



## PRESS RELEASE

### Action to address impact of low coffee prices: continued focus of International Coffee Council in Kenya

**Nairobi, 29 March 2019** – The impact of low coffee prices on smallholder coffee farmers continued to dominate discussions at the 124<sup>th</sup> Session of the International Coffee Council which concluded in Nairobi today.

Hosted by the Government of Kenya for the first time and officially opened by H.E. President Uhuru Kenyatta, the Council, chaired this year by Ms Stefanie Küng of Switzerland, brought together the Member Governments of the International Coffee Organization (ICO), as well as representatives of the wider coffee community in Kenya and across the globe.

As shown by data provided by the ICO, world coffee consumption is continuing to grow at a healthy rate of 2% annually, but millions of coffee growers have to sell their coffee at prices that have fallen by over 30% over the last two years. Currently, many farmers are unable to cover even their production costs. The consequences of this situation are stark: reduced use of inputs and maintenance of coffee trees, leading to decreased output and lower quality; food insecurity and access to basic services such as education and health services, rural impoverishment; increased migration to urban areas and developed countries; and a host of other social issues. This downward trend in prices is not expected to reverse in the near future, with the risk that many countries may even cease to produce coffee, leaving the sector much more vulnerable to climatic shocks and to pests and diseases.

As a result, the ICO is implementing a series of actions that focus on advocacy and communication; the mobilization of coffee stakeholders and development partners; research, knowledge-building and transparency; and the promotion of coffee consumption.

In different forums throughout the week, including a Sustainability Seminar hosted jointly with the Government of Kenya and Global Coffee Platform (GCP), Members and delegates heard from the ICO economic and statistics teams and leading national and international experts, including Professor Jeffrey Sachs, of Columbia University. The ICO introduced three studies that contribute to the debate on the current price situation, which address the impact of low coffee prices on exporting countries, the role of speculation in coffee futures markets and the profitability of coffee farming in selected Latin American countries.

The ICO, by virtue of its objective and neutral role, is building a strong sector-wide dialogue that engages coffee stakeholders, development partners and civil society with the objective of identifying solutions, building consensus and setting measurable commitments towards a sustainable future for coffee growers and the whole coffee sector in line with the UN Sustainable Development Goals.

To bring the voices of coffee farmers and of the whole coffee sector to the international arena where decisions are made, the ICO is holding a series of consultative events this year, starting with the Sustainability Seminar held on 25 March 2019 in Nairobi. This will be followed by other events, in partnership with the International Fund for Agriculture Development at the United Nations in April, with the Italian Government in May and with the European Commission in June. These platforms for discussion will culminate in a CEO Forum during the 125th Session of the International Coffee Council, which will be held in London in September 2019, the objective of which is to agree on the implementation of actions to overcome the dramatic impact of current coffee prices and volatility on smallholder coffee farmers.

To increase transparency along the coffee value chain, the ICO is producing high-level and relevant independent research and data, including the publication of a Flagship Report on economic sustainability, which will include scenarios on the future of coffee and assessments of the most promising solutions to the current crisis. Furthermore, the ICO is working hard to mobilize financial and in-kind resources by the private sector and donors, and to implement innovative ideas in order to promote coffee consumption, sensitize consumers on the issues faced by the coffee sector, while projecting a positive image of coffee and advocating for the importance of the coffee sector in the most relevant international forums.

ICO Executive Director, Mr José Sette said: "The ICO has an important role as the voice of the entire world coffee sector to convey this serious situation facing coffee farmers to the outside world, including consumers, the ever-growing roasting community and the wider international community.

"While pursuing this dialogue with key stakeholders, exporting Members must also implement structural reforms in order to achieve efficiency and promote an enabling environment for their coffee sectors. A concrete example is our host country, Kenya where

the President has implemented a number of institutional, legal and support service interventions which are intended to reverse the negative trends and assure the future of coffee farming in Kenya. These include the ambitious rehabilitation of 500 pulping stations in 31 coffee-growing counties, the rehabilitation and provision of planting materials and advancements in research and extension services. Furthermore, with a view to resolving the problem of undue delays in the payment cycle, the Government of Kenya has set up Ksh.3billion Cherry Advance Revolving Fund to be operational from July 2019.”

Professor Joe Kieyah, Chairman of the Kenya Coffee Sub-Sector Implementation Committee said: “Kenya is one of the 44 exporting Members of the ICO and one of its founding Members, always actively participating and providing support. The ICO, bringing together importing and exporting countries, but also the private sector, academia and international organizations is a unique and valuable forum for the international coffee community. It has been an honour to host the 124th Session of the International Coffee Council, giving the country an opportunity to showcase the nation’s coffee sector, but also the severe challenges facing coffee farmers in Kenya and how the Kenyan Government is working hard to implement President Kenyatta’s transformative coffee reform agenda”.

The Executive Director of the ICO, Mr José Sette, further added: “The ICO is here to respond effectively to the needs of our Members, including Kenya. It is most welcome therefore that Members have reinforced their support for the ICO’s programme to implement Resolution 465 through a series of decisions, so that as the international coffee community we can not only ensure the coffee farming community receives a fair living income, but also the long-term sustainability of the global coffee sector.”

The Session of Council was formally closed by the Chair of Council, Ms Stephanie Küng who formally thanked the Government of Kenya, and President Kenyatta for hosting the 124<sup>th</sup> Session of the International Coffee Council, and called on all Members to work together in a spirit of positive cooperation for the benefit of all parties in the coffee value chain.

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## NOTES TO EDITORS

### **About the International Coffee Organization**

The International Coffee Organization (ICO) is a multilateral organization supporting exporting and importing countries to improve the sustainability of the coffee sector. It provides a high-level forum for all public and private stakeholders in the sector; official statistics on coffee production, trade and consumption; and support for the development and funding of technical cooperation projects and public-private partnerships.

More information at: [www.ico.org](http://www.ico.org)

### **About the International Coffee Council**

The International Coffee Council is the governing body of the ICO, bringing together Governments from countries which export and import coffee. The Council meets twice a year to discuss wide-ranging issues with the aim of promoting a sustainable coffee sector. The 124<sup>th</sup> Session of the International Coffee Council was held from 25 to 29 March 2019 at the Kenyatta International Convention Centre, Nairobi, Kenya

### **Resolution 465**

<http://www.ico.org/documents/cy2017-18/icc-res-465e-low-coffee-prices.pdf>

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