



Organización Internacional del Café Organization
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**Highlights of the 40th anniversary of the
Organization and 89th Session of the Council
15 – 19 September 2003,
Cartagena, Colombia**

Introduction

The International Coffee Council and the Executive Board met for the 89th Session of the Council during the week of 15 to 19 September 2003 in Cartagena, Colombia, at the invitation of the Colombian Government to commemorate the 40th anniversary of the Organization. It was the first time a session of the Council had been held outside the headquarters of the Organization in London.

The meetings occurred at the time of the worst crisis facing coffee in history, with low prices causing growing levels of poverty, unemployment and social unrest in producing countries. The value chain is skewed against producing countries and world consumption is stagnant. Nevertheless there is a growing awareness of the problem in the international community that action is needed, which was reflected in this Council session, in the Executive Director's submission to the 5th WTO Ministerial Conference held in Cancun, Mexico, the week preceding the Council, and in the widespread media coverage that ICO meetings generated in the international press.

Commemorative events – highlights

Inaugural ceremony

The Council was formally opened on 16 September by the President of Colombia, H.E. Mr. Álvaro Uribe, in the presence of the President of Brazil, H.E. Mr. Luiz Inácio Lula da Silva, and the President of Honduras, H.E. Mr. Ricardo Maduro. Opening statements were made by the Presidents and also by Mr. Gabriel Silva Luján, General Manager of the

Federación Nacional de Cafeteros de Colombia, Mr. Jacques Thinsky of Belgium, the Chairperson of the Council, and Mr. Néstor Osorio, Executive Director of the ICO. The inaugural ceremony was attended by over 500 delegates from the 55 Member Governments of the Organization and the private coffee sector, as well as observers from non-member countries and other international agencies. A copy of the opening addresses is attached at Annex I.

Award of the Silver Cross of the Order of Boyacá

During the ceremony, the President of Colombia presented the International Coffee Organization with the award of the Silver Cross of the Order of Boyacá in recognition of the 40th anniversary, and the merits of the ICO, its contribution to the lives of the Colombian people and its importance for the future. This award is the highest decoration of Colombia and was accepted by the Executive Director on behalf of the Organization.

Other highlights of the week included the following events:

Keys to the City of Cartagena

The Mayor of Cartagena presented the keys of the City of Cartagena to the Executive Director at a special ceremony held at the Town Hall on 15 September 2003, in the presence of the Chairpersons and staff of the Organization attending the meetings.

Seminar on Coffee and Health

The International Coffee Organization and the *Federación Nacional de Cafeteros de Colombia* (FEDERACAFÉ) held a Seminar on Coffee and Health at the Convention and Exhibition Centre in Cartagena, Colombia on 15 September 2003. The Seminar, chaired by Dr. Ernesto Illy, Chairperson of the Institute for Scientific Information on Coffee (ISIC) and Chairperson of the ICO Promotion Committee, brought together scientific experts from coffee producing and consuming countries and was attended by around 250 participants from 60 countries and the private coffee sector. The proceedings of the Seminar on Coffee and Health will be published by FEDERACAFÉ.

Tour of coffee growing areas

The meetings concluded with a tour of the coffee growing areas around Pereira and Armenia on 20 and 21 September. Delegates held talks on coffee issues with coffee growers from the region and visited CENICAFE, the national research centre, and the National Coffee Park in Armenia.

Commemorative postmark

To commemorate the 40th anniversary, in collaboration with the Ministry for Communications and the National Postal Administration, a special commemorative postal franking stamp was launched, to be used on 8,000 local, national and international letters and other postal communications sent each day.

Political support

Presidential statements

At the inaugural ceremony and at a subsequent press conference on 16 September, the Presidents of Colombia, Brazil and Honduras referred to the value of the work of the Organization during the last 40 years and, during informal talks, requested the Executive Director to convene talks with leaders of the largest multinational coffee companies and themselves to seek ways to address the price crisis and find fair and sustainable solutions (see Annex I).

Parliamentary support

Brazilian and Colombian Parliamentarians meeting in Cartagena on 18 September recognized the ICO as the world's major forum for collaboration and cooperation on coffee matters and declared their full support for the proposals analysed in the context of the meetings commemorating the 40th anniversary. A copy of their declaration is attached at Annex II.

Messages of support

H.E. Mr. Vicente Fox, President of Mexico, Mr. Poul Nielson, European Commissioner for Development and Humanitarian Aid, Mr. Ian Johnson, Vice-President of Socially and Environmentally Sustainable Development, World Bank, and Mr. Robert Nelson, Chief Executive of the National Coffee Association of the USA, have sent messages recognizing the contribution of the ICO to international cooperation on coffee issues and its work to help coffee producing countries since 1963. A copy of the messages sent is attached at Annex III.

Key outcomes of the Cartagena meetings

Meeting with industry leaders and Presidents

It has been agreed that the Executive Director should make contacts with leaders of the coffee industry in order to establish the possibility of organizing a meeting with the Presidents of Colombia, Brazil and Honduras to seek ways to address the price crisis.

Creation of a Parliamentary Front for the Defence of Coffee Growers

At a meeting in Cartagena on 18 September, Brazilian and Colombian Parliamentarians signed an agreement to create an International Parliamentary Front for the Defence of Coffee Growers and gave their full support to the proposal of the Presidents of Colombia, Brazil and Honduras to conduct negotiations with the world coffee industry conducive to the recovery of depressed international coffee prices (see Annex II).

Cartagena Declaration

A draft declaration was prepared and will be discussed in the Executive Board held in London in January 2004 prior to circulating it formally to world leaders.

Increasing worldwide consumption of coffee

The Council approved an Action Plan to increase worldwide consumption of coffee which identifies four key areas:

- Dissemination of positive health-related information on coffee;
- Improvement of quality;
- Promotion of consumption in producing countries; and
- Promotion of consumption in new and emerging markets.

The implementation of the Plan will be reviewed by the Steering Group on Promotion, which will also consider the arrangements for a pledging meeting to be held in May 2004 to seek resources from Members, non-members, other organizations and the private sector.

Coffee Quality-Improvement Programme

The Council expressed its support for the continuation of the implementation of the ICO Coffee Quality-Improvement Programme (CQP) established by Council Resolution number 407, which was implemented on 1 October 2002. The CQP had resulted in a political

commitment towards the improvement of quality internationally and had succeeded in developing progressively wider awareness of the importance of the issue for the future of the coffee sector, as well as removing sub-standard coffee from the market.

Producer declaration on OTA

Producing Members issued a declaration urging the European Union to reconsider the proposal to adopt OTA content limits on coffee (circulated as document ED-1896/03).

Membership

The Council welcomed the support of the U.S. Congress Committee on International Relations for U.S. membership of the ICO. The Committee wrote in September 2003 to the Secretary of State, the Hon. Colin Powell, to stress the importance of ICO membership in revitalizing the Colombian coffee industry and in supporting market-based solutions to the coffee crisis. The Council also adopted Resolution number 417, inviting Canada, China, Peru, the Russian Federation and other non-member countries to join the 2001 Agreement.

World Coffee Conference

The Council decided that the 2nd World Coffee Conference, bringing together leaders from the public and private sectors, would be held in Salvador, Brazil, on 18 and 19 September 2004, followed by meetings of the International Coffee Council and the Executive Board.

**Statements made at the inaugural ceremony
for the 40th anniversary of the Organization and
89th Session of the International Coffee Council
16 September 2003, Cartagena, Colombia**

- H.E. Mr. Álvaro Uribe Vélez, President of Colombia
- H.E. Mr. Luiz Inácio Lula da Silva, President of Brazil
- H.E. Mr. Ricardo Maduro, President of Honduras
- Mr. Gabriel Silva Luján, General Manager of the National Federation of Coffee Growers of Colombia
- Mr. Jacques Thinsky, Chairperson of the International Coffee Council
- Mr. Néstor Osorio Londoño, Executive Director of the International Coffee Organization

**STATEMENT BY HIS EXCELLENCY MR. ÁLVARO URIBE VÉLEZ,
PRESIDENT OF THE REPUBLIC OF COLOMBIA**

Distinguished Delegates:

We are assembled here on a historical occasion: the celebration of the 40th anniversary of the International Coffee Organization, the most successful multilateral and institutional instrument for economic cooperation between industrialized and developing countries.

It is also a unique occasion because it is the first time that a session of the International Coffee Council is being held outside the Organization's headquarters in London. The Government of Colombia, recognizing the significance of this commemoration and the merits of the ICO, its contribution to the lives of the Colombian people and its importance for our future, has decided to confer on the Organization the Silver Cross of the Order of Boyacá. I wish to thank the Executive Director of the ICO, Doctor Néstor Osorio Londoño, and his staff for all the work they have done for the coffee community.

The very high level of the political and diplomatic personalities who are with us today is extremely significant and highlights the importance of the anniversary we are celebrating. There is no doubt, however, that this combination of exceptional circumstances can also be attributed to the fact that we are meeting at a time of great distress for coffee producing countries.

Even though we are here to rejoice in the achievements and renewed vigour of the ICO, we have come together, above all, because of the need to find new approaches and put forward bold solutions for what has become the most serious and prolonged worldwide coffee crisis in living memory.

The speakers who preceded me have spoken of the magnitude of the social, economic and political tragedy affecting all producing countries. I cannot refrain from adding my voice to theirs, evoking for this Forum the suffering and despair now ranging the mountains of Colombia like a grim spectre .

The social effects of the crisis are terrifying. I have seen them for myself in the mountain villages of my own region, and I can bear witness to the impact of the poverty that has descended on coffee farmers like a dreadful plague, ever since, in the grip of the euphoria of market liberalization, we gave up the scenarios of cooperation and coordination. Since then, producers and consumers began to define their coffee strategies in individual terms, with little foresight and a great deal of ambition.

The fact is that with the collapse of the quota agreement, coffee producing countries were sold the idea of a free coffee market as if this were a blessing, with the growth of exports offsetting the unprecedented fall in prices. The reality was very different and, indeed, tragic, since the abolition of quotas was not replaced by trade practices to safeguard producer incomes.

Although the quota system undermined any competitive initiative in coffee farms, the free market aroused coffee growers from the lethargy of inefficiency and they introduced profound and painful adjustments to make their farms more efficient and competitive.

Colombia, for example, increased its productivity – measured in terms of the number of bags per hectare – by 45% between 1999 and 2002. Production costs fell from one dollar in 1998 to 62 cents last year. The area under coffee was reduced by 35% in less than a decade, with a significant part located in marginal areas where cattle raising activities were more profitable.

In Brazil, efforts were equally significant. Productivity increased by 67% between 1995 and 2001. The area under coffee was reduced by some 400,000 hectares; production costs are considerably lower, reducing the competitive gap which had plagued Brazilian production since the mid-1990s.

But there is still a rampant coffee crisis and the efforts of producers have proved useless. Between 1997 and 2002 the value of world coffee exports fell by 60%. From US\$12.9 billion it went down to US\$5.3 billion. During the same period, however the volume of exports increased from 80.3 million bags to 87.7 million bags, representing a growth of 9%.

In other words, whereas export earnings fell by US\$7.6 billion, the volume increased by 7.4 million bags. These figures are both striking and worrying: for each additional bag of coffee placed on the international market there was a loss in export earnings of more than US\$1,000.

The efforts of producers were matched by those of governments, which were obliged, in the midst of fiscal crises, to find budgetary room to support social investment programmes in their country's coffee areas

In Colombia, appropriate measures were taken through a policy of direct income support for coffee growers; financial support for technical assistance and scientific research programmes, financing of programmes to renew coffee trees, combining this with growing maize and beans to complement incomes; and monitoring debt-restructuring policies for coffee growers. These efforts were financially costly and insufficient socially.

The crisis persists. The lowest international prices in history have led to phenomena of social deterioration in the coffee regions never witnessed before. The level of child malnutrition is now higher than the rural national average; 45% of the poorest coffee farmers have drastically reduced their food buying; schooling is being abandoned and one-third of the country's most vulnerable children are not attending school; women and teenagers are deserting farms to find work in urban areas; the per capita income of coffee growers has been halved in only five years.

Some farmers are planting illicit crops since the desperation created by the crisis is tempted by the easy earnings of drug-trafficking.

Have we been lacking in imagination? We must apply greater imagination to our efforts to increase productivity and reduce costs in order to find solutions. Our economic and social dependence on coffee means that we cannot afford to fail in this task.

Has the lack of understanding and the indifference of the roasting industry in consuming countries hampered the implementation of bold solutions to address the crisis? I think the time has come to appeal to the multinational roasting industry to participate more actively in finding a solution.

Unless we clear the scene for producers, the prospect for consumers is bound to become cloudy, since consumption is also in crisis. The roasters and the processing industry should put away their calculators and stop thinking in terms of immediate profit to reflect on ways and means of finding solutions.

Their own future is at stake and they are becoming increasingly vulnerable. If the crisis continues, consumers will find it harder to find alternative supplies and the diversity of origins will be reduced to two or three countries able to maintain a stable supply of coffee. And nothing could be more harmful to world coffee growing than an increase in the concentration of the market!

I believe that we cannot delay taking action, since the consequences of the crisis are spreading beyond our frontiers. We can no longer speak only of domestic problems because a sector in the economy finds itself in difficulties. This is an international crisis!

The seriousness of the world coffee situation has exacerbated illegal immigration in developed countries, encouraged the growing of illicit crops, and increased the threat of drug terrorism, which is putting national security at risk in many countries

In Colombia, the coffee sector and its social network have been, for more than a century, the backbone of our institutional stability. It is in the coffee growing sector that the most determined efforts have been made to introduce a more equitable distribution of income. The coffee regions have been and will continue to be a defence barrier for democracy.

Coffee is no longer a lucrative business in Colombia: it is a social solution deriving from a democratic structure with a predominance of smallholders.

The social effects of the crisis have affected all producers. The World Bank, referring to Central America, has defined the coffee crisis as a silent Hurricane Mitch. Coffee growing employs 28% of the Central American labour force. In Cameroon, with a population of 15 million inhabitants, 2 million people are dependent on coffee. In Côte d'Ivoire, half the population of 17 million inhabitants is dependent on coffee and cocoa. In Brazil, more than 70% of its 300,000 producers are small and medium farmers and 3.5 million people earn their livelihoods from coffee growing.

Consumers, producers, multilateral organizations, governing bodies, politicians: all of us must take the path of cooperation and coordination. The International Coffee Organization has been working for this during 40 years: to keep spaces open for cooperation; to provide a forum for discussion among coffee producers and consumers. And also to ensure that coffee growing smallholders have an authority which can offer solutions for their difficulties.

All producing countries are willing to contribute to the strengthening of existing agreements and the development of new ones, as attested by the presence of President Lula of Brazil and President Maduro of Honduras, representing Central America.

Consuming countries have the responsibility of taking a more positive attitude and this is their golden opportunity. They must not waste it.

This is why I propose that we work with political will on improving coffee quality; increasing world consumption of the beverage and creating projects to ensure the long-term sustainability of coffee growing; that we producers coordinate our domestic policies and encourage the exchange of information to prevent disorder in the market; that consumers create transparent and predictable marketing mechanisms and eliminate the tariff barriers that penalize added value in the coffee chain.

We want all consuming countries, including the United States, which takes 35% of world production, to become active participants in the ICO. This would ensure that producers adopt quality standards which, by providing guidance to the market, could become a guarantee of quality for consumers, as well as adopting improved production practices to protect the environment and ensure crop sustainability.

I feel that concern with quantities has clouded the horizon for various speciality coffees, with organic coffee at the top.

This is the major production revolution we need. This type of production makes it possible to combine coffee growing with shade trees that can produce fine woods, and with other crops needed for food security, using biologically-sound practices. This is the great new product we should be offering the public in specialized coffee shops.

It seems that with the abolition of the quota system, we urgently need to incorporate market mechanisms, like the Brazilian sales options and other similar mechanisms, to guarantee a minimum price to producers: if the commercial price is higher, part of the difference can be placed in individual savings accounts for producers, which they could draw on if the commercial price was lower than the minimum.

The guaranteed minimum price could be supported by a budgetary contribution from producing and consuming countries. And, as in the case of Colombia, full integration of producers would require that a share of income be retained for social and community benefit programmes.

The agenda is complex and solutions won't fall out of the sky. A hundred million coffee growers throughout the world are expecting a great deal from us.

We must not disappoint them since their patience is reaching its limit.

Thank you

**STATEMENT BY HIS EXCELLENCY MR. LUIZ INÁCIO LULA DA SILVA,
PRESIDENT OF THE FEDERATIVE REPUBLIC OF BRAZIL**

Mr. President,

I was honoured to accept the invitation of President Uribe Vélez to participate, here in Cartagena de Indias, in the celebration of the 40th anniversary of the International Coffee Organization.

Brazil, together with Colombia and other coffee producing countries represented here were present at the birth of this Organization, which sought to increase the value of a product inextricably linked to the very history and culture of our countries.

We Brazilians appreciate coffee for its aroma and taste, as well as for introducing habits and customs that mark our daily lives and help to forge our national identity.

We value it above all, however, for another reason. More than any other product coffee was a watershed in Brazil's economic development.

Wealth from coffee brought the investments that built modern Brazil.

From the mid-nineteenth century, plantations and the workers who laboured in them multiplied on Brazilian soil. Coffee growing became the country's leading agricultural activity, accounting for more than half of its export earnings.

Unlike other products, which at different times had brought the country ephemeral wealth, coffee built railroads, enlarged ports and generated the prosperity underpinning Brazil's economic growth over many decades.

It was the production and export of coffee that enabled a poor and backward country like Brazil to embark on a course of industrialization and progress.

This history is shared with many of the countries represented here today. This is why the ICO is so important. It is an Organization that can value the work and investment of our people at a fair international price.

Mr. President,

As the ICO reaches its 40th year, it can celebrate many past achievements. But we must also recall the challenge represented by the profound changes that have taken place in the international economy over the last four decades. During this period, commodities have lost their former value with the deterioration in the terms of trade.

At present and for the future we must face up to the challenge of restoring the value of our coffee, which, for many countries, is a vital and irreplaceable source of foreign exchange earnings.

Faced with rock-bottom prices for coffee on the international markets, the ICO and the Producers and Consumers must cooperate, now more than ever, to find sustainable and, above all, fair solutions.

These solutions should provide equitable remuneration for all those whose skill and hard work help to transform virgin soil into the world's most popular beverage.

It is unacceptable that in the existing situation the gains are all on one side: the roasting industry in developed countries and the coffee boutiques, not to mention the countries that impose high internal taxes on processed coffee. And there are also the intermediaries involved in getting the coffee into the consumer markets.

We must prevent the drastic fall in prices from starting a vicious circle in which every player becomes a loser, with the irreversible impoverishment of coffee producers, decline in quality, abandonment of coffee farms, increasing marginality and rural instability.

The final consumer will also lose out since the low prices paid to producers are not passed on and consumers continue to pay a very high price for a cup of coffee.

We producing countries have watched almost helplessly as this crisis unfolds.

In the ICO, we are involved in implementing a programme to improve the quality of coffee offered to the final consumer.

Brazil is seriously committed to this strategy since, even today, coffee continues to be much more than a mere generator of exports and foreign exchange earnings.

Brazil has diversified adding a large number of new products to its exports but coffee remains vital to the livelihoods of millions of Brazilian families.

For a large part of our population, coffee provides the energy needed for their working day.

Coffee is grown in around 300,000 farms, employing more than 3 million workers and generating indirect employment for another 5 million.

It is, therefore, a strategic sector in the Brazilian economy.

In collaboration with leaders in the political, production and labour spheres, the Brazilian Government has been formulating policies to make farmers and their families economically viable.

My administration's coffee policy has been characterised by efforts to improve remuneration to producers and the living conditions of coffee workers, as well as to reduce inequalities.

This is why we are planning to increase sales and prices. In collaboration with the private sector, the Brazilian Government is doing its part. We are establishing a permanent policy to provide incentives for domestic consumption and are seeking to improve quality.

But how can we demand quality from producers when their incomes are so visibly falling?

Mr. President,

As we have already learned in Brazil, there are no magic formulas to solve the serious problems of coffee growing.

A sustainable response to safeguard the strategic interests of our countries requires that we must redouble our efforts to conquer and broaden markets. The truth is that international markets have been flooded with surplus coffee. Worse still, demand is practically stagnant, with little prospect of improvement if we fail to take appropriate measures.

The ICO will continue to play a key role in this effort. But other methods of taking coordinated action must also be explored. For Brazil, negotiations now under way in the World Trade Organization will play a decisive role in opening up and expanding markets.

Like other commodities, coffee suffers the consequences of the aggressive protectionist policy of the importing countries. The solution of the coffee problem calls for a genuine liberalization of trade.

Importing countries should give an undertaking to reduce high tariffs that create formidable obstacles to the export of value-added coffee.

In this respect, we appeal to importing countries to reduce to zero their tariffs on processed coffee as a way of supporting industrialization in producing countries

Brazil and other producing countries like Colombia, Costa Rica, Cuba, Guatemala, India, Mexico, Peru, Venezuela and Thailand are submitting a constructive and realistic proposal for the agricultural negotiations in the WTO as a contribution to the elimination of protectionism, which seriously handicaps our sustainable development.

We are hoping for an equally constructive and realistic response from importers.

Mr. President,

For Brazil, the balance of these 40 years of the ICO is positive. Much has been achieved and coffee growing and consumption have been expanded as a result of these achievements.

But there are hard tasks ahead. We must seek to restore the profitability of the producing sector at minimally remunerative levels. We must open up new prospects by increasing domestic consumption and conquering new markets.

We must also persuade our partners in the developed world to dismantle their barriers to our processed coffee.

I am convinced that through dialogue and persuasion ICO Members will find innovatory and sustainable solutions to overcome the present crisis for the benefit of both producers and consumers.

Above all, I am convinced that the ICO will be strengthened and that coffee will once again become an instrument for achieving the aspirations of many countries seeking to take the path to growth and prosperity. The Brazilian Government is committed to this initiative.

I wish you every success in this meeting.

Thank you.

**STATEMENT BY HIS EXCELLENCY MR. RICARDO MADURO,
PRESIDENT OF THE REPUBLIC OF HONDURAS
(translation of transcript)**

Your Excellency President Álvaro Uribe Vélez,
Your Excellency President Luiz Inácio Lula da Silva,
Secretary-General of the OAS, Dr. César Gaviria,
General Manager of the National Federation of Coffee Growers of Colombia,
Dr. Gabriel Silva,
Dr. Néstor Osorio, Executive Director of the International Coffee Organization,
Mr. Jacques Thinsy, Chairman of the International Coffee Council,
Honourable Ministers, Ladies and Gentlemen,
Fellow Delegates,

I shall be speaking today as a Central American rather than as a Honduran. Our situation in Honduras with regard to coffee is very similar to that of all other countries in the region. The Central American Heads of State meet very frequently to achieve regional integration and coffee is always on the agenda for our meetings.

We all recognize the undeniable opportunity to create a future of equitable well-being for our people by building on the advances of the last 20 or 30 years in our democratic systems, in civic participation and in relative equity. We are all aware of the challenge of achieving equitable growth, in other words of reducing poverty while at the same time strengthening, or at least maintaining, our institutions, that is the credibility of our governments and even more of our political and social systems.

We realize that great advances have been made in opening up markets but also that profound although necessary changes can sometimes create uncertainties which, in turn, create a greater margin of intermediaries as well as short-term investments and hence greater volatility to counter the uncertainty aroused by changes in the rules of the game. In these cases, measures may prove socially regressive, a cost we cannot afford the luxury of incurring.

We recognize that globalisation offers enormous opportunities, that we should accelerate adaptation to enable us to improve the terms of trade for our products. This will inevitably require considerable investment in our human capital and our competitive conditions in general. We also recognize that this adaptation must respect the limitations of our capacity for change, our customs and cultures, otherwise we risk losing our identities. Governments have the duty, indeed the obligation, to take suitable measures and these often prove successful for some of our small economies and in many markets worldwide.

We also recognize that this must be done in a political environment in which ability to govern is increasingly dependent on firm judgement, with lessons being learned almost daily, as a well-known political analyst has said. Our political capital, our capacity to generate the changes and reforms that our people need, depend on this daily judgement. We know that this political capital is largely dependent on achieving real and perceptible results, above all for the majority of the most underprivileged in our societies.

We also know that we cannot risk social regression in any of our actions, programmes and strategies. We know that we must tackle the threat of organized crime with determination, dedication and courage, as President Uribe has been doing here in Colombia. Crime is nowadays highly internationalized and extremely well-financed and is prepared to threaten our institutions and governments. We know and recognize that the political situation is favourable, that our people are giving us their support. But the opportunity will be lost if the results expected are not achieved.

The region is in a state of willingness and expectation, the opportunity exists but is limited, we can build a better future but are effectively being put to the test. We have already seen that some of our people, frustrated by their unsatisfied expectations, choose to reject policies, models and even institutions.

We should not be surprised, therefore, that three Presidents are attending this meeting of the International Coffee Organization, since the current situation of coffee is to a large extent emblematic of the situation of our people, our international and trade relations, and our economic possibilities, particularly for countries in which coffee growing accounts for a large share of their economies.

It is not only a question of recovering the 600,000 jobs lost in Central America or helping the 25 million people who are suffering from this crisis worldwide. It is rather a question of finding a long-term solution for those dependent on coffee who, to a large extent are the poorest in our societies.

There is much more at stake than merely finding a solution through an increase in coffee prices that are minimally above production costs. We must restore the balance between producers and consumers in order to achieve sustainable, profitable and equitable prices that demonstrate that international markets can be made to work and produce stable and equitable results.

It is not only a question of providing minimum profits for millions of farmers but rather of giving them the opportunity to adapt themselves to the future with dignity, respecting their cultures, offering them an opportunity to modernize and, if necessary, to diversify with the tolerance and solidarity they need in order to do so without increasing their poverty.

In talking about the problem of coffee we are talking about the problem of achieving a functioning of international markets capable of promoting social and commercial equity, equity not only for producers but throughout the added-value chain, so that the distribution of added value will not turn dramatically against the poorest as it has done in the case of coffee over the last six years.

Coffee is, therefore, very much involved in our future. Its situation reflects our problems and calls for decisive and speedy solutions. It is, in fact, emblematic of our capacity to adapt in order to have a future of growth with equity. It is also a way of demonstrating solidarity and respect between developed and developing countries, in their meeting on international markets, thus showing confidence in our development models. This is more than a coffee crisis: it is also an economic crisis and a political and social opportunity.

It is this conviction that has brought me to this highly important meeting today – the day after celebrating the 182nd anniversary of the Independence of Honduras and Central America. I wish to thank my good friend President Uribe and the International Coffee Organization for this opportunity to convey to the eminent group of leaders here present and, through them, to some of those not present, my conviction of the immense importance and exemplary nature of the current coffee problem for all our countries. I firmly believe that together we will succeed in making the coffee economy once more profitable, sustainable and equitable.

Thank you

**STATEMENT BY MR. GABRIEL SILVA LUJÁN,
GENERAL MANAGER OF THE NATIONAL FEDERATION OF COFFEE
GROWERS OF COLOMBIA**

On behalf of the coffee growers of Colombia and the 500,000 thousand families who depend on coffee growing for their livelihoods, I welcome you all to Cartagena. Throughout this week, Cartagena will be at the crossroads of world coffee growing. Those assembled here today have in their hands the tools with which to forge a destiny of hope for more than 100 million people whose lives are inextricably linked to the fortunes of coffee. For this reason, I would like to say to you – Your Excellencies the Presidents and Ministers, the Executive Director of the ICO, and distinguished fellow Delegates – that I am well aware that my responsibilities at this ceremony go well beyond those of a good host. It is my duty not to let this occasion pass without conveying to you the anxieties and hopes of coffee growers both in my own country and throughout the world.

We are celebrating the 40th anniversary of the International Coffee Organization, an institution which has consistently shown that it is possible to find ways of achieving the solidarity and cooperation needed to build consensus solutions that will make commodity markets more equitable. Nobody can deny the profound impact which the ICO has had in improving the lives of coffee growers, in expanding and promoting coffee consumption, in research and technical analysis relating to problems in the coffee industry, in the defence of quality, and in giving direction to a market that, without ICO action, would have been insensitive to the concerns of millions of rural workers and producers in developing countries. I am sure that I am expressing the feelings of coffee growers in all continents in conveying our gratitude to the Organization and to Doctor Néstor Osorio and those who preceded him in the post of Executive Director and are with us here today.

We have come to Cartagena at a time when the world's coffee growers are facing the worst and most prolonged crisis in history. And we cannot refrain from pointing out, as we will go on doing until our words find an echo and produce some results, that in the last four years, coffee growers have lost over 60% of their earnings; hunger and poverty indicators have doubled in Colombia and tripled in other countries; two million jobs have been lost; hundreds of thousands of smallholdings and farms have been abandoned; and despair, violence and instability have emerged where smiles and coffee farms once flourished.

Much has been said and much has been written on the origin of this crisis. I will not repeat these exhaustive and complex analyses. I will simply offer you a glimpse into the hearts and minds of coffee growers. The free market, lacking any direction or order, the much vaunted and unquestionable benefits of supply and demand, have failed coffee producers. All that's left of the euphoria of the conservative revolution of the 1980s is the bitter aftertaste of having lost mechanisms for regulating the market and having sacrificed national institutions that served coffee growers well. Despair is fed, moreover, by the perception that days are passing and poverty continues, that problems are discussed *ad nauseum* and no solutions are found, that coffee workers and farmers are on their own. Men and women involved in coffee feel that there is an enormous indifference to their plight.

This meeting, Ladies and Gentlemen, is not only a focus of attention for the world's press or for players in the industry and stock exchanges of the world's capitals. In the mountains and coffee plantations of all our countries, millions of eyes and ears are paying attention to what is being done and decided here. Coffee growers have already given their all and have offered more than their share of sacrifice. Increased productivity, improved efficiency, cost adjustments – all the prescriptions of the multilateral institutions – have failed to produce results. And what is worse, the final consumer has benefited neither in quality nor in price.

This is why coffee producers cannot let this opportunity pass. This is why, President Luis Inácio Lula da Silva, the workers and farmers are appealing to your social sensitivity, the popular origin of your mandate, and your acknowledged international leadership, to give your firm commitment to the initiative that befits Brazil as the world's leading producer. It is essential that a signal be sent to the market that your country will be a responsible player, lined up with the interests of producing countries, and that it will work to ensure that international cooperation is translated into genuine results which will help to improve the international price situation.

Coffee growers also hope, President Álvaro Uribe, that your international leadership in defence of democracy and the fight against terrorism will serve to explain to the world that social collapse in the coffee producing regions will pose a challenge to political stability in over 50 developing nations and that the crisis is stoking the increase in threats to national security from drug trafficking and armed groups. We also appeal to you, President Ricardo Maduro, as representative of Central America, to use your voice to make the United States realize that its indifference to the crisis is fuelling illegal migration, awakening the sleeping giant of subdued violence in the region and threatening social collapse. It is time to reassure coffee growers that in this Forum there is the highest political will to change things.

Coffee growers are asking you, Mr Chairman of the Council Jacques Thinsy, who are also spokesman of the Consumers, to take the message to the coffee industry that the selfishness and short-sightedness of profit maximization will come back to haunt the industry when it is too late to guarantee the viability of world coffee growing.

And coffee growers are asking all of us, all those present, to rise to the needs of their tragedy and abandon the normal caution of diplomatic processes, giving up marginal negotiation and setting aside partial interests to construct a new and effective agenda for the ICO. Ladies and Gentlemen, we cannot allow ourselves to fall short of the demands of the time: the hopes of 25 million families depend on the conclusions we reach.

Thank you.

**STATEMENT BY MR. JACQUES THINSY,
CHAIRPERSON OF THE INTERNATIONAL COFFEE COUNCIL**

Your Excellency the President of the Republic of Colombia,
Your Excellency the President of the Federative Republic of Brazil,
Your Excellency the President of the Republic of Honduras,
Secretary-General of the Organization of American States,
Executive Director of the International Coffee Organization,
Representative of Colombia to the International Coffee Council,
Honourable Ministers,
Distinguished Representatives of ICO Member countries,
Friends in the world coffee community,

It is a great honour for me, as Chairman of the International Coffee Council and Representative of Belgium, to address you today in Cartagena de Indias.

Firstly, on behalf of all Members of the Council, I wish to thank the Colombian authorities for their invitation to hold this meeting in this beautiful old city of the New World. My thanks are also due to the National Federation of Coffee Growers of Colombia who have given us such a warm and effective welcome.

Ladies and Gentlemen,

This International Coffee Council, which is being held in a producing country, coincides with one of the worst coffee crises ever recorded. The Executive Director has been telling us about it as well as about the solutions which the Organization is working on currently.

The participation of so many distinguished personalities in our session shows the concern which this crisis has aroused and gives our Council a special political significance.

This high-level participation also confirms the importance of the International Coffee Organization as a permanent forum for dialogue between producers and consumers.

The breakdown of a major conference like that of Cancún may be attributable to the complexity of negotiations on such numerous and complex issues. The ICO, on the other hand, continues to be the place to strengthen, in a concrete manner, cooperation and solidarity between producers and consumers, between North and South.

The old methods for managing the market have been abandoned, but we are now trying to find new ways of cooperating, which should be in the interests of all players in the coffee world and particularly in the interests of the weakest and poorest. Market forces are often a powerful engine of development but it is up to governments and international organizations to ensure that the economy functions in the interests of all, not forgetting countries or categories of the population on the verge of development.

This is what we are trying to do in this Forum where the difficulties of the various parties can be expressed and where we can work together to find solutions.

Ladies and Gentlemen, I do not wish to go any further in my intervention since the time has come to give the floor to the distinguished personalities who are among us.

I wish to thank them, however, for their presence, which honours the Council and strengthens our will to work together in the interest of the international coffee community as a whole.

Thank you.

**STATEMENT BY MR. NÉSTOR OSORIO LONDOÑO,
EXECUTIVE DIRECTOR OF THE
INTERNATIONAL COFFEE ORGANIZATION**

In conveying my warmest appreciation and gratitude to the Government of Colombia and the National Federation of Coffee Growers for having honoured the International Coffee Organization by welcoming the world coffee community to commemorate the Organization's 40th anniversary in Cartagena, I wish, first and foremost, President Uribe Vélez, to emphasize the political significance of your presence at this ceremony.

Your presence shows support for an institution which, as the centre for international cooperation on coffee, is urgently seeking to combine efforts and willingness to develop policies aimed at improving the living conditions of the world's coffee growers.

It was against this background and for this purpose that the Organization was established, serving throughout its history as a model for the development of other commodity institutions. During almost three decades there was a consensus between producers and consumers on the need for agreements and rules aimed at achieving an orderly market and equitable coffee prices, with guaranteed supplies for the coffee industry. This consensus was a means of reducing poverty in developing countries dependent on a handful of commodities, improving their share in world trade and, ultimately, contributing to the construction of peace.

In the last decade consensus was replaced by the new doctrines of liberalization. This proved to be a serious blow to producers of coffee and other tropical products and their vulnerability was clearly exposed. But at the same time as the abolition of institutional support was being advocated, the developing countries were strengthening the defence and support of their own agricultural products.

This new approach has helped to accentuate the commodity-dependence of many developing countries, since diversification options are frustrated in view of the impossibility of access to markets for other agricultural and industrial products.

I have raised this issue with the governments of developed countries and with international bodies and, recently, at the Ministerial Conference of the World Trade Organization, I appealed for agreement to be reached in their negotiations on measures to counteract the unfair competition and imbalance attributable to protectionist policies and subsidies. What happened at Cancún is disappointing.

I am well aware, President Lula da Silva, of the importance Brazil attaches to action in this field and of your country's decisive role in this process. The fact that you have agreed to honour this commemoration with your participation and presence highlights Brazil's support for an institution that it helped to create as a founding Member country and to develop as an inspiration and leader of international coffee policy. The support and leadership it has justly exercised as the world's leading producer and second largest consumer of coffee, can provide new guidelines and content for international cooperation on matters related to coffee.

The political realities and economic concepts governing the dynamics of trade have changed and we cannot dwell on fond memories of the past. We must innovate and find different ways to restore proper value to coffee, a product on which millions of families in the world depend for their livelihoods.

It is not a question of intervening in the market but rather of influencing the variables determining it so that coffee will be profitable for those who produce it and available to those who process and distribute it. This is the challenge in recreating a consensus that will ensure the sustainability of the coffee sector.

The activities being developed by the International Coffee Organization in relation to quality improvement, promotion of consumption, and diversification projects to generate complementary incomes for coffee farmers, are the first elements of this new approach. Broader cooperation is needed for these efforts to produce effective results. With universal cooperation the possibilities of finding solutions for the crisis will increase.

For this reason, in association with representatives of producing and consuming ICO Member countries, we have appealed to the Governments of the United States, Canada, Russia and China to join our Organization and contribute to the formulation of new strategies.

In these political and diplomatic activities, you, President Maduro, have acted as spokesman for the Central American region, endowed with your authority as leader of Honduras, which is one of the countries most seriously affected by the crisis. Your dialogue and correspondence with President Bush reflect your enormous contribution to the inclusion of coffee matters on the political agenda of the United States and the analysis of all components and implications of the crisis. Your presence at this event honours our Organization.

The United States Congress and representatives of the U.S. coffee industry have been receptive to our appeals and have helped in our requests to their Government to re-join the Agreement and influence the process of seeking solutions. We are awaiting a decision.

On the occasion of this memorable anniversary, I wish to reiterate my appeal to the governments and industry of coffee importing and exporting countries, as well as to international organizations, to give concrete form to their cooperation and contribute to the formulation and implementation of actions and strategies to bring about an improvement in the incomes and well-being of the world's coffee farmers.

To this end, Presidents Uribe Vélez, Lula da Silva and Maduro have informed me of their willingness to initiate a direct dialogue with representatives of the industry in importing countries in which they would participate personally. In view of this, I shall take immediate steps to establish the necessary contacts and make appropriate arrangements to initiate this process.

Thank you.

**Joint Declaration of
Parliamentary Representatives of Colombia and Brazil
18 September 2003, Cartagena, Colombia**

**JOINT DECLARATION OF
PARLIAMENTARY REPRESENTATIVES OF COLOMBIA AND BRAZIL**

Representatives of the Parliaments of Colombia and Brazil met in Cartagena during the 89th Session of the International Coffee Council and the celebration of the 40th anniversary of the International Coffee Organization and agreed on the following declaration:

1. We the undersigned representatives of the Parliaments of Colombia and Brazil are extremely concerned at the present crisis in world coffee growing. The sharp fall in the earnings of coffee growers as a consequence of the unprecedented decline in international coffee prices, the inequity in the distribution of income throughout the coffee value chain, and the social injustice stemming from the negative effects of the crisis, are giving rise to the displacement of rural populations into urban areas, abandonment of farms, unemployment, violence, and the temptation to grow illegal crops. The crisis has plunged more than 100 million coffee farmers into poverty throughout the world, a phenomenon that threatens to unleash a social and political collapse of immense proportions.
2. We wish to record our indignation and disquiet at the reluctance of consuming countries to find solutions for the crisis and to express their determined political will to offer alternatives that will ensure the viability and sustainability of coffee growing in the long term. We consider this insensitivity to be unacceptable.
3. We recognize that the International Coffee Organization is the major forum for multilateral coordination and cooperation on coffee matters and we support the implementation of the working programme to find structural solutions for the crisis.
4. We support the proposal presented by the Presidents of Colombia, Brazil and Honduras to hold discussions with the multinational roasting industry to achieve better remuneration for coffee growers and thereby significantly reduce the imbalances caused by existing imperfections in the marketing channels of the international coffee market.
5. We believe that the creation of additional spaces for coordination and cooperation, particularly for producing countries, is a necessary and complementary tool for promoting initiatives and strategies for the benefit of producers.
6. We are convinced that the joint efforts and interaction of our parliaments will produce an essential and definitive scenario for finding political and legislative solutions to the crisis through collaboration and cooperation. We have a duty to fulfil the popular mandate we have been given by our electors, many of whom are coffee growers living in poverty, who want us to work tirelessly in the interests of their well-being and in achieving an improvement in their living conditions.
7. As Members of Parliament we cannot simply stand by and ignore the magnitude of the coffee crisis. Our position as legislators gives us the historical and political responsibility to take the initiative, participating pro-actively and unhesitatingly in the search for solutions that can offer our coffee growers the dignified pursuit of their activity.

8. In view of the foregoing we have agreed as follows:
- (a) To create the International Parliamentary Front for the Defence of Coffee Growers, strengthening coordination and collaboration on coffee problems and working together at both domestic and international level to defend the incomes of coffee growers.
 - (b) To promote concerted legislative initiatives that will benefit our coffee growing sectors.
 - (c) To broaden the group created here today by inviting all legislative institutions in producing countries to participate in this International Parliamentary Front.
 - (d) To involve the parliaments of consuming countries in a wide-ranging discussion of the extent, consequences and causes of the coffee crisis and to promote the adoption of legislative measures and actions in these countries aimed at defending the interests of producers and final consumers.
 - (e) To hold a meeting during the World Coffee Conference to be held in Brazil in 2004 to which Members of Parliament of producing and consuming countries will be invited in order to define the working basis for such inter-parliamentary cooperation.

On behalf of the Colombian Parliament

Germán Vargas Lleras
President of the Senate

Miguel Alfonso de la Espriella Burgos
Senator

Sergio Díaz Granados G.
House of Representatives

Mario Gómez Estrada
National Committee Member

On behalf of the Brazilian Parliament

Carlos Melles
Deputy

Silas Brasileiro
Deputy

Linneu C. da Costa Lima
Secretary of Production and Trade

**Messages of support received on the occasion of the
40th anniversary of the Organization
September 2003, Cartagena, Colombia**

- H.E. Mr. Vicente Fox, President of the United States of Mexico
- Mr. Poul Nielson, European Commissioner for Development and Humanitarian Aid
- Mr. Ian Johnson, Vice-President of Socially and Environmentally Sustainable Development, World Bank
- Mr. Robert Nelson, President, Chief Executive Officer, National Coffee Association of the USA, Inc.

**MESSAGE FROM HIS EXCELLENCY MR. VICENTE FOX QUESADA,
CONSTITUTIONAL PRESIDENT OF THE UNITED STATES OF MEXICO**

Your Excellency Mr. Álvaro Uribe, President of the Republic of Colombia,

Your Excellency Mr. Luiz Inácio Lula da Silva, President of the Federative Republic of Brazil,

Your Excellencies the Chairman and Vice- Chairman of the International Coffee Council,

Distinguished Delegates to and Participants in the 89th Session of the International Coffee Council,

I wish to convey to all of you my warmest greetings and my sincere apologies for not being able to be physically present at such an important event in the world coffee calendar, which coincides with the celebration of the momentous historical incident that laid the foundations for our present democracy: “the 193rd anniversary of the Call for Independence”.

It is a great honour for me to be able to address myself to you on the occasion of the 89th Session of the Council and 40th anniversary of the International Coffee Organization, a body which, in the context of the various International Agreements signed by our governments, has been a key element in international politics as the most important forum for multilateral coordination and cooperation on coffee, a product which, for centuries, has been a mainstay of our economy, our trade, our society and our culture.

Both for producing countries and importers, coffee is an integral part of our past, present and future.

Coffee has provided the livelihoods of millions of people throughout the world, generation after generation, and has delighted millions of others.

Millions of producers, processors, traders and roasters work tirelessly for coffee day after day.

Thanks to coffee, millions of consumers make their daily lives more pleasurable by sipping cups of coffee.

Nowadays, however, the coffee sector needs our creativity, our spirit of solidarity and cooperation, our support, and our determination.

Today more than ever the coffee sector needs our willingness to provide a shared and mutually responsible support for multilateral actions on a global level, which can contribute to the solution of the economic and structural crisis of the world coffee sector and which, on the level of our individual countries, can provide genuine sustainability for coffee activities.

In Mexico we are convinced that the objectives of the International Coffee Agreement 2001 provide the guidelines for an international coffee policy benefiting all members of the production chain.

This is why we have developed national development programmes based on quality improvement, promotion of domestic consumption, diversification and sustainability of coffee production at all stages of the value chain;

This is why we have structured a national coffee policy with a production-chain approach, completely in keeping with the objectives of the Agreement;

This is why we have always fought to strengthen the International Coffee Organization;

This is why we have actively supported each and every action stemming from Resolutions of the Council now meeting ;

This is why we have sought and continue to seek to put coffee and the development of this key sector at the top of the agenda of the major regional and multilateral cooperation agencies;

This is why I have instructed the Mexican Delegation, headed by Mr. Antonio Ruiz García, Under-Secretary for Rural Development, and Mr. Roberto Giesemann, Executive President of the Mexican Coffee Council, to focus their attention, creativity, efforts and dedication on the work of the 89th Session of the International Coffee Council, with the assurance that my government will give decisive backing to any Resolutions adopted by the Council.

I take this opportunity to thank His Excellency, President Álvaro Uribe of Colombia, who is hosting this event, for his invitation.

I should also like to congratulate Dr. Néstor Osorio Londoño, for his outstanding work as Executive Director of the International Coffee Organization.

I reiterate my cordial greetings and the assurances of my highest esteem.

**MESSAGE FROM MR. POUL NIELSON,
COMMISSIONER FOR DEVELOPMENT AND HUMANITARIAN AID**

On the occasion of the 40th anniversary of the International Coffee Organization, I wish to express my sincere congratulations to the Chairman of the Council, to the Executive Director and to all ICO Member countries.

During the last four decades, the International Coffee Organization has offered a unique forum for fruitful dialogue between coffee producers and consumers, and today more than ever, the Organization is playing a crucial role in the global coffee economy.

The European Commission has always greatly appreciated the excellent work carried out by the ICO, and is honoured to represent the European Community in ICO bodies. Today, the European Commission reaffirms its intent to play an active role in the ICO, with a view to securing a sustainable recovery from the current uncertainty afflicting all coffee producing nations. In this regard, the European Commission calls for renewed and strengthened cooperation and mutual understanding between all parties in the ICO.

The European Commission attaches great importance to the commodities sector, and is currently undertaking a thorough analysis of the challenges facing commodity producers in developing countries in order to better target our future support and activities. Once this process is complete, the European Commission will be happy to share its conclusions with all interested interlocutors.

On this occasion, the European Commission also wishes to reaffirm its willingness to support individual countries to restructure their coffee sectors using the available development cooperation instruments.

I also express my best wishes for a very bright future for the Organization and all its Members, and wish you a very successful outcome of your deliberations.

**MESSAGE FROM MR. IAN JOHNSON, VICE-PRESIDENT OF THE
SOCIALLY AND ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT (ESSD),
WORLD BANK**

I would like to send my warmest congratulations to the International Coffee Organization for its 40th anniversary. During all these years the ICO has been the main forum for bringing consumers and producers together to discuss coffee issues. Coffee is one of the most important commodities for developing countries, particularly the poorest ones, affecting the lives of at least 25 million households worldwide. Coffee production has both social and environmental aspects, which become even more critical during periods of crises, such as the one we are experiencing today. The World Bank has been paying attention to coffee for a long time, and has various programs that benefit directly or indirectly the coffee sectors of producing countries. Our collaboration with the ICO is very important in order to explore ways to help coffee producing countries. This collaboration has manifested in our very successful High-Level Round Table that the ICO and the World Bank jointly organized this past May in London on seeking long-term solutions to the coffee. I hope that this collaboration between our two Organizations will only continue and strengthen in the future.

**MESSAGE FROM MR. ROBERT F. NELSON,
PRESIDENT, CHIEF EXECUTIVE OFFICER,
NATIONAL COFFEE ASSOCIATION OF THE USA, INC.**

The National Coffee Association of the United States would like to congratulate the International Coffee Organization on its 40th anniversary. Throughout the last four decades the ICO has provided an important forum for the global coffee industry to meet and solve common issues. Likewise, owing to the wisdom of the Organization's leadership throughout the years, the ICO has evolved to a contemporary body that is free-market oriented with a focus on capacity building.

Unfortunately, due to previously scheduled events in Washington DC, I will be unable to be present during the important occasion of the International Coffee Organization's 40th anniversary meeting in Colombia. However, on behalf of the National Coffee Association, I would like to reconfirm the U.S. industry's strong support for the return of the United States Government to the International Coffee Organization.

During these challenging times for the coffee industry it is crucial that the International Coffee Organization play a leadership role and act as focal point for the advancement of the industry and the attainment of a sustainable future for coffee. Pivotal to this is the recognition that triumph over today's challenges will be dependent on recognizing our common needs, goals and ideals and working together to achieve them. It is going to take the collective energy of the entire coffee community to make a difference in the lives of those that rely on coffee for a livelihood. Should we choose to stand as one united global industry, a world of opportunity and reward exists. The International Coffee Organization can and must chart the course to that world of opportunity and reward.

Please extend my best wishes for a productive meeting to all of those in attendance that have dedicated themselves to the betterment of the global coffee industry through their individual and collective commitments to the International Coffee Organization.