



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

ICC 105-16

13 October 2010
Original: English

E

International Coffee Council
105th Session
21 – 24 September 2010
London, England

Development strategy for coffee

Background

This document contains the Development strategy for coffee which was approved by the Council at its 105th Session from 21 to 24 September 2010.

INTRODUCTION

1. The International Coffee Organization is the designated International Commodity Body (ICB) for coffee and has responsibility for formally submitting projects to the Common Fund for Commodities (CFC). As an ICB, it is also responsible for prioritization, formulation and supervision of projects and for seeking stakeholder, and most particularly target beneficiary participation. The CFC requires a clear development strategy for each ICB, subject to review every five years and updated if required by changing circumstances. The attached Development strategy for coffee draws on the conclusions of the CFC/ICO workshop on coffee development priorities (document CFC/ICO-8/06), the 2007 Agreement and other relevant documents.

2. The Manual for the preparation and management of projects to be financed by the CFC states that the process of project formulation starts with the definition of a clear development strategy for the commodity concerned by the designated ICB. The strategy identifies and prioritizes coffee development issues, and indicates measures to address them, in order to assist the process of formulating projects for consideration by the CFC. 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
- 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 2001 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). The bulk of 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 for more than 60% of world production. The other one is the Robusta coffee tree, derived from the *Coffea canephora* species and usually known as Robusta. 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 2008/09 is preliminarily estimated at US\$13 billion, which in nominal terms is more than double the figures registered during the crisis years of 2000 to 2004.

7. World coffee consumption has been growing steadily at a rate of around 2.5% a year and is estimated at around 129 million 60-kg bags in 2009. 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 International Coffee Organization (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 97% of world coffee production and 82% 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 development projects. To date, the CFC has provided approximately 53% of the funding for 33 projects with a total value of around US\$101 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.

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 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

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.

Poverty

15. The problem of low prices is seen as one of particular concern, resulting in more poverty and lower quality. The 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 recent 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, although they only returned to the pre-crisis (1998) level in 2008. Nevertheless, the long-term downward trend of coffee prices in inflation-adjusted terms and the cyclical nature of the coffee market point to the continuing need to address this issue. 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

16. 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; and
- 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.

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

V. DEVELOPMENT STRATEGY AND ACTION PROGRAMME

18. 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. Because the supply chain is seen as reaching up to the final consumer, marketing aspects, which are also recognized as an important element in the Five-Year Action Plan 2008 to 2012 of the CFC, are given appropriate emphasis.

19. 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

20. 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.

21. 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

22. 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. Promotion programmes already under way, based on the Step-by-Step Guide to Promote Coffee Consumption that was funded by the ICO, aimed at increasing this figure to a range between 7 to 9 million bags/year over a five-year period. Similar opportunities for raising consumption exist in other 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

23. 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

24. 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, 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

25. 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.

26. 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

27. 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

28. 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

29. 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 2003/04 to 2008/09
- 2-A Domestic consumption in exporting countries
Crop years 2003/04 to 2008/09
- 2-B Consumption in importing Members
Coffee years 2003/04 to 2008/09
- 2-C Consumption in importing non-member countries
Calendar years 2003 to 2008
- 3 Exports of all forms of coffee by exporting countries to all destinations
Coffee years 2003/04 to 2008/09
- 4 ICO composite and group indicator prices
Monthly and annual averages 2004 to 2009

Table 1
Total production
Crop years 2003/04 to 2008/09
(000 bags)

Country		2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
April group		41 266	53 946	48 283	58 097	50 235	62 984
Angola	(R)	38	15	25	35	36	38
Bolivia	(A)	125	170	129	164	133	135
Brazil	(A/R)	28 820	39 272	32 944	42 512	36 070	45 992
Burundi	(A)	338	437	103	499	133	412
Ecuador	(A/R)	766	938	1 120	1 167	1 110	691
Indonesia	(R/A)	6 404	7 536	9 159	7 483	7 777	9 612
Madagascar	(R)	435	522	599	587	614	726
Malawi	(A)	48	21	24	17	19	21
Papua New Guinea	(A/R)	1 155	998	1 268	807	968	1 028
Paraguay	(A)	52	26	45	20	28	21
Peru	(A)	2 686	3 425	2 489	4 319	3 063	3 872
Rwanda	(A)	266	450	288	397	218	363
Timor-Leste	(A)	42	17	24	46	36	47
Zimbabwe	(A)	92	120	66	45	31	27
July group		1 956	2 138	2 010	2 028	2 199	2 640
Congo, Rep. of	(R)	3	3	3	3	3	3
Cuba	(A)	224	154	125	100	70	127
Dominican Republic	(A)	351	491	310	387	465	645
Haiti	(A)	374	365	356	362	359	359
Philippines	(R/A)	293	252	309	298	431	285
Tanzania	(A/R)	612	763	804	822	810	1 186
Zambia	(A)	100	110	103	56	61	35
October group		61 565	59 982	60 983	69 133	66 842	62 753
Benin	(R)	0	0	0	0	0	0
Cameroon	(R/A)	900	727	849	836	795	750
Central African Republic	(R)	43	45	39	87	70	64
Colombia	(A)	11 230	11 573	12 564	12 541	12 504	8 664
Congo, Dem. Rep. of	(R/A)	451	360	336	378	416	415
Costa Rica	(A)	1 783	1 887	1 778	1 580	1 791	1 320
Côte d'Ivoire	(R)	2 689	2 301	1 962	2 847	2 598	2 316
El Salvador	(A)	1 477	1 437	1 502	1 371	1 621	1 547
Equatorial Guinea	(R)	0	0	0	0	0	0
Ethiopia	(A)	3 874	4 568	4 003	4 636	4 906	4 350
Gabon	(R)	0	0	1	1	0	1
Ghana	(R)	13	16	20	29	31	27
Guatemala	(A/R)	3 610	3 703	3 676	3 950	4 100	3 785
Guinea	(R)	366	316	525	473	323	498
Guyana	(R)	1	1	1	2	2	1
Honduras	(A)	2 968	2 575	3 204	3 461	3 842	3 450
India	(R/A)	4 508	4 592	4 396	5 158	4 460	4 371
Jamaica	(A)	37	21	34	40	20	32
Kenya	(A)	673	736	660	826	652	541
Lao, People's Dem. Rep. of	(R)	361	379	280	391	386	404
Liberia	(R)	5	6	5	7	7	7
Mexico	(A)	4 201	3 867	4 225	4 200	4 150	4 651
Nicaragua	(A)	1 547	1 130	1 718	1 300	1 700	1 615
Nigeria	(R)	46	45	69	51	42	50
Panama	(A)	172	90	176	173	176	149
Sierra Leone	(R)	36	15	60	31	40	86
Sri Lanka	(R)	37	32	35	33	33	31
Thailand	(R)	827	884	999	766	653	675
Togo	(R)	144	166	140	134	125	138
Trinidad & Tobago	(R)	16	15	15	12	1	1
Uganda	(R/A)	2 599	2 593	2 159	2 700	3 250	3 200
Venezuela, Bol. Rep. of	(A)	1 421	1 327	1 506	1 571	1 520	929
Vietnam	(R)	15 337	14 370	13 842	19 340	16 467	18 500
Yemen	(R)	193	206	203	207	161	185
Total		104 787	116 067	111 277	129 257	119 276	128 377

Table 2-A
Domestic consumption in exporting countries
Crop years 2003/04 to 2008/09
(000 bags)

Country		2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
April group		16 840	17 888	18 982	20 121	21 414	21 979
Angola	(R)	15	15	15	30	30	30
Bolivia	(A)	60	60	60	60	60	60
Brazil	(A/R)	14 200	14 946	15 540	16 331	17 125	17 660
Burundi	(A)	2	2	2	2	1	1
Ecuador	(A/R)	150	150	150	150	150	150
Indonesia	(R/A)	1 833	2 000	2 500	2 833	3 333	3 333
Madagascar	(R)	333	467	467	467	467	467
Malawi	(A)	1	1	1	1	1	1
Papua New Guinea	(A/R)	2	2	2	2	2	2
Paraguay	(A)	20	20	20	20	20	20
Peru	(A)	220	220	220	220	220	250
Rwanda	(A)	0	1	1	1	1	1
Timor-Leste	(A)	0	0	0	0	0	0
Zimbabwe	(A)	4	4	4	4	4	4
July group		1 852	1 900	1 910	1 910	2 053	2 069
Congo, Rep. of	(R)	3	3	3	3	3	3
Cuba	(A)	224	224	224	224	224	220
Dominican Republic	(A)	340	378	378	378	378	378
Haiti	(A)	340	340	340	340	340	340
Philippines	(R/A)	917	917	917	917	1 060	1 080
Tanzania	(A/R)	27	37	47	47	47	47
Zambia	(A)	1	1	1	1	1	1
October group		10 706	11 105	11 624	12 144	12 744	12 979
Benin	(R)	0	0	0	0	0	0
Cameroon	(R/A)	69	69	69	69	69	69
Central African Republic	(R)	4	19	19	19	19	19
Colombia	(A)	1 400	1 400	1 400	1 400	1 400	1 400
Congo, Dem. Rep. of	(R/A)	200	200	200	200	200	200
Costa Rica	(A)	272	366	358	324	274	245
Côte d'Ivoire	(R)	317	317	317	317	317	317
El Salvador	(A)	153	173	203	222	230	230
Equatorial Guinea	(R)	0	0	0	0	0	0
Ethiopia	(A)	1 833	1 833	1 833	1 833	1 833	1 833
Gabon	(R)	0	0	0	0	0	0
Ghana	(R)	1	2	2	1	2	2
Guatemala	(A/R)	300	300	300	300	300	335
Guinea	(R)	50	50	50	50	50	50
Guyana	(R)	0	0	0	0	0	0
Honduras	(A)	200	230	230	230	460	460
India	(R/A)	1 167	1 250	1 337	1 417	1 500	1 573
Jamaica	(A)	9	9	9	9	9	9
Kenya	(A)	50	50	50	50	50	50
Lao, People's Dem. Rep. of	(R)	103	135	140	140	140	150
Liberia	(R)	5	5	5	5	5	0
Mexico	(A)	1 500	1 500	1 725	2 000	2 200	2 200
Nicaragua	(A)	190	190	190	190	190	190
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	30	30	30
Thailand	(R)	500	500	500	500	500	500
Togo	(R)	2	2	2	2	2	2
Trinidad & Tobago	(R)	14	14	14	11	0	0
Uganda	(R/A)	131	120	135	140	140	140
Venezuela, Bol. Rep. of	(A)	1 341	1 397	1 457	1 518	1 582	1 649
Vietnam	(R)	607	696	800	917	1 000	1 083
Yemen	(R)	146	136	138	138	130	130
Total		29 398	30 893	32 516	34 174	36 212	37 027

Table 2-B

Consumption in importing Members
Coffee years 2003/04 to 2008/09
(60-kg bags)

Importing Country	October-September					
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<i>European Union</i>	<i>39 980 479</i>	<i>39 779 762</i>	<i>40 686 715</i>	<i>41 122 547</i>	<i>40 623 131</i>	<i>38 066 535</i>
Austria	948 943	794 942	640 996	901 105	814 557	871 560
Belgium	1 456 337	1 233 520	1 485 601	1 195 965	724 336	876 850
Bulgaria	372 472	402 458	418 516	408 607	410 762	410 843
Cyprus	58 513	66 843	56 682	68 373	81 059	69 440
Czech Republic	602 566	668 089	592 977	673 015	649 857	521 614
Denmark	814 508	803 508	794 766	779 769	750 918	678 293
Estonia	124 876	129 389	188 004	101 978	139 212	145 584
Finland	984 743	1 065 931	1 078 313	1 072 953	1 088 123	1 119 141
France	5 038 167	4 772 951	5 112 753	5 581 447	5 330 784	5 335 396
Germany	9 135 548	9 182 619	8 914 648	9 081 631	9 912 331	8 406 331
Greece	889 711	887 307	901 268	940 574	947 557	977 922
Hungary	707 053	592 558	589 061	558 086	504 857	434 137
Ireland	197 566	237 365	216 073	218 868	165 336	112 257
Italy	5 524 574	5 626 387	5 484 244	5 839 811	5 918 197	5 751 981
Latvia	164 718	143 789	175 597	143 866	120 678	94 757
Lithuania	192 431	186 074	216 118	220 756	240 019	186 180
Luxembourg	217 760	216 445	229 861	244 331	257 603	208 858
Malta	12 503	16 321	26 435	17 835	16 333	22 281
Netherlands	1 933 645	1 880 406	2 067 819	2 257 073	1 583 653	973 831
Poland	2 302 292	2 257 465	2 058 533	1 642 271	1 253 769	1 064 722
Portugal	672 821	665 142	656 359	718 268	673 120	746 265
Romania	825 459	831 679	824 208	834 464	812 243	799 182
Slovakia	276 410	282 497	295 600	331 384	368 706	234 669
Slovenia	181 386	188 569	172 230	187 934	193 896	200 885
Spain	2 680 357	2 909 482	3 130 425	3 011 402	3 454 269	3 379 097
Sweden	1 232 426	1 214 020	1 233 709	1 294 506	1 211 740	1 177 921
United Kingdom	2 432 695	2 524 005	3 125 919	2 796 275	2 999 215	3 266 537
Norway	699 762	765 525	678 936	773 457	717 374	750 697
Switzerland	708 454	1 048 100	892 145	1 003 900	1 016 999	1 114 802
USA	20 728 972	20 634 069	21 328 145	21 198 845	21 423 182	21 655 512
Total	62 117 668	62 227 455	63 585 941	64 098 749	63 780 686	61 587 546

Table 2-C

Consumption in importing non-members
Calendar years 2003 to 2008
(60-kg bags)

Importing Country	January-December					
	2003	2004	2005	2006	2007	2008
Algeria	1 752 310	2 159 262	1 891 620	1 836 224	1 968 355	2 117 517
Argentina	626 613	580 947	589 812	570 055	643 389	570 552
Armenia	145 169	118 760	109 465	68 622	68 548	109 238
Australia	873 406	864 164	1 039 442	991 641	1 031 292	1 144 611
Belarus	56 430	89 471	160 657	200 451	251 251	287 077
Bosnia and Herzegovina	393 179	388 239	359 021	399 470	397 385	390 535
Canada	2 146 329	2 746 724	2 794 363	3 066 067	3 245 064	3 210 293
Chile	193 817	204 923	191 662	206 573	228 004	244 876
Croatia	375 428	370 010	373 753	386 133	386 334	377 142
Egypt	104 848	116 578	125 384	107 562	149 113	333 308
Israel	414 320	426 588	463 491	438 135	477 277	448 996
Japan	6 769 772	7 116 980	7 127 951	7 268 186	7 282 083	7 064 685
Jordan	140 942	197 498	153 502	178 196	224 841	243 604
Korea, Republic of	1 304 686	1 400 837	1 394 106	1 437 254	1 424 785	1 664 642
Lebanon	306 773	407 221	348 048	303 701	422 130	383 220
Macedonia, FYR	124 855	129 607	134 732	131 001	142 705	133 740
Morocco	414 873	401 267	388 289	437 229	463 398	428 098
New Zealand	219 389	232 789	237 689	256 184	255 664	256 976
Russian Federation	3 581 885	3 086 195	3 212 469	3 262 864	4 054 990	3 715 707
Saudi Arabia	467 447	565 594	594 229	639 722	756 733	547 949
Serbia	755 608	851 248	650 637	607 719	614 263	679 968
Singapore	-1 069 548	-505 750	-1 067 190	-873 590	-694 578	53 542
South Africa, Republic of	373 641	401 956	436 420	484 423	328 891	520 480
Sudan	118 649	390 484	399 099	362 650	500 523	528 819
Syrian Arab Republic	225 493	341 127	402 565	275 101	591 177	409 594
Taiwan	458 872	340 411	320 401	290 066	322 906	261 944
Tunisia	120 872	262 975	189 796	200 404	253 396	317 485
Turkey	482 469	402 147	464 160	497 011	515 863	483 679
Ukraine	647 297	739 476	1 024 529	968 163	1 056 773	1 732 671
United Arab Emirates	187 933	235 033	288 808	271 978	280 171	289 736
All other non-members	347 674	274 748	1 154 567	1 426 399	1 898 335	1 678 808
Total	23 061 431	25 337 510	25 953 478	26 695 594	29 541 061	30 629 493

Table 3
Exports of all forms of coffee by exporting countries to all destinations
Coffee years 2003/04 to 2008/09
(60-kg bags)

Country of origin	October-September					
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Angola	6 825	4 980	5 710	3 901	7 275	5 825
Benin	0	0	0	0	0	0
Bolivia	75 737	101 489	77 846	95 338	65 865	76 740
Brazil	25 468 662	27 364 694	25 512 295	29 020 360	27 970 183	31 638 666
Burundi	220 783	490 442	177 908	458 172	184 731	370 371
Cameroon	831 282	658 382	757 655	760 381	549 104	539 914
Central African Republic	68 276	41 715	20 164	81 014	50 899	10 585
Colombia	10 154 157	11 004 523	10 751 234	11 176 547	11 556 563	8 716 149
Congo, Dem. Rep. of	273 177	168 878	136 198	177 523	215 929	165 643
Congo, Rep. of	0	0	0	0	0	0
Costa Rica	1 505 432	1 509 840	1 317 529	1 371 073	1 402 137	1 301 017
Côte d'Ivoire	2 604 325	1 958 239	2 079 047	2 688 821	1 946 550	1 535 391
Cuba	28 738	34 184	15 033	18 040	3 850	7 462
Dominican Republic	51 868	41 071	126 104	75 465	74 276	109 354
Ecuador	640 159	953 555	943 129	1 035 601	897 341	1 051 513
El Salvador	1 346 897	1 311 973	1 268 587	1 193 761	1 430 291	1 343 327
Equatorial Guinea	0	0	0	0	0	0
Ethiopia	2 373 717	2 619 951	2 702 486	2 769 740	2 805 680	1 867 987
Gabon	0	0	391	1 103	421	675
Ghana	13 848	16 918	18 737	30 435	31 540	19 884
Guatemala	3 305 931	3 457 359	3 348 197	3 747 330	3 821 677	3 455 966
Guinea	345 529	266 116	495 884	426 948	275 689	354 356
Guyana	675	556	1 414	1 863	1 617	685
Haiti	32 402	25 739	24 758	19 879	18 741	17 141
Honduras	2 793 760	2 395 233	2 928 560	3 215 472	3 394 793	3 020 880
India	3 826 272	2 790 010	3 410 290	3 393 073	3 388 659	2 949 643
Indonesia	5 342 037	6 456 816	5 744 610	4 206 023	5 510 512	6 786 331
Jamaica	26 631	20 958	20 546	21 935	23 923	24 891
Kenya	820 405	658 746	620 135	791 080	627 105	541 075
Lao, People's Dem. Rep. of	258 462	244 442	139 646	251 099	245 923	254 708
Liberia	80	780	361	1 728	1 851	7 472
Madagascar	142 784	63 463	165 973	100 792	214 888	56 343
Malawi	40 503	17 643	20 115	13 921	26 155	15 367
Mexico	2 423 019	1 907 347	2 507 664	2 893 338	2 555 318	2 774 649
Nicaragua	1 270 364	1 015 113	1 427 026	1 212 600	1 639 964	1 432 518
Nigeria	6 150	5 138	28 572	10 735	2 166	2 005
Panama	104 931	81 389	109 331	112 102	119 055	65 005
Papua New Guinea	1 120 333	1 120 487	994 205	778 719	1 107 633	954 344
Paraguay	23 369	20 971	6 744	20 710	1 769	219
Peru	2 610 258	2 921 528	3 099 085	3 542 250	3 233 530	3 433 062
Philippines	24 724	36 172	37 056	37 352	7 144	6 471
Rwanda	405 864	299 100	294 613	256 075	264 801	349 078
Sierra Leone	30 516	16 526	54 966	34 472	37 001	66 252
Sri Lanka	7 894	2 644	5 943	3 875	3 491	754
Tanzania	560 885	747 320	740 282	797 311	747 357	1 200 566
Thailand	348 600	342 100	558 617	328 068	153 400	184 400
Timor-Leste	35 162	16 860	37 295	38 867	40 937	41 262
Togo	151 509	149 587	126 393	146 950	134 131	141 753
Trinidad & Tobago	2 097	1 124	862	698	1 130	1 213
Uganda	2 523 062	2 488 819	2 001 974	2 704 236	3 209 995	3 057 320
Venezuela, Bol. Rep. of	179 845	29 144	47 801	67 786	146 121	18 758
Vietnam	14 497 173	13 994 097	13 121 836	18 089 750	15 774 099	17 386 120
Yemen	47 303	69 559	65 181	69 234	31 353	12 127
Zambia	100 958	105 850	95 928	59 952	52 973	31 354
Zimbabwe	109 690	89 398	54 266	34 074	22 691	29 623
Total	89 183 061	90 138 968	88 246 181	98 387 571	96 030 228	97 434 217

Table 4

ICO Composite and Group indicator prices
Monthly and annual averages: 2004 to 2009
(US cents/lb)

	2004					2005				
	Composite indicator	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	Composite indicator	Colombian Milds	Other Milds	Brazilian Naturals	Robustas
Month	62.15	81.44	80.47	68.97	35.99	89.36	115.73	114.86	102.29	50.55
January	58.68	73.76	72.73	62.06	39.84	79.35	108.22	107.16	93.63	36.96
February	59.87	76.53	76.20	65.52	37.05	89.40	121.56	120.86	106.11	41.24
March	60.80	77.97	78.06	66.97	36.70	101.44	135.54	135.03	120.12	49.51
April	58.80	75.22	75.44	63.70	36.37	98.20	129.51	129.53	114.48	50.75
May	59.91	77.17	76.99	65.16	36.56	99.78	128.87	128.37	114.96	56.07
June	64.28	82.51	82.21	69.61	39.87	96.29	121.29	121.16	107.23	60.02
July	58.46	76.13	74.94	62.89	36.02	88.48	110.79	109.93	96.56	57.88
August	56.98	75.35	73.61	61.75	33.91	85.31	108.94	108.20	94.98	51.97
September	61.47	81.02	80.47	68.90	34.24	78.79	101.15	99.49	89.48	46.87
October	61.10	83.02	80.55	69.91	31.67	82.55	106.21	105.05	94.40	47.53
November	67.74	92.83	90.27	79.39	32.71	85.93	109.00	107.74	97.96	51.45
December	77.72	105.75	104.12	91.76	36.92	86.85	107.69	105.77	97.57	56.39
	2006					2007				
	Composite indicator	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	Composite indicator	Colombian Milds	Other Milds	Brazilian Naturals	Robustas
Month	95.75	116.80	114.40	103.92	67.55	107.68	125.57	123.55	111.79	86.60
January	101.20	126.92	124.20	114.98	63.39	105.81	126.07	124.53	112.50	79.13
February	97.39	121.31	119.12	109.01	62.98	104.18	123.82	122.03	110.03	79.08
March	92.76	116.01	113.66	103.92	59.60	100.09	118.33	117.08	104.91	77.00
April	94.20	117.87	115.42	105.49	60.55	99.30	116.11	114.60	102.22	79.58
May	90.00	111.81	109.36	99.29	60.08	100.09	115.01	113.24	101.49	83.89
June	86.04	105.83	103.15	93.27	60.23	107.03	121.20	119.33	107.32	92.68
July	88.57	107.85	105.00	94.56	64.49	106.20	120.78	117.63	106.24	92.51
August	95.78	114.14	111.73	100.37	73.59	107.98	125.22	123.19	111.73	87.44
September	95.98	111.88	109.83	99.53	77.11	113.20	130.37	128.04	117.14	92.78
October	95.53	112.67	110.63	99.23	75.17	115.71	136.49	134.29	122.12	91.10
November	103.48	123.95	122.27	110.04	76.79	114.43	133.32	131.00	119.87	92.59
December	108.01	131.41	128.44	117.36	76.67	118.16	140.12	137.58	125.93	91.39
	2008					2009				
	Composite indicator	Colombian Milds	Other Milds	Brazilian Naturals	Robustas	Composite indicator	Colombian Milds	Other Milds	Brazilian Naturals	Robustas
Month	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

**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 2001
AND MEMBERS OF THE COMMON FUND FOR COMMODITIES**

	Developing Country ¹	LDC ²	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	√		√
Madagascar	√	√	√
Malawi	√	√	√
Mexico	√		√
Nicaragua	√		√
Nigeria	√		√
Panama	√		
Papua New Guinea	√		√
Paraguay	√		
Philippines	√		√
Rwanda	√	√	√
Tanzania	√	√	√
Thailand	√		√
Togo	√	√	√
Uganda	√	√	√
Venezuela, Bol. Rep. of	√		√
Vietnam	√		
Zambia	√	√	√
Zimbabwe	√		√
NEW EXPORTING MEMBERS OF THE ICO UNDER THE INTERNATIONAL COFFEE AGREEMENT 2007			
Liberia	√	√	
Timor-Leste	√	√	
Yemen	√	√	√

¹ Classifications are taken from the United Nations Statistics Division website at http://unstats.un.org/unsd/mdg/Resources/Static/Data/MDGRegionCodes_200611.xls

² Ibid.