non-members</i>	<i>14 692</i>	<i>13 781</i>	<i>14 186</i>	<i>15 946</i>	<i>15 978</i>
<i>Europe</i>	<i>6 350</i>	<i>6 325</i>	<i>6 114</i>	<i>7 584</i>	<i>7 076</i>
Bulgaria	353	393	246	275	294
Croatia	164	288	304	361	320
Czech Republic	509	511	476	485	523
Hungary	724	447	571	602	652
Latvia	6	14	50	116	133
Lithuania	37	68	64	108	146
Poland	1 832	1 728	1 851	2 192	1 797
Romania	347	550	696	630	584
Russian Federation	1 712	1 650	1 063	1 818	1 518
Slovakia	237	222	221	234	240
Slovenia	152	140	164	161	162
Yugoslavia, Federal Republic	0 1/	0 1/	179	307	460
Others	278	312	230	296	245
<i>Africa</i>	<i>2 446</i>	<i>1 608</i>	<i>1 976</i>	<i>2 337</i>	<i>2 332</i>
Algeria	1 744	900	1 229	1 465	1 465
Egypt	92	124	147	214	116
Morocco	339	300	320	374	445
Tunisia	137	137	144	165	147
Others	134	146	137	119	158
<i>Asia</i>	<i>2 389</i>	<i>2 637</i>	<i>2 667</i>	<i>2 617</i>	<i>2 994</i>
Israel	445	357	395	414	487
Korea, Rep. of	1 095	1 009	926	1 065	988
Lebanon	202	296	296	180	281
Saudi Arabia	99	288	275	211	338
Syrian Arab Republic	186	199	217	209	268
Turkey	140	199	241	236	286
Others	223	290	316	302	346
<i>Latin America</i>	<i>170</i>	<i>209</i>	<i>215</i>	<i>214</i>	<i>214</i>
Chile	93	137	135	141	127
Others	77	72	80	73	88
<i>North America</i>	<i>2 411</i>	<i>2 113</i>	<i>2 297</i>	<i>2 233</i>	<i>2 321</i>
Canada	2 407	2 109	2 291	2 229	2 317
Others	4	4	7	4	4
<i>Oceania</i>	<i>925</i>	<i>890</i>	<i>917</i>	<i>961</i>	<i>1 040</i>
Australia	785	749	761	800	857
New Zealand	140	140	155	162	183
Others	1	-	1	-	-
<i>Producing non-members</i>	<i>1 208</i>	<i>1 216</i>	<i>1 478</i>	<i>1 042</i>	<i>1 032</i>
Argentina	645	562	586	615	640
China	82	104	265	-164	-145
Malaysia	191	218	242	246	96
South Africa, Rep. of	307	291	297	254	238
Taiwan	108	152	122	216	260
Others	-125	-111	-34	-124	-57

Note: Consumption equals net imports in non-member countries

A negative sign indicates net exports

1/ Data not available due to sanctions

TABLE 3

**EXPORTS BY EXPORTING MEMBERS TO ALL DESTINATIONS  
COFFEE YEARS 1995/96 TO 1999/2000**

	(000 bags)				
	1995/96	1996/97	1997/98	1998/99	1999/00
<b>TOTAL</b>	<b>75 032</b>	<b>82 076</b>	<b>78 565</b>	<b>83 845</b>	<b>88 358</b>
<i>Colombian Milds</i>	<i>13 612</i>	<i>13 264</i>	<i>12 389</i>	<i>12 066</i>	<i>10 932</i>
Colombia	10 785	11 176	10 911	10 288	9 036
Kenya	1 895	1 389	806	1 095	1 149
Tanzania	932	698	671	683	747
<i>Other Milds</i>	<i>26 635</i>	<i>24 240</i>	<i>24 760</i>	<i>25 693</i>	<i>28 952</i>
Bolivia	122	120	96	109	120
Burundi	360	411	371	391	463
Costa Rica	2 481	2 065	2 158	2 092	1 984
Cuba	105	118	129	80	127
Dominican Republic	522	297	418	161	189
Ecuador	1 607	1 099	1 146	900	834
El Salvador	2 256	2 838	1 885	1 812	2 490
Guatemala	3 713	4 224	3 889	4 592	4 901
Haiti	169	93	119	98	62
Honduras	2 054	1 825	2 299	2 086	2 857
India	3 572	2 476	3 691	3 426	4 450
Jamaica	27	27	20	21	30
Malawi	66	62	65	52	55
Mexico	4 579	4 384	3 883	4 136	5 164
Nicaragua	898	702	956	955	1 254
Panama	151	118	142	147	78
Papua New Guinea	1 140	1 085	1 200	1 374	1 049
Peru	1 987	1 670	1 785	2 204	2 280
Rwanda	267	233	249	282	304
Venezuela	454	184	80	572	96
Zambia	31	38	28	57	53
Zimbabwe	74	171	151	146	112
<i>Brazilian Naturals</i>	<i>14 526</i>	<i>20 480</i>	<i>18 434</i>	<i>24 695</i>	<i>20 748</i>
Brazil	12 728	18 619	16 336	22 929	18 733
Ethiopia	1 777	1 853	2 090	1 757	2 005
Paraguay	21	8	8	10	9
<i>Robustas</i>	<i>20 259</i>	<i>24 092</i>	<i>22 982</i>	<i>21 391</i>	<i>27 727</i>
Angola	56	46	50	58	30
Congo, Democratic Rep. of	915	592	589	448	304
Ghana	8	28	18	78	47
Guinea	54	104	122	74	36
Indonesia	6 098	6 364	5 415	5 430	5 032
Nigeria	13	6	5	6	16
<i>OAMCAF</i>	<i>4 250</i>	<i>6 103</i>	<i>6 252</i>	<i>4 520</i>	<i>7 423</i>
Benin	0	0	0	0	0
Cameroon	505	1 376	787	1 027	1 272
Central African Republic	97	201	107	194	181
Congo, Rep. of	9	7	-	0	0
Cote d'Ivoire	2 900	3 574	4 567	2 315	5 413
Equatorial Guinea	2	1	2	1	-
Gabon	1	1	2	3	-
Madagascar	652	654	611	670	277
Togo	84	290	178	310	279
Philippines	23	30	30	9	4
Sierra Leone	36	33	45	19	38
Sri Lanka	17	20	20	16	3
Thailand	893	1 103	785	417	960
Trinidad and Tobago	4	4	5	4	2
Uganda	4 214	4 237	3 032	3 648	2 917
Vietnam	3 679	5 422	6 615	6 664	10 914

TABLE 4

**IMPORTS OF ALL FORMS OF COFFEE BY IMPORTING MEMBERS FROM ALL ORIGINS  
COFFEE YEARS 1995/96 TO 1999/2000**

	(000 bags)				
	1995/96	1996/97	1997/98	1998/99	1999/00
<b>Total</b>	<b>71 217</b>	<b>76 087</b>	<b>74 001</b>	<b>79 302</b>	<b>80 460</b>
U.S.A.	19 193	20 873	20 105	22 561	24 540
<i>European Community</i>	<i>43 523</i>	<i>46 118</i>	<i>45 291</i>	<i>47 369</i>	<i>46 422</i>
Austria	1 046	1 544	1 213	1 526	1 406
Belgium/Luxembourg	2 409	2 618	3 529	3 344	3 103
Denmark	994	1 000	965	1 098	1 034
Finland	985	1 090	1 191	1 216	1 118
France	6 632	7 019	6 463	6 599	6 586
Germany	13 242	13 967	13 339	14 777	14 033
Greece	690	823	751	663	840
Ireland	100	111	101	128	147
Italy	5 574	5 768	5 780	5 986	6 270
Netherlands	3 097	3 056	2 950	2 784	2 735
Portugal	733	757	753	802	924
Spain	3 418	3 807	3 718	4 008	3 842
Sweden	1 560	1 599	1 375	1 449	1 393
United Kingdom	3 043	2 959	3 163	2 990	2 993
<i>Other importing Members</i>	<i>8 501</i>	<i>9 096</i>	<i>8 605</i>	<i>9 372</i>	<i>9 498</i>
Cyprus	50	42	50	57	52
Fiji	3	4	3	4	4
Japan	5 738	6 371	5 910	6 618	6 829
Norway	742	710	695	772	665
Singapore	844	962	861	762	816
Switzerland	1 124	1 009	1 085	1 159	1 133

Basis : Monthly Reports

Due to rounding the totals may not always reflect the sum of the relevant components

- Less than 500 bags



TABLE 5

VALUE OF EXPORTS OF ALL FORMS OF COFFEE BY EACH EXPORTING MEMBER TO ALL  
DESTINATIONS AS A PERCENTAGE OF THE VALUE OF EXPORTS OF ALL COMMODITIES  
JANUARY-DECEMBER 1995 TO 1999

	(percent)				
	1995	1996	1997	1998	1999
<b>Colombian Milds</b>					
Colombia	19.52	16.10	21.02	18.84	12.28
Kenya	17.07	14.36	14.73	10.84	11.02
Tanzania	19.92	16.26	13.21	19.30	14.49
<b>Other Milds</b>					
Bolivia	1.48	1.49	2.21	1.35	1.31
Burundi	86.38	69.83	86.16	81.36	77.29
Costa Rica	12.18	9.94	9.65	7.11	4.95
Cuba	1.64	0.91	1.34	1.62	0.82
Dominican Republic	9.29	6.73	6.69	7.65	2.97
Ecuador	4.98	3.36	2.19	2.40	1.76
El Salvador	27.97	25.57	29.43	19.61	21.03
Guatemala	27.13	23.28	26.45	22.62	24.48
Haiti	22.67	22.72	15.38	11.94	4.01
Honduras	28.63	21.19	22.56	27.29	20.50
India	1.40	1.22	1.20	1.37	1.05
Jamaica	1.89	2.26	2.63	1.33	2.13
Malawi	4.07	1.60	1.66	1.56	1.40
Mexico	0.88	0.71	0.85	0.55	0.43
Nicaragua	24.01	17.59	18.88	31.67	25.77
Panama	5.46	3.08	3.08	3.13	1.85
Papua New Guinea	6.99	6.04	11.45	11.83	8.29
Peru	5.09	3.77	5.84	4.98	4.33
Rwanda	57.97	48.08	48.91	49.79	68.47
Venezuela	0.09	0.29	0.06	0.21	0.28
Zambia	0.33	0.50	0.87	0.66	0.92
Zimbabwe	1.28	0.95	0.93	2.01	1.18
<b>Brazilian Naturals</b>					
Brazil	5.19	4.40	5.85	5.07	5.12
Ethiopia	64.27	66.69	65.48	67.37	55.04
Paraguay	0.21	0.17	0.11	0.10	0.07
<b>Robustas</b>					
Angola	0.16	0.12	0.11	0.15	0.12
Congo, Democratic Rep. of	34.61	12.47	12.37	12.99	6.14
Ghana	0.31	0.03	0.15	0.08	0.34
Guinea	3.90	0.56	1.30	1.95	0.66
Indonesia	1.36	1.34	1.13	1.22	0.90
Liberia	0.00	0.00	0.00	0.00	0.00
Nigeria	0.02	0.01	-	0.01	0.01
<b>OAMCAF</b>					
Benin	0.00	0.00	0.00	0.00	0.00
Cameroon	3.06	3.06	5.44	3.27	4.37
Central African Republic	15.79	5.10	12.05	3.85	5.06
Congo, Rep. of	0.23	0.13	0.02	0.00	0.00
Cote d'Ivoire	10.22	6.55	8.14	7.37	4.13
Equatorial Guinea	0.23	0.06	0.02	0.03	0.02
Gabon	0.01	-	0.00	0.01	0.01
Madagascar	21.91	19.58	16.42	26.80	11.65
Togo	5.30	2.14	5.99	3.21	6.54
Philippines	0.06	0.02	0.02	0.01	-
Sierra Leone	12.97	6.81	32.87	57.44	28.11
Sri Lanka	0.08	0.05	0.10	0.04	0.03
Thailand	0.32	0.15	0.13	0.12	0.07
Trinidad and Tobago	0.08	0.08	0.07	0.09	0.05
Uganda	92.46	67.63	55.92	59.02	53.07
Vietnam	9.28	5.07	6.05	6.39	4.76

The percentages contained in this table are derived from the value of exports of all forms of coffee as provided by Members and information on the value of exports of all commodities

**TABLE 6**  
**INDICATOR PRICES**  
**ICO DAILY COMPOSITE, OTHER MILDS AND ROBUSTAS**  
**MONTHLY AND ANNUAL AVERAGES**  
**1996 TO 2000**

	(US cents/lb)				
	1996	1997	1998	1999	2000
<b><u>ICO daily composite</u></b>					
January	100.33	100.03	130.61	97.63	82.15
February	110.50	121.89	130.78	92.36	76.15
March	105.89	137.47	119.93	89.41	73.49
April	107.09	142.20	119.66	85.72	69.53
May	110.24	180.44	114.23	89.51	69.23
June	105.79	155.38	103.84	86.41	64.56
July	99.97	135.04	97.32	78.21	64.09
August	102.73	132.63	101.25	77.22	57.59
September	96.52	132.51	95.82	71.94	57.31
October	98.56	121.09	95.01	76.36	56.40
November	97.14	118.16	98.26	88.22	52.18
December	90.04	130.02	100.73	95.63	48.27
<b>Average</b>	<b>102.07</b>	<b>133.91</b>	<b>108.95</b>	<b>85.72</b>	<b>64.25</b>
<b><u>Other Milds</u></b>					
January	110.65	132.86	177.80	112.96	111.11
February	124.09	168.37	178.18	105.48	103.44
March	120.84	194.70	157.65	105.39	100.73
April	123.50	206.99	150.35	102.11	94.61
May	129.27	267.27	137.72	111.07	94.15
June	125.46	222.02	124.93	107.21	86.44
July	122.47	190.41	117.60	94.85	87.35
August	126.22	190.80	123.21	91.37	76.92
September	118.70	189.87	111.85	84.31	75.78
October	124.20	167.66	109.72	94.20	76.66
November	124.07	160.27	116.37	113.38	71.54
December	117.02	177.44	117.39	124.46	66.16
<b>Average</b>	<b>122.21</b>	<b>189.06</b>	<b>135.23</b>	<b>103.90</b>	<b>87.07</b>
<b><u>Robustas</u></b>					
January	89.99	67.19	83.41	82.29	53.18
February	96.89	75.40	83.36	79.23	48.86
March	90.94	80.23	82.19	73.42	46.25
April	90.67	77.39	88.97	69.32	44.45
May	91.20	93.60	90.74	67.94	44.32
June	86.11	88.74	82.73	65.59	42.68
July	77.46	79.65	77.04	61.56	40.82
August	79.22	74.45	79.29	63.07	38.25
September	74.34	75.15	79.80	59.57	38.83
October	72.92	74.52	80.30	58.52	36.14
November	70.20	76.04	80.16	63.05	32.81
December	63.06	82.60	84.06	66.79	30.38
<b>Average</b>	<b>81.92</b>	<b>78.75</b>	<b>82.67</b>	<b>67.53</b>	<b>41.41</b>

**LIST OF LEAST DEVELOPED COUNTRIES (LDCs)**

LDC Members of the Common Fund and the International Coffee Organization

<b>Country</b>	<b>Region</b>
Angola	Africa
Benin	Africa
Burundi	Africa
Central African Republic	Africa
Congo, Democratic Republic of	Africa
Equatorial Guinea	Africa
Ethiopia	Africa
Guinea	Africa
Haiti	America
Madagascar	Africa
Malawi	Africa
Rwanda	Africa
Tanzania	Africa
Togo	Africa
Uganda	Africa
Zambia	Africa

**LIST OF PROJECT IDEAS RAISED AT THE  
CFC ROUND TABLE IN GUATEMALA**

*Production-related proposals*

1. “Research into technologies for coffee drying” (e.g. solar technology)  
Countries: Costa Rica, Ecuador, Jamaica and Guatemala
2. “Establishment of centres for washing and processing coffee”  
Countries: Haiti, Cuba
3. “Implementation of computer-based information system covering all activities in the coffee chain”  
Countries: Costa Rica, Ecuador, Guatemala
4. “Increased information exchange among producers”  
Country: Haiti
5. “Promoting the formation of cooperatives of small farmers”
6. “Research on how to contain new coffee diseases”
7. “Adoption of agro-ecological approach to minimise use of chemicals and pesticides”  
Country: Cuba
8. “Improvement of coffee quality”  
Country: Honduras
9. “Measures to increase coffee yield”  
Countries: Honduras, Cuba

*Consumption-related proposals*

10. “Increasing consumption of quality coffee in the tourist industry”  
Country: Cuba
11. “Development of policies and strategies to overcome market imbalances”  
Countries: Mexico, Haiti
12. “Study on the beneficial health effects of coffee consumption”  
Country: Costa Rica

13. “Development of niche markets”

Country: Cuba

14. “Development of organic coffee and cost effective certification procedures”

Country: Cuba

**OTHER PROPOSALS**

15. “Measures to reduce the long chain of intermediaries”

Country: Haiti

16. “Crop diversification”

Country: Honduras

17. “Identification of suitable agro-forestry measures for diversification from coffee production”

Country: Honduras.

18. “Increase of value added coffee products in producing countries”

19. “Use of coffee waste to create natural fertilisers and compost”

20. “Treatment of residual water from coffee washing stations”

21. “Decomposition of coffee hull into easily handled manures for soil treatment”

Country: Jamaica

**LIST OF PROJECT IDEAS RAISED AT THE  
CFC ROUND TABLE IN AFRICA  
(Held in Cairo, 1999)**

**Working Group II – Coffee, Cocoa and Tea**

Chairman: Mr. Fred Mwesigye, Ministry of Tourism, Trade and Industry, Uganda  
Secretary: Mr. Caleb Dengu, Associate Project Manager, CFC

The Working Group identified the key problems, which were found to be common among commodities and countries, and identified possible solutions:

**(1) Input credit**

It was noted with concern that input credit to small producers had collapsed or is now non-existent in most producing countries. This has led to the continuous decline in production per hectare, declining incomes and increasing poverty.

It was proposed that CFC should design and pilot input credit schemes with minimum transaction costs. Tanzania was chosen to take the lead in this area. The project title will be **“Designing and piloting suitable credit schemes for small producers in selected African countries”**.

**(2) Producer co-operatives or organizations**

It was noted that following the abolition of marketing boards, small producers are now fragmented and weak. This has reduced their capacity to receive research and extension service, price information, access to credit and bargaining power. This has increased the risk and transaction costs of small producers.

It was suggested that CFC should finance a project to mobilize and structure producer associations in the various commodity sectors by training extension officers in co-operative management. Nigeria and Uganda kindly agreed to take the lead in developing this project, **“Creating and strengthening coffee producer organizations in selected African countries”**. It was noted, however, that CFC could not support institution building.

**(3) Ageing plantations and ageing farmers**

It was noted with concern that in some countries plantations are over forty years old and farmers are over sixty years old. Young farmers in some countries are not entering the coffee and cocoa production sector.

It was proposed that farmer incentive packages have to be developed which include new genetic material on high yielding and disease resistant varieties and a financing package. Nigeria kindly agreed to take the lead with the assistance of the InterAfrican Coffee Organization: **“Rejuvenation of the coffee and cocoa farming sector by supporting young farmers and promoting the use of high yielding and disease resistant varieties”**.

**(4) Demand management**

It was recognized that production increases should be matched by consumption increases. It was noted that domestic consumption of coffee was very low in African markets compared with other expensive beverages like coca-cola. It was suggested that more promotion within and outside Africa should be initiated. The countries proposed the CFC to finance promotion in selected markets in Africa. The International Trade Centre and InterAfrican Coffee Organization agreed to lead in the development of this project: **“Promotion of coffee consumption in Africa”**.

**(5) Declining coffee, cocoa and tea prices**

The meeting noted that the prices paid to producers continue to decline while the prices of final products are increasing. The meeting felt that one or more sectors in the chain are taking a disproportionate share of the price paid by the consumer. It was felt that the reference market should be the consumer because the price difference between the New York or London price with the consumer price is too wide.

It was proposed that CFC should finance a study of the pricing or costing system in the chain from the producer to the consumer and to establish how much is being claimed by each sector in the chain. ICO and ICCO will jointly sponsor the project preparation: **“Analysis of coffee and cocoa pricing structure from production to the final consumer”**.

**(6) Financing**

It was noted that financing was a big constraint to production, trade and marketing for indigenous players. It was proposed that CFC should make available credit facilities at

internationally competitive rates to indigenous organizations through local financial institutions. Limitations of CFC lending capacity for projects, which have private entities as borrowers or require large financial resources, were however noted. Kenya kindly agreed to develop this project: **“Structured production and trade credit to the coffee and cocoa sectors in selected African countries”**.

**(7) Research capacity and supply of new material**

It was observed that research capacity in Africa is contracting because of lack of support. There is a need to strengthen the research capacity in order to provide the high yielding and disease resistant varieties of rootstock to African producers. It was proposed that CFC should finance production of the material through strengthening the research institutes in selected producer countries. Zimbabwe and the InterAfrican Coffee Organization offered to develop this proposal: **“Breeding rootstock of high yielding and disease resistant coffee to rehabilitate African plantations”**.

**(8) Project Preparation Facility**

The Working Group proposed that CFC should facilitate the preparation of these projects through the Project Preparation Facility where possible to enable the volunteering countries and institutions to develop these multi-country projects.