



Organización Internacional del Café
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PRESS RELEASE

ICO Executive Board pursues action to improve coffee market conditions

Mr. Néstor Osorio, Executive Director of the International Coffee Organization, today announced that ICO Members had met at the Organization's headquarters in London from 27 to 30 January 2004 for the Executive Board and other meetings, and had taken the following decisions:

Cartagena Declaration

The Board considered a draft policy Declaration which had been put forward at the 89th Session of the Council held in Cartagena, Colombia, in September 2003 to commemorate the 40th anniversary of the ICO. It decided to recommend that the International Coffee Council formally adopt the Declaration at its next session in May 2004. The text of the Declaration is attached as an Annex.

Promotion of coffee consumption

Member Governments discussed the implementation of an Action Plan to increase worldwide consumption of coffee which was adopted in September 2003. The Plan focuses on market development with activities tailored to the geographical areas of coffee producing countries, emerging markets such as Russia and China, and traditional markets. Proposals have been developed to establish an ICO Promotion Unit to coordinate and develop promotion activities and strategy, and to pledge resources for activities to promote coffee consumption, and will be considered further in May 2004. Members also welcomed presentations on projects to promote the positive effects of coffee on health and on a Coffee Education Programme for Health Care Professions.

Membership

The Board noted that the Russian Federation will initiate draft legislation to enable their Government to join the International Coffee Agreement 2001, and that the E.U. was arranging for the 10 countries scheduled to become members of the E.C. in May 2004 to be incorporated as Members of the Organization. The Executive Director continues to be in close contact with the U.S. authorities concerning Resolution number 413, inviting the U.S. to join the 2001 Agreement.

World Coffee Conference

The Board considered a report on the arrangements for the 2nd World Coffee Conference. The Conference, which will bring together leaders of the public and private sectors, will be chaired by

the Minister of Agriculture, Livestock and Supplies of Brazil, Mr. Roberto Rodrigues, and take place in Salvador, Brazil, on 18 and 19 September 2004, followed by meetings of the International Coffee Council and the Executive Board. The first part of the Conference will focus on high-level political contributions, and a more detailed outline will be presented in May 2004.

Sustainable development

The Board considered progress on the Common Code for the Coffee Community which is due to be finalized by December 2004 and which will develop a global code for the sustainable growing, post-harvest processing and trading of mainstream green coffee. The Board also considered a report on the establishment of a Sustainable Coffee Partnership, an initiative which complements the Common Code, and which is being developed by the International Institute for Sustainable Development with UNCTAD. The work of both initiatives will be on the agenda of the World Coffee Conference in September 2004.

Coffee development projects

The Board decided to recommend that the International Coffee Council approve a new project which will help to provide support to coffee producers in the State of Veracruz, Mexico, by assisting the diversification of marginal plantations, introducing crops that can provide additional income to farmers. The project will cost US\$7,870,782 and will enable the development of a viable diversification model for mild Arabica coffee producers that could be replicated in other countries with similar constraints.

Study on correlation between coffee prices and stocks

The Board considered a study on the correlation between coffee prices and stocks (document EB-3859/04), copies of which can be downloaded from the ICO Website www.ico.org. The study analyses the differing historical impact of coffee stocks on prices during the last 40 years, distinguishing between the impact of stocks in exporting countries and those in importing countries.

The Board also agreed to recommend an updated version of the ICO coffee development strategy for approval by the Council in May. This revised strategy emphasises the importance of poverty reduction, market development and supply chain management.

***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.*

For more information please contact:

Pablo Dubois, Head of Operations

+44 (0) 20 7580 8591

Helen Wright, Secretariat Officer

+44 (0) 20 7612 0624

Fax: +44 (0) 20 7580 6129 — Email: info@ico.org

INTERNATIONAL COFFEE ORGANIZATION
Cartagena Declaration
19 September 2003

The representatives of the Member countries of the International Coffee Organization meeting in Cartagena on the occasion of the commemorative Council celebrating the 40th anniversary of the Organization consider it opportune and necessary to formulate the following declaration:

1. The current coffee crisis is the most serious in world history. The real prices of coffee in the international markets are the lowest recorded in many decades. More than 100 million people in some 50 producing countries depend on the farming, processing, marketing and distribution of coffee worldwide. The effects of the crisis have proved devastating for producing countries, with growing levels of poverty accompanied by social instability. Savings, investments, growth and income distribution have also been affected. In recent years producing countries lost around 20 billion dollars with a fall in the international price of more than 65% below its long-term historical average.
2. Although the present situation is mainly due to a continuing over-capacity in coffee production, it must be noted that the world coffee market is characterised by a high degree of volatility, marked imperfections and asymmetries, as has been confirmed in recent studies by the World Bank. The value chain is perceived as progressively evolving to the detriment of producing countries, as not functioning in a balanced way and as resulting in a sharp decline in the share of earnings received by those countries.
3. World coffee consumption is stable and in some traditional importing markets it is falling, contributing to an aggravation of the crisis. Moreover, lack of promotion in new markets makes it difficult to reach potential consumers in those markets. Poor quality and a switch to other beverages are having a negative effect on coffee consumption and exacerbating the imbalance between world supply and demand. For this reason, Member countries, in cooperation with the private sector, support the need to implement the ICO Action Plan to increase coffee consumption and for the ICO to develop a sustainable strategy for international trade in coffee in accordance with the principles set out in the Plan of implementation for the World Summit on Sustainable Development.
4. The international community is now more aware of the gravity of the crisis. In fact, the European Parliament and the European Commission, the United States Congress, the Summit of G-8 countries in Evian, the Heads of State and the Ministers of Agriculture of the countries of Latin America and Africa, multilateral organisations, and various organisations in producing and consuming countries have expressed their concern at the effects of the crisis and have recommended the adoption of a global strategy to address these enormous difficulties.
5. The presence in Cartagena of three Heads of State, the President of Brazil Luiz Inácio Lula da Silva; the President of Colombia Álvaro Uribe Vélez and the President of Honduras Ricardo Maduro, confirmed this concern with a crisis that must be resolved through active cooperation between producing and consuming countries.
6. The Member countries of the ICO took note of the constructive proposals put forward by the Heads of State of Brazil, Honduras and Colombia and undertook to study them on the understanding that these proposals may possibly provide a way to strengthen international cooperation between Producers and Consumers.

7. The strategy for resolving the world coffee crisis should aim at structural issues in the world coffee chain and market, including concrete actions to permit the long-term survival of world coffee production through improvement of quality and the promotion of consumption in particular; increased competitiveness; investment in human capital; and diversification. Such actions aim to increase added value, economic, environmental and social sustainability, risk management capacity and investment in the physical and social infrastructure.
8. ICO Member countries support this Agenda and express their intention to implement it in full cooperation, as well as to support and develop plans and strategies to achieve its objectives.
9. ICO Member countries agree that the working programme to be carried out by the Organization should be complemented by the application of international trade conditions that facilitate access to the markets for agricultural and industrial products.
10. The International Coffee Council reiterates that the International Coffee Organization is the most suitable forum for the discussion of international coffee policy and for cooperation and coordination between coffee importing and exporting countries. In this regard the appeal to non-member countries to consider their accession or re-accession to the International Coffee Agreement 2001 is renewed. Support for the ICO and its interaction and coordination with other international organisations is fundamental to the implementation of a global strategy that will contribute to improving incomes and living conditions in coffee producing countries.
11. The International Coffee Council welcomes the offer by Brazil to host the next Council Session and the World Coffee Conference to be held in 2004 and expresses the hope that these events would add to the success of the Council Session in Cartagena by producing solutions that benefit the world coffee industry.