



ORGANIZACIÓN INTERNACIONAL DEL CAFÉ ORGANIZATION
ORGANIZAÇÃO INTERNACIONAL DO CAFÉ
ORGANISATION INTERNATIONALE DU CAFÉ

ED 2121/11

16 September 2011
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Consultative Forum on Coffee Sector Finance

Managing the risk of green coffee price volatility

London, 27 September 2011

1. The Executive Director a.i. presents his compliments and has the pleasure of inviting Members, Private Sector Consultative Board (PSCB) associations and observers to attend the ICO Consultative Forum event on managing the risk of green coffee price volatility from 14:30 to 17:30 on Tuesday, 27 September 2011. The event will be chaired by Mr Mick Wheeler of Papua New Guinea and will take place at the headquarters of the Organization at 22 Berners Street, London W1T 3DD, during the week of the 107th Session of the Council (information about these meetings is contained in document ED-2113/11). Simultaneous interpretation will be provided in English, French, Portuguese and Spanish.

2. The objective of the event is to discuss whether it is possible to devise a mechanism or strategy which realistically provides both buyers and sellers with an affordable means of protection against volatility in green coffee prices. A copy of the statement of the problem developed by the ad hoc working group established by the Council in March 2011 is attached (originally circulated in ED-2118/11), together with a preliminary draft programme. The Executive Director wishes to recommend representation at the event by all ICO Member Governments, to ensure wide-ranging discussions on this important topic.

3. The event is free of charge and is open to ICO Members, representatives of PSCB associations and invited observers. For all other participants from interested institutions, there is a registration fee of £50 to help defray costs.

Registration

4. If you would like to attend, please complete and return the attached form to the ICO **by 22 September**, either by email: deschamp@ico.org, or by fax: +44 (0) 20 7612 0630. Members who have already sent their credentials do not need to complete the attendance form.

MANAGING THE RISK OF GREEN COFFEE PRICE VOLATILITY

Statement of problem

1. The global coffee market is subject to high volatility, and green coffee prices are often unpredictable, making it difficult for growers to plan production accordingly. Although market-based instruments are available to mitigate and off-set price risk, these instruments are short-term and mostly utilized by large exporters and buyers and occasionally by larger producers. Usage by small- and medium-sized producers has been relatively low, as limited knowledge and awareness of instruments, regulatory and institutional barriers, and the price of such instruments, especially those relevant for longer-term planning and creditworthiness problems, form significant barriers to accessing these tools.

2. In the light of these barriers, what mechanisms, tools or strategies exist, or could be developed or improved, to help small- and medium-sized producers manage the risk of green coffee price volatility? What are the challenges for each of the mechanisms, and how can those challenges be overcome to make the tools/strategies more accessible and useful for small- and medium-sized producers?

3. As a starting point for this discussion, participants are invited to consider, among others, the following tools, strategies and mechanisms:

- simple, cheap, longer-term market-based risk management options for both growers and buyers;
- alternative hedging/insurance strategies/opportunities;
- opportunities for direct/long-term producer/(roaster/importer) contracts;
- producer aggregation into co-operatives or associations;
- new business models.

4. An outcome of this discussion may be to identify specific mechanisms or tools that may warrant more in-depth analysis and serve as topics for more focused discussions in future Consultative Forums.

Methodology

5. The Ad hoc Working Group will invite a number of experts to address the topics, each giving no more than a 15-minute presentation. The discussion will be led by a moderator who may or may not be the Chairman of the Group. Speakers will be briefed beforehand to ensure that they are aware that they will be engaging in a discussion rather than just a presentation. The moderator should encourage participation by the Members present as well as by observers and invited guests. Experts selected should come from a range of backgrounds and experience, be effective communicators, and be willing to engage with other speakers and participants so as to contribute to a lively discussion.

DRAFT PROGRAMME

MANAGING THE RISK OF GREEN COFFEE PRICE VOLATILITY

Tuesday, 27 September 2011 (14:30 – 17:30)

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| 13:30 – 14:30 | Registration |
| 14:30 – 14:35 | Welcome and opening remarks: Executive Director a.i., ICO – José Sette |
| 14:35 – 14:45 | Outline of the problems/issues: Chairman – Mick Wheeler, Papua New Guinea |
| 14:45 – 15:45 | Presentations by: |
| 14:45 – 15:00 | Oscar Schaps, Managing Director, Global Soft Commodities, INTL Hencorp Futures LLC |
| 15:00 – 15:15 | Edgar Cordero, Executive Vice President, Colombian Coffee Federation, Inc. |
| 15:15 – 15:30 | David Browning, Director, Technoserve |
| 15:30 – 15:45 | Professor Christopher Gilbert, Dipartimento di Economia, Università Degli Studi di Trento, Italy |
| 15:45 – 17:15 | Panel discussion |
| 17:15 – 17:25 | Concluding remarks by individual panellists concentrating on their priorities for future discussion and exploration |
| 17:25 – 17:30 | Summing up: Chairman |



INTERNATIONAL COFFEE ORGANIZATION

22 Berners Street
London W1T 3DD
United Kingdom

MANAGING THE RISK OF GREEN COFFEE PRICE VOLATILITY

27 September 2011 (14:30)

ATTENDANCE FORM

I **will/will not*** attend the above event on 27 September 2011 (a separate form should be completed for each participant).

Name of ICO Member country/PSCB association/observer:

Name:

Position:

Organization/company:

Phone:

Fax:

Email:

The event is free of charge to ICO Members, representatives of the PSCB associations and invited observers. For all other participants, there is a registration fee of £50 payable in cash or by cheque.

To be completed by fee-paying participants only:

() I enclose a registration fee of £50 (N.B. cheques must be drawn on a UK bank payable to the International Coffee Organization)

** Please delete as appropriate*

Please return to:

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