



Organización Internacional del Café
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**Statement by Mr. Néstor Osorio,
Executive Director of the ICO,
to the International Coffee Council on
24 September 2002**

Thank you very much Madame Chairperson, and good afternoon to all the delegates attending this Council meeting.

As you rightly said, Madame Chairperson, we are meeting once again in painful, critical circumstances for the coffee sector in the producing countries. The price situation is a heavy blow to coffee growers in Africa, Asia and Latin America. As seen in my initiatives and proposals to Council in May, I have tried as Executive Director to raise awareness about the nature of this crisis, its implications and the great need for international cooperation focused on this Organization, in which action, decision-making and efforts are geared towards formulas and solutions which can truly improve pay and living conditions for the coffee grower. All of this must be achieved with fair terms for the consumer, and guaranteeing supplies of this raw material, which is the life blood of the industry and the end-product for the consumer.

For this reason, ladies and gentlemen, since being in post I have been lobbying intensely at international level first to raise awareness among those at the international organizations who are responsible for political decisions regarding international cooperation and assistance, who are meant to allocate resources to try to solve the entangling problems in which developing countries dependent on commodities such as coffee find themselves. On all these occasions, both in the capital cities in which the headquarters of these important decision-making centres are located, namely Washington, Brussels and Geneva, and at other regional fora, I have underlined the importance of a consistent, well-coordinated programme to identify possible solutions to the crisis. It is already possible to detect a broader recognition in important places of the severity and of the socio-economic repercussions of the coffee price crisis. Other international organizations and agencies are already studying the subject with interest. On all my visits I found the highest possible level of receptiveness. The World

Bank and the development agencies of the United States, the European Economic Community and some Governments spoke of their willingness to cooperate. I think some momentum has been created, and conditions are ripe for defining cooperation.

It is now incumbent upon us to draw up specific, multi-pronged projects and proposals that will assist producers and benefit consumers. The coffee industry and trade have been made aware of the fact that the imbalance in supply and demand, and subsequent fall in prices for growers, has been followed by skewed income distribution. This is not because of any dishonest attitude or deliberate action on the part of the industry, but rather because it has been fostered by the anarchic market conditions of the past 10 years. The world of agriculture, with the exception of a few products like coffee, is highly protectionist. It is not a matter of returning to the old ways and that is not what I have suggested. But it is necessary to identify and organize programmes and actions with different components of support and protection in order to obtain a fair price for coffee and an equitable share in profits for growers, something which to date has eluded them.

Recently this situation has been analysed and, in one specific case, condemned by independent organizations, and I have informed the ICO Producer and Consumer groups about this separately. The case I refer to is that of the non-governmental organization, Oxfam, which has concluded a one-year study in different parts of the world. Neither the ICO nor myself as Executive Director necessarily share all of its comments, conclusions or recommendations, and we cannot go along with singling out or pointing an accusing finger at one sector of the industry. Having said that, we do agree with what is said about the existence of a crisis, its impact and the need to find solutions. This is why I decided to welcome Oxfam's initiative and study, and I assume responsibility for that, for I believe that it represents a significant contribution to the coffee cause which can generate international awareness about this urgent problem. I did not hesitate to take the initiative to send a very specific message about the nature of the crisis to the World Summit on Sustainable Development which took place recently in Johannesburg. My document was distributed to and studied by its working groups on the problems of commodity-dependent developing countries. It was the only specific presentation on a particular commodity and was, therefore, used as an example for studying solutions and actions to better attend to and improve the living conditions of so many millions of people whose livings depend on commodities. I have tried with the means at my disposal to inform the international community of the nature of the problems besetting the coffee world, and at the same time have requested support in the search for solutions and assistance with projects and programmes which can be carried out by the ICO as the focus of international coffee cooperation.

I believe that my message has been well received and there is a great willingness to cooperate. This Organization and its Member countries must now continue taking specific steps to identify projects and raise the necessary resources to assist countries. There are already proposals in the areas of quality improvement, promotion and diversification. These,

Madame Chairperson, are the general remarks I have to make about the coffee situation and the political environment. Later, when we come to analyse the market situation, I will refer both to the most salient recent developments of August 2002, reflected in my monthly Letter to Members, which deals with changes in the different variables and fundamentals, and more generally to coffee year 2001/02.

I would now like to highlight the following matters which are going to be examined by the Council. Bearing in mind the importance of broadening ICO membership, I have submitted a draft Resolution calling on the United States to renew its membership to the International Coffee Organization. It is also extremely relevant for promotional work to be directed towards setting up a scheme for formulating projects and obtaining the resources needed to carry them out. It is also necessary to implement Resolution number 407 with the utmost determination and responsibility, for it is an instrument which commits the exporting countries to apply a mechanism which undoubtedly represents an important step towards rationalisation of production. If we wish to raise coffee consumption, if we wish to obtain more consumers, it is not possible to go on supplying such low quality coffee which, being available, is absorbed by the trade and passed on to the consumer. This practice must end, and if it does it will help to ensure higher earnings for coffee growers and sustainability of the industry for the importing countries. If this product, which is the life blood of the industry, deteriorates in quality there will be a corresponding deterioration in ability to promote the beverage to the public. I am aware that there may be some difficulties in applying the Resolution, but urge those countries experiencing difficulties not to consider exempting themselves from fulfilling it, but rather to indicate to us what the constraints are and how we can assist and request external support to solve problems in terms of infrastructure, coffee selection, moisture, in other words everything covered by the standards contained in the Resolution. Clearly the Council adopted the Coffee Quality-Improvement Programme in the knowledge that it is a long-term plan, and that this is merely a first step. I invite you to proceed to implement the Resolution in a spirit of solidarity, in the understanding that there may be problems and that we will do everything possible to solve them. In a forthcoming report of mine on the outcome of the work of the Quality Committee, I will be able to describe a willingness on the part of the importing countries to cooperate with regular progress reports on the Programme based on their observations of the quality of imported coffee.

Madame Chairperson, thank very much for allowing me to make these comments to the Council, and I hope that, under your wise guidance, its work will be conducted in the spirit of cooperation which should govern our discussions.

Thank you very much.