

Mr. Chairman of the World Coffee Conference

Heads of Delegations

Honourable Ministers

Mr. Secretary General of the ICO

Members of the diplomatic corps representing financial and international agencies

Experts and representatives of scientific research institutions

Distinguished guests

Ladies and gentlemen

President Eyadema, Head of State of Togo and Serving Chairman of the OAU, would very much have liked to be here with you on the occasion of this first World Coffee Conference. But, as someone who has for many decades worked for peace, justice and international cooperation mutually beneficial to all parties concerned, he has had to remain in Lomé to attend a meeting on the various crises currently affecting the Great Lakes region and the countries of the Mano river basin. He has, therefore, sent me to represent him at this meeting and asked me to deliver the following message:

At the dawn of the third millennium and the challenges it brings, the coffee world is in crisis, producing countries are worried and, in Africa, the evidence of the decline of its coffee project is constantly present, whether at the level of production, quality or marketing. It is a privilege for us, therefore, to be able to take advantage of this first World Coffee Conference to make a thorough diagnosis of the situation, which should enable us to identify problems and recommend solutions.

The African continent basically produces two types of coffee, namely Robusta and Arabica, in a total area of 4.55 million square kilometres distributed among 25 of the world's 70 coffee-producing countries. The population of these 25 countries totals 440 million, of which 5-10 percent are engaged in coffee growing. This means that coffee provides the livelihood of millions of Africans, or is a supplementary, major or even sole

source of their incomes. Africa's annual earnings from coffee, formerly more than US\$8 thousand million, have fallen to between US\$2 and US\$4 thousand million. Africa has the right soils and climate for coffee growing over a huge area but, despite this, yields are low, averaging 250 –340kg/ha compared with an average of 594 kg/ha in Asia and 611kg/ha in Latin America.

There can be no doubt that Africa is currently going through a difficult phase. What has brought this about? Within the framework of the globalization of the economy, Africa was pressured by the Bretton Woods institutions to liberalize the coffee industry with assurances of comfortable earnings for farmers. The State, which had played a major role in regulating coffee activities through boards and stabilization funds, was invited to disengage itself from the coffee sector and allow farmers to have direct access to the market through unknown private operators. We can see now that globalization and liberalization have generally had the opposite effect on the African coffee industry. Coffee marketing has yielded poor results for farmers. The law of supply and demand has operated to the detriment of African producers and the benefit of world-wide speculation. This has led to a crisis of unprecedented dimensions with a disastrous fall in farmers' incomes and widespread impoverishment of the peasant masses.

Formerly, the world coffee trade was regulated by a quota system operated within the framework of an international coffee agreement with economic clauses. Indicator prices were set within a price range that established a floor and a ceiling following a series of negotiations. Within this framework, the Interafrican Coffee Organisation (IACO) participated in the work of the International Coffee Council through a consultative group responsible for determining African coffee policy guidelines at the level of the international authorities. The clarity and fairness of vision of the consultative group enabled IACO to take decisions on quotas and ICO indicator prices which enabled producers and consumers to reconcile their positions and managed to stabilise the market in the interests of all parties to the Agreement.

In 1989 there began a period of free trade following the abandonment of the Agreement as a result of the breakdown of ICO negotiations. The suspension of the Agreement within the framework of globalization of the economy and liberalization of the coffee trade created difficulties for African coffee in a market cartelized by deteriorating prices and increasingly savage competition among suppliers. The situation was exacerbated by a number of factors, namely the ageing of coffee farms, the outbreak of diseases such as tracheomycosis, which wreaked havoc in Central and East Africa, attacks by insect pests such as coffee berry borer, and , above all, by the lack of financing for coffee rehabilitation projects.

All these disasters had a negative impact not only on the population but also on the quality of export coffee, somewhat damaging the reputation of coffees of African origin. The decline in production led to a fall in Africa's share of the market from 30 percent in the 1960s to 17 percent in 2000/01, benefiting other coffee-producing continents. This quantitative and qualitative decline must be halted as soon as possible in order to ensure a greater market share and take advantage of the trade situation, assuming this were to become favourable, which is far being the case at present. It is necessary to take prompt action because African producers seem to lose any motivation for continuing to grow coffee when they can no longer cover production costs. In this situation production goes down, quality is affected and coffee earnings dwindle.

The economies of most young African countries are dependent on coffee for more than 60 percent of their export earnings and , in some cases, for 90 percent. This means that weakening prices hamper or slow down economic development in most of the continent's countries. At present, African coffee farmers are experiencing a sense of frustration and inner revolt. They feel helpless in the face of market forces controlled by dealers processors, speculators, usurers, roasters, distributors and many others. Coffee prices fixed by international groups and the multinationals and are completely beyond their control. We are constantly hearing that God cries out for the poor African peasants, who ask themselves how long Africa must wait for greater justice in international commodity trade. The time has come for our trading partners to join us in facing the truth and the

reality and to stop fobbing off African peasants with false and unfounded reasons for hope. African peasants are being consigned to the role of mere producers, which is unacceptable given the crisis facing the continent.

In Africa we remain convinced that there must be a complete revision of schemes for cooperation and trade, currently characterized by a selfishness that lies at the root of many weaknesses. We want our participation to be real and not merely a façade. It would be normal for the greed that makes speculators so abhorrent to African producers to give way to a general mobilization of the latter on the basis of an effective conquest of economic power, as conceived by the peasants themselves rather than as imposed on them in the name of liberalization of the coffee trade. Since liberalization has, in fact, shown its limitations, we need a concrete project, a strategy to save our peasants. The affluent countries whose multinationals grow rich at the expense of our own countries, have a duty to help African coffee authorities to organize real power to enable them to obtain more money from consumer purses. This would include agreeing to finance the private sector of the African coffee trade so that it can improve production by providing active support for research and extension, as well as encouraging the establishment of a processing structure to enable coffee to be processed locally, thus adding value before export.

In fact, the African private sector is generally frustrated in its efforts to secure technology transfers and has to content itself with exporting coffee in bean form, which excludes it from the profitable stage of the coffee trade. It needs to move beyond this stage and seek profits by changing the nature of its production and market processed products that provide greater export earnings, thus ensuring a significant contribution to state investment budgets and guaranteeing the harmonious planning of development programmes, as well as permitting regular debt servicing. Within this framework we would wish particular attention to be given to African research networks at the regional coffee tasting centre in Abidjan (Côte d'Ivoire) in order to help these networks to strengthen their capacity to combat pests and diseases, to establish proper production policies, to distribute high-performance plant material, and to create conditions for

improving export coffee quality with a view to enabling Africa to offer consumers the world's best coffees. We would go even further, asking for this structural assistance to be backed by institutional aid provided through IACO. The aim is to assist this instrument of African coffee cooperation to define a development policy for African coffee growing. We are asking our international partners to encourage our countries by providing the technical and financial assistance that will enable them to carry out effective coffee policies through the consolidation of their coffee institutions and of IACO, as well as the strengthening of research on production, processing, exports and consumption.

In the case of consumption, we need to combat the stagnation affecting the African coffee industry. IACO is attempting to provide a new orientation in this regard by focussing promotion efforts on producing and non-producing countries in Africa, particularly in northern and southern Africa. This is because following the slump in demand African countries dependent on coffee were obliged to target their promotion policies at other markets. For this reason, we welcomed the efforts made by the ICO to increase consumption, including that of African coffees, through generic promotion campaigns aimed not only at traditional markets but also at emerging markets in eastern Europe, Japan, China and the Soviet Union. We have great faith in this ICO initiative and think it should continue.

The support which Africa is requesting from financial agencies in developing countries in the name of liberalization and globalization will focus on the private sector of the African coffee industry. Provided with sufficient funds to overcome obstacles in coffee production and marketing, the private sector should be able to solve problems relating to research and genetic resources, to improve cultural techniques, to create training and extension centres and to carry out viable coffee projects. International financial agencies should also help the private sector of the African coffee industry to play a role in training peasant farmers, with a view to creating a new class of peasants equipped to act as real entrepreneurs in the modern and current sense of the term.

Having stressed the mission which African producing countries assign to the private sector, we hope to see the emergence of a new spirit in our trading partners and a trend towards greater equity in our relations. Africa would like North-South or even South-South financial agencies to take an interest in the coffee trade and its private sector and considers that the support it is requesting at international level, which would lead to its economic development thanks to the restoration of its coffee sector, should be centred on the following aspects: production, quality, processing, exports, marketing and consumption.

In conclusion, Africa needs to pay more attention to the following points:

- developing productivity through well-organized extension activities and the application of agricultural research activities in this field
- recovering its market share by developing the quality of African coffee to give it a better image
- training a new generation of farmers
- regaining its position in traditional markets
- conquering emerging markets
- strengthening the institutional capacity of research and development structures
- linking the African coffee research network to the world coffee network
- improving African production by combating pests and diseases.

These are the major challenges currently facing the African continent. To meet these challenges, Africa is counting on the understanding, solidarity and support of our international partners. It is a moral issue, a question of justice for the sake of the common destinies linking North and South.

Thank you and may God bless you all.