



Organización Internacional del Café
Organizaçào Internacional do Café
Organisation Internationale du Café

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Solutions for the coffee crisis

The Executive Director of the International Coffee Organization, Mr. Néstor Osorio, today addressed the Coffee Conference in Bangalore, India, held by the Karnataka Planters' Association and the United Planters Association of South India.

In his speech Mr. Osorio stated that the ICO analysis of the coffee price crisis had forcefully demonstrated the urgent need to focus on solutions. In the absence of a legal and political basis for direct market intervention he nevertheless strongly believed that the time had come to implement measures which could actually restore some market balance.

He added that the bottom line was that there were only a few measures that could directly address the supply-demand balance. On the supply side – in view of the political and technical difficulties of supply-management schemes – two policies were possible:

- (a) to create awareness – best achieved through the ICO – in national and international bodies of the danger of embarking on any projects or programmes which would further increase supply; and
- (b) working to increase the benefits accruing from value-added products rather than traditional bulk commodity exports.

However, the greatest potential for restoring balance lay in promoting market development measures to increase demand. These should include:

- (a) support for the ICO Quality-Improvement Programme as a means of improving consumer appreciation of coffee as well as having an associated effect of removing some sub-standard coffees from the supply side of the world coffee equation;
- (b) action to increase consumption in coffee-producing countries themselves, which should have a number of positive effects such as providing an alternative market outlet, increasing producer awareness of consumer preferences, stimulation of small and medium enterprises, etc., as well as acting to increase demand;
- (c) action to enhance knowledge and appreciation of coffee in large emerging markets, such as Russia and China, following the successful ICO campaigns in the 1990s; and

- (d) protecting consumption levels in traditional markets through quality maintenance, development of niche markets and dissemination of positive information on the health benefits of coffee consumption.

He therefore called on Governments to issue policy directives to donor institutions to open the way to provide financial support for market development. This was almost certainly one of the most effective ways to deal with the imbalance in the world coffee market, which was becoming such a handicap to achieving basic development goals such as poverty reduction. There had been a lot of talk and expressions of concern. The ICO proposals do not face fundamental objections of principle. The time had therefore come for action. The ICO has developed through Resolution number 407 a Coffee Quality-Improvement Programme for which a number of countries have requested technical and financial assistance. The International Coffee Council also approved at its recent session in Cartagena, Colombia, an Action Plan to increase coffee consumption, which identifies a number of projects designed to expand the market for coffee. Now was the moment for all concerned with coffee to work to ensure these projects can become a reality.

He concluded by pledging that he would do his utmost through working with ICO Member Governments and appropriate institutions to mobilise the support that was needed. If such support – for measures which seem to command broad political support – were not forthcoming, the many declarations of concern might be widely seen as merely paying lip service to the problem.

***About the ICO:** The International Coffee Organization is an intergovernmental organization created under the auspices of the United Nations to serve the international coffee community. Established in 1963, the ICO is unique in bringing producing and consuming countries together to exchange views and address policy issues. Average world coffee exports amount to some US\$9 billion worth of coffee, and average world imports amount to some US\$10 billion worth of coffee each year. The ICO provides the following services: up-to-date information and statistics; innovative projects to benefit the world coffee economy; country coffee profiles and economic studies; and promotion of coffee consumption in emerging markets.*

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