



**INTERNATIONAL
COFFEE
ORGANIZATION**

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Development Strategy for Coffee

Background

This document contains the Development Strategy for Coffee which was revised and approved by the Council at its 113th Session from 22 to 26 September 2014.

INTRODUCTION

1. The ICO provides a convergence platform for all initiatives promoting the development of the world coffee economy, particularly development projects relating to the coffee value chain. It is also responsible for prioritization, formulation and supervision of projects. In addition, it contributes to seeking sources of financing for projects. Although the funding framework of the Common Fund for Commodities (CFC) no longer requires that projects must be submitted through international commodity organizations, the experience and expertise gained over many years have made the ICO the Fund's preferred intermediary for the preparation, monitoring and evaluation of coffee-related projects.

2. The present development strategy document identifies and prioritizes the main issues and challenges for the coffee economy and indicates measures to address them, in order to facilitate the formulation of projects for consideration by the CFC and other bilateral and multilateral donors as well as in the framework of public/private partnerships. 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. Constraints and major challenges facing the coffee sector
- V. Development strategy and action programme
- VI. Identification of beneficiaries

Annexes

- I. Statistics
- II. Article 1 (Objectives) of the International Coffee Agreement 2007
- III. List of coffee producing countries, Members of the International Coffee Organization under the International Coffee Agreement 2007 and members of the Common Fund for Commodities

DEVELOPMENT STRATEGY FOR COFFEE

I. BRIEF PROFILE OF COFFEE

1. Coffee is remarkable for being produced in almost all non-arid countries in the tropics. Over 50 countries produce coffee in significant amounts; in many of these, earnings from coffee exports are of vital importance to the country's balance of payments. A further characteristic is that, with minimal exceptions, coffee is produced in developing countries, including a significant number of least developed countries (LDCs). Consumption, on the other hand, takes place in industrialized countries and Brazil, the second largest coffee consuming country in the world behind the USA. Coffee is an important agent of development, providing a livelihood for millions of people around the world, generating cash returns in subsistence economies and, since coffee production and harvesting are labour-intensive, providing an important source of rural employment, for both men and women.

2. The coffee tree is grown for its fruits, which contain 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 on average for 60% of world production. The other one is the Robusta coffee tree, derived from the *Coffea canephora* species and usually known as Robusta which accounts on average for 40% of world production. 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 in April, whereas in other countries it starts in July or October. Data on total production of exporting countries is shown in Table 1 of Annex I.

4. Data on total exports by exporting countries to all destinations is shown in Table 3 of Annex I. Although there exists a multiplicity of specific grades traded worldwide the International Coffee Organization recognizes four main groups:

- (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 is shown in Table 4 of Annex I: ICO composite and group indicator prices, monthly and annual averages.

6. In terms of international trade, coffee is the most valuable tropical agricultural product. Export revenue of coffee producing countries in coffee year 2012/13 is preliminarily estimated at US\$19.1 billion.

7. World coffee consumption has been growing steadily at a rate of around 2.5% a year and is estimated at around 145 million 60-kg bags in 2013. Consumption is concentrated in the mature markets of Western Europe and North America, but is now growing faster in emerging markets, such as those in Eastern Europe and Asia, and in the coffee producing countries themselves (see Tables 2-A, 2-B and 2-C).

II. INTERNATIONAL COOPERATION ON COFFEE

8. The ICO is the main intergovernmental organization for coffee, bringing together producing and consuming countries to tackle the challenges facing the world coffee sector through international cooperation. It administers the International Coffee Agreement (ICA), the latest of which is the 2007 Agreement, which was concluded in London in September 2007. The Members of the ICO account for approximately 95% of world coffee production and 80% of world coffee consumption.

9. The principal issues with respect to coffee are summarized in the Preamble to the International Coffee Agreement 2007, 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 for the achievement of their social and economic development goals;
- the importance of the coffee sector to the livelihoods of millions of people, particularly in developing countries, bearing in mind that in many of these countries production is on small-scale family farms;
- the contribution of a sustainable coffee sector to the achievement of internationally agreed development goals, including the Millennium Development Goals (MDGs), in particular with respect to poverty eradication;
- the need to foster the sustainable development of the coffee sector, leading to enhanced employment and income, and better living standards and working conditions in Member countries;
- that close international cooperation on coffee matters, including international trade, can foster an economically diversified global coffee sector, the economic and social development of producing countries, the development of coffee production and consumption, and improved relations between coffee exporting and importing countries;
- that collaboration between Members, international organizations, the private sector and all other stakeholders can contribute to the development of the coffee sector; and
- that increased access to coffee-related information and market-based risk management strategies can help avoid imbalances in the production and consumption of coffee that may give rise to pronounced market volatility which can be harmful to both producers and consumers.

10. The 2007 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 bearing in mind the specific objectives of the Agreement, established in Article 1, which have clear strategic implications (see Annex II). In addition to these objectives, a number of functions and activities are required by specific Articles of the Agreement.

11. The ICO works closely with the CFC in initiating and implementing coffee development projects. To date, the CFC has provided approximately 53% of the funding for 38 projects with a total value of around US\$104 million. The rest of the funding has come from bilateral and multilateral donor institutions in respect of co-financing, and from the

beneficiary countries in the form of counterpart contributions. It should be noted that the CFC has changed its project financing modalities, which are now based on reimbursable loans reserved solely for direct profit-generating activities. Nevertheless, the Organization intends to continue collaborating with the CFC while diversifying its project financing sources.

III. PROSPECTS AND POTENTIAL

12. Most commodity-dependent countries must adjust their economies in order to meet the challenges of a changing and, in many ways, hostile external economic environment. It is commonly agreed (see, for example, Resolution 93 (IV) of the United Nations Conference on Trade and Development (UNCTAD)) that the longer-term objective of this process should be diversification away from excessive dependence on primary commodities and towards industrial development. The achievement of this objective is rendered more difficult by prolonged periods of depressed commodity prices, such as that which occurred in coffee from 2000 to 2004. The need for continued action on the question of commodities and the importance of International Commodity Bodies (ICBs) has been emphasized more recently by initiatives such as Resolution 61/190, adopted by the General Assembly of the United Nations in February 2007, and the 'Global Initiative on Commodities: Building on shared interests' Conference organized by UNCTAD and other entities and held in May 2007.

13. In spite of the need to reduce dependence on commodities, coffee has a number of long-term strengths. Firstly, it generates substantial employment in rural areas; secondly, it is a crop that, on the whole, is beneficial to the environment; thirdly, it is often one of the few tropical agricultural products that 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 that extend up to high-value 'gourmet coffee'. There is also considerable potential to expand consumption in a number of countries with large populations.

IV. CONSTRAINTS AND MAJOR CHALLENGES FACING THE COFFEE SECTOR

14. Coffee is subject to a number of constraints at the level of the producer, including: the negative effects of pests and diseases; increasing costs of key inputs, such as labour and fertilizers; need to develop the capacity of farmer support institutions; lack of incentives to improve quality; and necessity to address the impact of climate change. Moreover, the marketing of coffee has seen many changes over the last 20 years, during which many countries have moved towards liberalized trading regimes. The challenge is to ensure a healthy and competitive trading environment in which the interests of the commercial sectors of the global industry are in line with the needs of the less advantaged developing

countries, in order to ensure sustainability over time. Here the long-term cyclical behaviour of prices and the high degree of price volatility are obvious problems, particularly for 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 the presence of 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.

15. More specifically, development of the coffee economy faces a number of challenges closely dependent in terms of seriousness on the economic situation of individual Member countries. These challenges are:

- Deterioration in coffee quality
- Coffee pests and diseases
- Production cost increases
- Shortage of agricultural labour
- Climate change
- Environmental degradation
- Increased poverty in coffee-producing areas
- Volatility of world coffee prices.

Poverty

16. In addition, the problem of low prices is seen as one of particular concern, resulting in more poverty and lower quality. The then Deputy Secretary-General of the United Nations, Louise Frechette, in a statement to the General Assembly on 3 November 2003, pointed out that the decline in prices for commodities such as coffee contributes to increased poverty and makes it more difficult to reach the MDGs. The coffee crisis, which lasted from 2000 to 2004, saw prices fall to their lowest levels in nominal terms since the late 1960s and took a heavy toll in terms of reduced rural income; abandonment of plantations; replacement by other crops, including illegal drugs; and migration from rural areas. Since then, prices have recovered substantially; the long-term downward trend in coffee terms (in constant prices) and the cyclical nature of the coffee market require constant monitoring. This situation necessarily makes measures capable of restoring greater balance between supply and demand to improve prices a matter of priority, given the difficulties of successfully pursuing alternative economic activities in many coffee regions.

Strategic issues

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

- Promote the contribution of coffee to poverty alleviation and living conditions of smallholders.
- Maintain prices at levels that are remunerative to producers while taking into account the interests of consumers.
- Stimulate the improvement of quality and productivity.
- Promote a favourable image of coffee.
- Encourage increased consumption and market development.
- Support the research and development of new technologies.
- Explore ways to mitigate the effects of the rising costs of some key inputs in the production process, such as labour and fertilizers.
- Ensure the environmental sustainability of coffee cultivation, including adaptation to and mitigation of the effects of climate change.
- Improve infrastructure of coffee production and logistics.
- Diversify production in exporting countries.
- Reduce excessive short-term fluctuations in prices and export earnings.
- Improve market access and reliability of supply.
- Promote market transparency by the provision of accurate and timely data at an accessible cost.
- Improve market structures, including access to financial instruments, such as price-risk management schemes.
- Enhance the participation of producing countries in the processing, marketing, transport and distribution of their commodity exports.
- Encourage entrepreneurship in rural communities.
- Develop an understanding that action may be needed at all points in the supply chain, which should be understood as reaching from the grower to the final consumer, not just from the grower to the importer.

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

V. DEVELOPMENT STRATEGY AND ACTION PROGRAMME

19. The development strategy starts from the position that the key aim is to develop a sustainable coffee economy, giving due importance to the economic, environmental and social aspects of sustainability, as defined at the United Nations Conference on Environment and Development in Rio de Janeiro in 1992 and reinforced in the Johannesburg Declaration on Sustainable Development, adopted during the World Summit on Sustainable Development in 2002. The strategy is also intended to contribute to achieving internationally agreed development goals, including the eight MDGs aimed at alleviating world poverty by 2015 through targets ranging from halving extreme poverty to promoting gender equality and reducing biodiversity loss. It addresses a number of issues with an impact on the supply chain for coffee, as the concept of chain management (requiring analysis of the impact of actions undertaken along the chain) is crucial. Impact on the value chain is an important consideration for CFC intervention, as well in assistance programmes with development partners.

20. In the case of coffee, the specific objectives listed in Article 1 of the 2007 Agreement identify the main areas for overall consideration. Following on from these, seven main strategic areas for action, which will be subject to regular review by the International Coffee Council, can be identified:

1. Promotion of a sustainable coffee economy

21. It is vital that coffee production and processing should take into account the United Nations Agenda 21 criteria to ensure economic, environmental and social sustainability. It is particularly necessary that the economic environment should encourage stability and reasonable living standards for the populations involved with coffee by securing adequate returns to producers, ensuring meanwhile that adequate consideration is given to maintaining quality rather than the amount of coffee produced. Furthermore, the issue of climate change is expected to exert an increasing influence on coffee production in upcoming years, necessitating appropriate adaptation and mitigation strategies. The ICO also recognizes the social importance of established coffee-growing communities and the difficulties of finding alternative sources of income in many coffee areas and seeks to collaborate with other bodies that promote sustainability.

22. In addition, the ICO seeks to promote the use of environmentally-friendly technologies throughout the production and processing chain, integrated biological pest control and improved technology for the washing process. 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 must be exercised 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 destruction of native habitats as well as key features such as resistance to pests and diseases, tolerance to adverse growing conditions, yield potential, and cup and technological quality.

2. Increased consumption and market development

23. To maintain a sustainable coffee economy, it is important to ensure that increases in supply are matched by corresponding growth in demand. This can be done through quality improvement (see below) and through promotional and educational projects. The ICO attaches particular importance to programmes targeting new or emerging markets and the producing countries themselves. These are the areas of greatest potential for future growth in demand. For example, India, Indonesia and Mexico have a combined population of 1.52 billion and currently have a combined annual consumption of only 7.1 million bags. Programmes for promoting increased domestic consumption in Member countries should be encouraged and supported. Similar opportunities for raising consumption exist in other markets, particularly emerging markets. Increased domestic consumption in producing countries also has other benefits: making producers more aware of consumer demands and quality factors; providing an alternative market to the export market; generating experience in the production and marketing of value-added products; and stimulating small and medium enterprises. It should be noted that the encouragement of domestic consumption can be accomplished through a number of actions that would not normally be classified as generic promotion.

3. Quality enhancement

24. The maintenance and improvement of quality are crucial to sustain consumption in the long term, add value to the product and ensure compliance with international food safety requirements, thus contributing to a healthier balance between global supply and demand. 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. In order to preserve coffee quality, the ICO discourages the trade of coffee with less than the equivalent of 95% of green coffee as the basic raw material. In addition, the ICO has instituted the Coffee Quality-Improvement Programme, a voluntary initiative that encourages Members to ensure that their green coffee shipments fulfil certain basic quality standards.

4. Diversification

25. As part of its efforts to address the constraints facing coffee producers, the ICO encourages horizontal diversification. Such programmes include projects that aim to generate complementary earnings for growers, such as by the introduction of new crops, without eliminating coffee growing itself. However, vertical diversification to address issues such as the production of speciality coffees has the potential of creating even bigger benefits for the producers. The aim should be to create a balanced enterprise for farmers and a careful analysis of market and ecological conditions is essential when embarking on projects in this area. The CFC, in its Five-Year Plan, as well as in its project selection criteria, has addressed this question when talking about marketing issues, stressing the need to move producers up the value addition chain.

5. Improvement of marketing systems

26. 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. In addition, the coffee sector in many exporting countries consists of large numbers of smallholder farmers who need assistance to: strengthen grass roots organizations and build up the capacity of coffee sector institutions; develop their capacity to compete in the market; obtain access to commercial credit and technical information; cope with price volatility and other risks through appropriate financial instruments; and generate benefits to their communities. In the interests of a healthy and competitive trading economy it is important that the coffee trade in producing countries has the necessary degree of commercial expertise, access to credit and appropriate legal framework to function effectively.

27. There are considerable differences in countries' ability to assess coffee trade-related issues and subsequently benefit from the results. The ICO is committed to enhancing market transparency by producing statistics, research studies and other information on the world coffee economy, as well as organizing seminars covering a wide array of topics of interest to the world coffee community. In so doing, transaction costs are reduced to the benefit of all components of the coffee supply chain and economic decisions can be taken on the basis of accurate and timely data. The ICO 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 appropriate international organizations.

6. Research and development of new technologies

28. Research and development of technologies to improve conditions for producers is of crucial importance in assuring the sustainability and development of the coffee sector. This should be seen together with the necessary capacity building measures and training to ensure the dissemination of the results of such research. Special attention should be given to environmental issues in view of the positive impact of coffee growing on the global environment. New technologies are under development in a number of areas and include: ecologically more beneficial post-harvest processing methods; 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. Rehabilitation of production capacity

29. In cases where producing countries have suffered a large decrease in production for reasons of *force majeure*, it may be appropriate to encourage programmes to help 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 technical assistance/studies on coffee development in countries that have suffered major natural disasters and/or war disruption.

VI. IDENTIFICATION OF BENEFICIARIES

30. 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 and where the alternative may be disruptive population movements to urban areas, illegal migration or cultivation of socially harmful products. Many coffee-producing countries are LDCs, as listed in Annex III, and action in favour of coffee would include targeting this category effectively.

STATISTICS**Table**

- | | |
|-----|--|
| 1 | Total production of exporting countries
Crop years 2007/08 to 2012/13 |
| 2-A | Domestic consumption in exporting countries
Crop years 2007/08 to 2012/13 |
| 2-B | Consumption in importing Members
Coffee years 2007/08 to 2012/13 |
| 2-C | Consumption in importing non-member countries
Calendar years 2007 to 2012 |
| 3 | Exports of all forms of coffee by exporting countries to all destinations
Coffee years 2007/08 to 2012/13 |
| 4 | ICO composite and group indicator prices
Monthly and annual averages 2008 to 2013 |

Table 1
Total production
Crop years 2007/08 to 2012/13
(000 bags)

Country		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
April group		50 080	63 572	57 076	64 493	59 716	71 311
Angola	(R)	36	38	13	35	29	33
Bolivia	(A)	133	135	142	130	143	115
Brazil	(A/R)	36 070	46 494	39 470	48 095	43 484	50 826
Burundi	(A)	133	412	112	353	204	406
Ecuador	(A/R)	950	771	813	854	825	828
Indonesia	(R/A)	7 777	9 612	11 380	9 129	7 288	13 048
Madagascar	(R)	614	728	457	530	602	522
Malawi	(A)	19	21	17	17	26	22
Papua New Guinea	(A/R)	968	1 028	1 038	870	1 414	717
Paraguay	(A)	28	21	20	20	21	22
Peru	(A)	3 063	3 872	3 286	4 069	5 373	4 453
Rwanda	(A)	224	369	259	323	251	258
Timor-Leste	(A)	36	48	47	60	49	54
Zimbabwe	(A)	31	24	21	10	9	7
July group		2 254	2 948	2 232	1 887	1 678	2 222
Congo, Rep. of	(R)	3	3	3	3	3	3
Cuba	(A)	110	133	92	108	100	88
Dominican Republic	(A)	465	645	352	378	491	488
Haiti	(A)	359	359	351	350	349	350
Philippines	(R/A)	446	587	730	189	180	177
Tanzania	(A/R)	810	1 186	675	846	544	1 109
Zambia	(A)	61	35	28	13	11	6
October group		67 526	62 740	63 715	66 685	70 617	71 465
Benin	(R)	0	0	0	0	0	0
Cameroon	(R/A)	795	725	902	503	574	366
Central African Republic	(R)	43	60	93	95	86	55
Colombia	(A)	12 516	8 664	8 098	8 523	7 652	10 415
Congo, Dem. Rep. of	(R/A)	416	422	346	305	357	334
Costa Rica	(A)	1 771	1 287	1 304	1 392	1 462	1 571
Côte d'Ivoire	(A)	2 317	2 397	1 795	982	1 886	2 046
El Salvador	(A)	1 505	1 410	1 065	1 814	1 152	1 360
Equatorial Guinea	(R)	0	0	0	0	0	0
Ethiopia	(A)	5 967	4 949	6 931	7 500	6 798	6 233
Gabon	(R)	1	1	1	1	0	0
Ghana	(R)	31	27	33	60	71	43
Guatemala	(A/R)	4 100	3 785	3 835	3 950	3 840	3 743
Guinea	(R)	323	505	499	386	393	319
Guyana	(R)	2	1	1	1	1	1
Honduras	(A)	3 640	3 450	3 603	4 331	5 903	4 537
India	(R/A)	4 319	3 950	4 806	4 728	4 921	4 977
Jamaica	(A)	20	32	25	21	24	24
Kenya	(A)	652	541	630	641	757	875
Lao, People's Dem. Rep. of	(R)	393	406	434	544	510	521
Liberia	(R)	7	12	13	10	10	10
Mexico	(A)	4 150	4 651	4 109	4 001	4 563	4 327
Nepal	(A)	1	1	1	3	2	2
Nicaragua	(A)	1 906	1 445	1 871	1 634	2 193	1 884
Nigeria	(R)	42	50	34	42	47	41
Panama	(A)	176	149	138	114	106	115
Sierra Leone	(R)	40	86	91	33	78	64
Sri Lanka	(R)	33	31	32	37	36	36
Thailand	(R/A)	650	675	795	828	831	608
Togo	(R)	125	138	202	160	162	78
Trinidad & Tobago	(R)	12	11	11	10	11	11
Uganda	(R/A)	3 449	3 290	2 845	3 203	2 817	3 698
Venezuela, Bol. Rep. of	(A)	1 520	932	1 214	1 202	902	952
Vietnam	(R)	16 405	18 438	17 825	19 467	22 289	22 030
Yemen	(R)	198	220	135	161	182	188
Total		119 860	129 260	123 023	133 065	132 011	144 997

Table 2-A
Domestic consumption in exporting countries
Crop years 2007/08 to 2012/13
(000 bags)

Country		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
April group		21 414	21 979	22 709	23 454	24 039	24 984
Angola	(R)	30	30	30	30	30	30
Bolivia	(A)	60	60	60	60	60	60
Brazil	(A/R)	17 125	17 660	18 390	19 132	19 720	20 330
Burundi	(A)	1	1	1	2	2	2
Ecuador	(A/R)	150	150	150	150	150	150
Indonesia	(R/A)	3 333	3 333	3 333	3 333	3 333	3 667
Madagascar	(R)	467	467	467	467	467	467
Malawi	(A)	1	1	1	1	1	1
Papua New Guinea	(A/R)	2	2	2	4	1	2
Paraguay	(A)	20	20	20	20	20	20
Peru	(A)	220	250	250	250	250	250
Rwanda	(A)	1	1	1	1	1	1
Timor-Leste	(A)	0	0	0	0	0	0
Zimbabwe	(A)	4	4	4	4	4	4
July group		2 053	2 709	2 808	3 113	3 163	3 163
Congo, Rep. of	(R)	3	3	3	3	3	3
Cuba	(A)	224	220	220	220	220	220
Dominican Republic	(A)	378	378	378	378	378	378
Haiti	(A)	340	340	340	340	340	340
Philippines	(R/A)	1 060	1 720	1 820	2 125	2 175	2 175
Tanzania	(A/R)	47	47	47	47	47	47
Zambia	(A)	1	1	0	0	0	0
October group		13 407	13 839	14 308	15 308	15 546	15 600
Benin	(R)	0	0	0	0	0	0
Cameroon	(R/A)	69	69	69	69	69	69
Central African Republic	(R)	3	5	8	8	8	8
Colombia	(A)	1 281	1 291	1 270	1 308	1 439	1 441
Congo, Dem. Rep. of	(R/A)	200	200	200	200	200	200
Costa Rica	(A)	274	245	229	282	270	298
Côte d'Ivoire	(R)	317	317	317	317	317	317
El Salvador	(A)	230	232	232	275	271	275
Equatorial Guinea	(R)	0	0	0	0	0	0
Ethiopia	(A)	2 894	3 048	3 210	3 383	3 383	3 400
Gabon	(R)	0	0	0	0	0	0
Ghana	(R)	2	2	2	2	2	2
Guatemala	(A/R)	300	335	320	340	340	340
Guinea	(R)	50	50	50	50	50	50
Guyana	(R)	0	0	0	0	0	0
Honduras	(A)	245	268	307	345	345	345
India	(R/A)	1 500	1 573	1 700	1 800	1 917	1 917
Jamaica	(A)	9	9	9	9	9	9
Kenya	(A)	50	50	50	50	50	50
Lao, People's Dem. Rep. of	(R)	140	150	150	150	150	150
Liberia	(R)	5	5	5	5	5	5
Mexico	(A)	2 200	2 200	2 200	2 354	2 354	2 354
Nepal	(A)	0	0	0	0	0	0
Nicaragua	(A)	192	194	197	199	205	208
Nigeria	(R)	40	40	40	40	40	40
Panama	(A)	67	67	67	67	67	67
Sierra Leone	(R)	5	5	5	5	5	5
Sri Lanka	(R)	30	30	30	35	35	35
Thailand	(R)	500	500	500	500	500	500
Togo	(R)	2	2	2	2	2	2
Trinidad & Tobago	(R)	11	11	11	10	10	10
Uganda	(R/A)	140	140	140	140	140	140
Venezuela, Bol. Rep. of	(A)	1 582	1 649	1 650	1 650	1 650	1 650
Vietnam	(R)	938	1 021	1 208	1 583	1 583	1 583
Yemen	(R)	130	130	130	130	130	130
Total		36 874	38 527	39 826	41 875	42 748	43 747

Table 2-B

Consumption in importing Members
Coffee years 2007/08 to 2012/13
(60-kg bags)

Importing Country	October-September					
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
European Union	41 475 337	39 248 144	41 991 374	40 752 274	40 727 421	41 764 054
Austria	814 557	871 560	899 023	1 073 724	1 215 042	1 217 818
Belgium	724 336	876 850	880 402	904 888	935 435	1 197 382
Bulgaria	410 762	410 843	402 462	367 574	372 489	419 865
Croatia	379 440	368 514	361 383	373 102	360 991	385 469
Cyprus	81 059	69 440	76 895	78 767	78 891	91 995
Czech Republic	649 857	521 614	507 690	531 076	659 093	670 810
Denmark	752 084	638 221	805 774	765 709	800 415	835 097
Estonia	139 212	145 584	102 513	65 555	102 855	119 347
Finland	1 088 123	1 119 141	1 060 887	1 073 513	1 041 013	1 138 570
France	5 330 784	5 335 397	5 976 297	5 815 257	5 883 505	5 623 896
Germany	9 912 331	8 406 331	9 837 575	9 257 033	9 059 016	9 148 184
Greece	947 557	977 922	974 779	1 065 638	1 022 625	1 119 979
Hungary	504 857	434 137	383 226	193 130	259 311	224 785
Ireland	165 336	112 257	165 988	173 572	206 513	195 349
Italy	5 918 197	5 751 540	5 788 524	5 853 640	5 624 859	5 656 401
Latvia	120 678	94 757	88 594	105 353	98 613	99 455
Lithuania	240 019	186 180	224 767	187 635	191 272	197 778
Luxembourg	257 603	208 858	254 371	199 263	209 138	241 180
Malta	16 333	22 281	13 020	14 440	19 992	20 668
Netherlands	1 583 653	973 831	1 198 973	1 048 424	1 276 692	1 483 435
Poland	1 671 288	1 897 414	2 170 395	2 065 794	1 934 694	1 697 100
Portugal	727 199	767 180	804 618	837 193	854 170	905 341
Romania	812 243	799 182	811 963	761 135	821 446	891 128
Slovakia	368 706	234 669	318 429	391 450	238 868	269 527
Slovenia	193 896	200 885	201 437	204 839	189 446	187 595
Spain	3 454 269	3 379 097	3 286 836	3 210 669	3 253 014	3 706 193
Sweden	1 211 740	1 177 921	1 233 560	1 175 994	1 105 416	1 199 074
United Kingdom	2 999 215	3 266 537	3 160 996	2 957 910	2 912 608	2 820 633
Norway	717 374	750 697	729 781	781 920	739 957	730 436
Switzerland	1 016 999	1 114 802	1 025 335	1 047 774	1 074 033	1 053 557
Tunisia	301 463	295 917	298 287	386 899	419 696	411 174
Turkey	497 879	511 831	569 329	659 924	656 651	820 569
USA	21 423 182	21 655 512	21 163 840	21 829 156	22 635 496	23 266 955
Total	65 432 233	63 576 903	65 777 946	65 457 948	66 253 254	68 046 746

Table 2-C

**Consumption in importing non-members
Calendar years 2007 to 2012
(60-kg bags)**

Importing Country	January-December					
	2007	2008	2009	2010	2011	2012
Albania	105 020	108 463	118 509	112 060	116 218	122 713
Algeria	1 968 355	2 117 517	2 066 212	2 021 405	1 942 310	2 116 564
Argentina	643 389	570 552	558 439	622 794	586 704	756 014
Armenia	68 548	109 238	123 059	166 866	162 947	161 160
Australia	1 031 292	1 144 611	1 222 678	1 370 443	1 406 920	1 630 592
Belarus	251 251	287 077	168 023	178 506	153 115	191 328
Bosnia and Herzegovina	397 385	390 535	324 260	297 362	357 131	382 200
Canada	3 245 064	3 210 129	3 273 151	3 586 085	3 574 216	3 498 334
Chile	228 004	244 876	181 063	318 695	252 915	246 024
China, People's Republic of	173 533	176 992	49 882	222 327	408 973	323 106
Egypt	149 113	333 308	203 761	44 247	67 352	452 123
Georgia	127 691	92 246	134 246	137 693	146 287	153 949
Iran, Islamic Rep. of	34 511	68 497	55 335	113 641	129 330	152 443
Israel	465 682	497 221	429 062	566 649	471 992	557 369
Japan	7 282 083	7 064 685	7 130 403	7 192 398	7 014 854	7 130 947
Jordan	224 841	243 604	302 695	334 272	267 559	342 619
Korea, Rep. of	1 424 785	1 664 642	1 550 781	1 666 153	1 800 668	1 713 728
Lebanon	422 130	383 220	409 873	448 164	406 749	417 527
Libya	75 271	87 038	71 058	103 749	62 748	158 665
Macedonia, FYR	142 705	133 740	144 444	131 657	131 970	143 470
Malaysia	401 387	219 549	-444 002	-488 215	386 224	399 872
Morocco	463 398	428 098	536 131	477 335	464 176	633 044
Myanmar	107 774	157 910	194 371	313 498	255 399	355 408
New Zealand	255 664	256 976	246 149	256 323	243 422	277 083
Puerto Rico	46 934	98 636	154 588	159 874	118 885	174 179
Russian Federation	4 054 990	3 715 707	3 130 865	3 661 341	3 694 532	3 767 105
Saudi Arabia	756 733	807 645	832 061	924 619	999 841	1 185 951
Serbia	614 263	679 968	570 838	548 391	576 234	582 128
South Africa, Rep.of	328 891	520 480	381 339	553 077	537 896	503 975
Sudan	500 523	579 178	564 505	659 421	572 331	675 237
Syrian Arab Republic	587 473	338 941	708 179	495 756	587 678	456 302
Taiwan	322 906	261 944	295 460	387 763	396 939	395 800
Ukraine	1 056 773	1 732 671	1 460 248	1 485 204	1 324 107	1 238 322
United Arab Emirates	280 171	284 024	318 208	249 235	298 544	313 203
All other non-members	270 753	1 053 074	1 247 529	1 195 551	1 141 995	1 111 306
Total	28 509 286	30 062 992	28 713 404	30 514 340	31 059 160	32 719 790

Table 3
Exports of all forms of coffee by exporting countries to all destinations
Coffee years 2007/08 to 2012/13
(60-kg bags)

Country of origin	October-September					
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Angola	7 275	5 825	3 670	7 620	8 120	5 445
Benin	0	0	0	0	0	0
Bolivia	65 865	76 740	82 964	69 780	72 159	53 773
Brazil	27 979 550	31 657 850	30 924 691	34 373 857	28 853 244	31 315 301
Burundi	184 731	370 371	191 210	310 424	305 909	266 047
Cameroon	549 088	539 900	821 531	544 819	484 369	323 698
Central African Republic	36 801	59 616	88 259	87 312	77 692	47 367
Colombia	11 556 563	8 716 160	7 195 824	8 064 453	7 298 848	8 842 080
Congo, Dem. Rep. of	215 929	172 958	162 837	132 114	157 582	134 045
Congo, Rep. of	0	0	0	0	0	0
Costa Rica	1 402 137	1 300 873	1 170 256	1 209 493	1 384 008	1 380 096
Côte d'Ivoire	1 665 499	1 615 812	2 029 448	958 344	1 643 589	1 738 786
Cuba	3 850	7 462	5 260	6 755	16 772	12 023
Dominican Republic	74 276	109 354	37 361	90 035	105 316	100 077
Ecuador	897 341	1 051 513	1 164 661	1 421 041	1 615 842	1 362 143
El Salvador	1 430 291	1 343 326	978 930	1 903 869	1 054 573	1 145 375
Equatorial Guinea	0	0	0	0	0	0
Ethiopia	2 805 680	1 867 987	2 904 199	3 022 385	2 832 410	3 166 007
Gabon	421	675	810	752	0	0
Ghana	31 553	20 123	27 743	60 570	70 954	41 623
Guatemala	3 821 677	3 455 966	3 445 787	3 653 933	3 721 388	3 706 933
Guinea	275 689	360 782	462 247	358 461	387 844	273 622
Guyana	1 617	1 405	944	643	1 481	1 285
Haiti	18 741	16 736	10 495	8 457	9 543	8 903
Honduras	3 394 793	3 020 880	3 160 852	3 866 318	5 473 872	4 340 364
India	3 388 659	2 953 666	4 273 652	5 593 973	5 171 172	4 835 134
Indonesia	5 510 512	6 786 331	6 592 862	6 057 171	8 648 922	11 814 810
Jamaica	23 923	24 891	16 084	16 555	15 007	14 716
Kenya	627 105	541 075	506 740	654 874	727 315	819 446
Lao, People's Dem. Rep. of	253 123	256 610	290 869	400 362	360 477	371 439
Liberia	1 851	7 412	7 692	5 439	5 235	5 121
Madagascar	216 674	56 656	69 117	119 445	95 144	108 183
Malawi	26 155	15 367	14 122	24 390	20 929	26 326
Mexico	2 555 318	2 774 649	2 566 624	2 727 432	3 392 058	3 352 942
Nepal	1 257	1 462	1 108	3 083	1 994	1 520
Nicaragua	1 639 964	1 432 518	1 695 804	1 535 669	1 675 531	1 974 364
Nigeria	2 166	2 005	2 269	2 055	6 874	713
Panama	119 055	65 161	63 739	55 850	48 594	47 978
Papua New Guinea	1 107 622	987 841	1 031 044	1 048 715	1 140 257	743 187
Paraguay	1 769	219	8	1	1 067	2 100
Peru	3 233 530	3 433 062	3 479 421	4 231 258	4 687 329	3 868 192
Philippines	7 144	6 471	5 083	10 505	4 809	2 286
Rwanda	269 714	351 753	290 842	283 959	242 393	264 971
Sierra Leone	37 001	66 286	97 702	27 915	74 298	59 047
Sri Lanka	3 491	864	1 503	2 088	1 273	1 060
Tanzania	747 357	1 200 566	542 326	823 137	602 682	1 045 593
Thailand	150 421	183 563	288 797	328 173	329 275	113 095
Timor-Leste	40 937	42 024	58 610	60 939	36 773	70 117
Togo	134 131	141 753	201 979	159 145	151 254	82 883
Trinidad & Tobago	1 135	419	407	359	575	556
Uganda	3 209 995	3 053 688	2 668 971	3 150 090	2 726 949	3 583 259
Venezuela, Bol. Rep. of	146 121	22 162	19 248	2 134	2 072	2 087
Vietnam	15 774 099	17 386 120	14 591 345	16 850 000	21 705 611	19 997 470
Yemen	67 954	46 797	43 182	36 167	52 456	58 219
Zambia	52 973	31 354	27 930	8 965	9 649	9 214
Zimbabwe	22 691	22 449	8 830	4 991	4 207	3 113
Total	95 793 214	97 667 510	94 327 890	104 376 272	107 517 696	111 544 133

Table 4

ICO Composite and Group indicator prices
Monthly and annual averages: 2008 to 2013
(US cents/lb)

Month	2008					2009				
	Composite indicator	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	Composite indicator	Colombian Milds	Other Milds	Brazilian Naturals	Robustas
	124.25	144.32	139.78	126.59	105.28	115.67	177.43	143.84	115.33	74.58
January	122.33	142.66	139.86	127.93	99.21	108.39	142.32	128.30	109.18	82.74
February	138.82	159.90	157.29	143.78	115.45	107.60	144.55	129.48	107.69	80.22
March	136.17	151.64	149.89	136.41	121.92	105.87	154.16	128.52	102.81	76.31
April	126.55	142.04	140.70	127.67	111.29	111.61	181.10	134.88	105.95	75.53
May	126.76	143.60	141.95	129.52	108.88	123.05	212.05	150.99	118.40	75.62
June	130.51	149.15	146.15	133.65	111.34	119.05	196.32	149.79	115.42	73.79
July	132.78	151.18	147.36	134.88	115.23	112.90	187.29	140.90	107.80	71.68
August	131.14	151.03	146.43	133.28	112.56	117.45	185.39	149.76	116.86	72.35
September	126.69	148.36	143.27	130.26	105.38	116.40	177.45	148.53	116.16	73.82
October	108.30	130.99	123.56	110.27	88.77	121.09	178.13	154.57	124.62	73.51
November	107.88	130.45	121.89	107.96	90.76	119.67	178.33	152.21	126.17	69.48
December	103.07	130.89	118.97	103.46	82.51	124.96	192.11	158.16	132.84	69.89
Month	2010					2011				
	Composite indicator	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	Composite indicator	Colombian Milds	Other Milds	Brazilian Naturals	Robustas
	147.24	225.46	195.96	153.68	78.74	210.39	283.84	271.07	247.62	109.21
January	126.85	207.51	158.90	131.67	70.08	197.35	279.88	263.77	219.77	101.09
February	123.37	204.71	157.86	124.57	67.88	216.03	296.44	287.89	247.00	109.35
March	125.30	205.71	164.50	126.21	67.25	224.33	300.68	292.07	260.98	118.13
April	126.89	199.50	169.24	125.71	71.52	231.24	312.95	300.12	273.40	117.37
May	128.10	200.33	173.28	127.32	70.61	227.97	302.17	291.09	268.66	121.98
June	142.20	224.49	190.90	143.20	76.92	215.58	287.95	274.98	250.59	117.95
July	153.41	235.52	203.21	156.87	85.27	210.36	285.21	268.02	245.69	112.73
August	157.46	243.98	211.59	163.21	82.68	212.19	286.97	270.44	249.83	112.07
September	163.61	247.77	222.71	175.15	81.28	213.04	287.54	274.88	255.64	106.06
October	161.56	230.02	217.64	175.38	85.27	193.90	257.66	247.82	234.28	98.10
November	173.90	244.02	233.48	190.62	92.04	193.66	256.99	245.09	236.75	97.24
December	184.26	261.97	248.17	204.25	94.09	189.02	251.60	236.71	228.79	98.41
Month	2012					2013				
	Composite indicator	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	Composite indicator	Colombian Milds	Other Milds	Brazilian Naturals	Robustas
	156.34	202.08	186.47	174.97	102.82	119.51	147.87	139.53	122.23	94.16
January	188.90	255.91	237.21	228.21	96.72	135.38	169.19	157.29	145.17	99.69
February	182.29	244.14	224.16	215.40	101.93	131.51	161.70	149.46	136.63	104.03
March	167.77	222.84	201.26	192.03	103.57	131.38	161.53	149.78	133.61	106.26
April	160.46	214.46	191.45	180.90	101.80	129.55	161.76	149.81	132.62	101.68
May	157.68	207.32	184.65	174.17	106.88	126.96	158.35	147.19	130.29	99.18
June	145.31	184.67	168.69	156.17	105.70	117.58	147.55	138.26	120.01	90.79
July	159.07	202.56	190.45	175.98	107.06	118.93	147.46	138.39	119.47	95.21
August	148.50	187.14	174.82	160.05	106.52	116.45	143.26	135.15	116.81	94.01
September	151.28	190.10	178.98	166.53	104.95	111.82	138.60	132.28	112.65	87.78
October	147.12	181.39	173.32	161.20	104.47	107.03	133.83	128.70	109.57	83.70
November	136.35	170.08	159.91	148.25	97.67	100.99	124.65	122.02	102.57	79.71
December	131.31	164.40	152.74	140.69	96.59	106.56	126.54	125.97	107.40	87.89

**ARTICLE 1 (OBJECTIVES) OF THE
INTERNATIONAL COFFEE AGREEMENT 2007**

The objective of this Agreement is to strengthen the global coffee sector and promote its sustainable expansion in a market-based environment for the betterment of all participants in the sector, by:

- (1) promoting international cooperation on coffee matters;
- (2) providing a forum for consultations on coffee matters among governments, and with the private sector;
- (3) encouraging Members to develop a sustainable coffee sector in economic, social and environmental terms;
- (4) providing a forum for consultations seeking understanding with regard to the structural conditions in international markets and long-term trends in production and consumption that balance supply and demand, and result in prices fair both to consumers and to producers;
- (5) facilitating the expansion and transparency of international trade in all types and forms of coffee, and promoting the elimination of trade barriers;
- (6) collecting, disseminating and publishing economic, technical and scientific information, statistics and studies, as well as the results of research and development in coffee matters;
- (7) promoting the development of consumption and markets for all types and forms of coffee, including in coffee producing countries;
- (8) developing, evaluating and seeking finance for projects that benefit Members and the world coffee economy;
- (9) promoting coffee quality with a view to enhancing consumer satisfaction and benefits to producers;
- (10) encouraging Members to develop appropriate food safety procedures in the coffee sector;
- (11) promoting training and information programmes designed to assist the transfer to Members of technology relevant to coffee;

(12) encouraging Members to develop and implement strategies to enhance the capacity of local communities and small-scale farmers to benefit from coffee production, which can contribute to poverty alleviation; and

(13) facilitating the availability of information on financial tools and services that can assist coffee producers, including access to credit and approaches to managing risk.

**LIST OF COFFEE PRODUCING COUNTRIES
MEMBERS OF THE INTERNATIONAL COFFEE ORGANIZATION
UNDER THE INTERNATIONAL COFFEE AGREEMENT 2007
AND MEMBERS OF THE COMMON FUND FOR COMMODITIES**

	LDC ¹	CFC Member
Angola	√	√
Benin	√	√
Bolivia		
Brazil		√
Burundi	√	√
Cameroon		√
Central African Republic	√	√
Colombia		√
Congo, Democratic Republic of	√	√
Congo, Republic of		
Costa Rica		√
Côte d'Ivoire		√
Cuba		√
Dominican Republic		
Ecuador		√
El Salvador		
Ethiopia	√	√
Gabon		√
Ghana		√
Guatemala		√
Guinea	√	√
Haiti	√	√
Honduras		√
India		√
Indonesia		√
Jamaica		√
Kenya		√
Liberia	√	
Madagascar	√	√
Malawi	√	√
Mexico		√
Nicaragua		√
Nigeria		√
Panama		
Papua New Guinea		√
Paraguay		
Philippines		√
Rwanda	√	√
Tanzania		√
Thailand		√
Timor-Leste	√	
Togo	√	√
Uganda	√	√
Venezuela, Bol. Rep. of		√
Vietnam		
Yemen	√	√
Zambia	√	√
Zimbabwe		√

¹ Classifications are taken from the United Nations website at http://www.un.org/en/development/desa/policy/cdp/ldc/ldc_list.pdf