

WORLD COFFEE CONFERENCE, LONDON: 17-19 MAY 2001

Opening address to delegates at reception on 17 May 2001: given by Kate Timms, Director-General, Agriculture and Food Industry Directorate, Ministry of Agriculture, Fisheries and Food

- May I first of all extend a very warm welcome to all delegates, but also offer apologies on behalf of our Minister of Agriculture, the Rt Hon Nick Brown MP, who is engaged at present on the general election campaign and for that reason cannot attend this evening's reception.
- On his behalf, however, I am honoured to welcome the World Coffee Conference to London. London, a major centre of communications, travel and of the coffee trade for both domestic and foreign firms, is also privileged to host the headquarters of the International Coffee Organisation.
- The UK has always had important links with the coffee industry, in fact some of our major financial institutions such as the Stock Exchange and the insurance company Lloyds were conceived in the coffee houses of eighteenth century London.
- The London International Financial Futures and Options Exchange (LIFFE) administers the very active futures market for Robusta coffee. It is Europe's leading futures and options exchange and the third largest exchange of its type in the world. Most of the world's leading financial and commodity institutions are members; the universality of membership facilitates market liquidity, and the trading security offered is especially valuable to coffee exporters.

First, let me say a word about the current market situation:

- The current global coffee market has seen supply outstrip demand and prices fall to their lowest levels in history, in real terms.
- We appreciate that with prices as low as they currently are there will be consequences for the incomes of growers. This could lead to poor crop maintenance and subsequently coffee quality, with consequences for the industry and consumer confidence. We hope it will be possible to foresee a strengthening

of the market, if only because of the vital role which coffee plays in the economies of so many developing countries.

- The importance of agriculture to development is critical. Agriculture not only provides the food and raw materials for consumers and industry alike, but is also a vital source of employment for rural communities. A higher agricultural growth rate is normally identified as essential for poverty reduction in many developing countries.
- Primary agricultural commodities, such as coffee, epitomise the importance of the agricultural sector - indeed that is why they are often described as the backbone of many developing economies. They are not only an important source of foreign exchange but also contribute significantly to the livelihoods of a large number of people, including smaller producers in rural areas.
- The UK is firmly committed to assisting the integration of developing countries into the multilateral trading system. With this aim, we have supported the Everything But Arms initiative (EBA), which aims to provide the world's least developed countries with access to EU markets.
- The UK is also committed to improving access to EU markets for developing countries more generally. This will encourage diversification with an aim to improving export earnings.
- Last year, the UK provided more than £2.2 billion in development assistance on a bilateral and multilateral basis and we continue to strive to make progress towards the UN's development assistance target of 0.7% of GNP.
- The UK Government has undertaken research and development activities on coffee in 15 countries since 1987, spending some £15m. The work has focused mainly on integrated pest management and on quality analysis and prediction. So our commitment to working with coffee producing countries to strengthen and develop their economic base remains as strong as ever.

Second, a word about the way forward for coffee production:

- Though the United Kingdom is thought of mainly as a tea drinking country, one only has to look at the number of coffee shops in our high streets, railway stations and shops to appreciate the dramatic growth in consumption which coffee has seen in recent years. Much of this success can be attributed to the millions of pounds that UK companies spend on advertising and, through television and the media, the very positive image that coffee has with consumers.
- Coffee is Britain's fastest growing hot beverage and accounts for nearly half of the total value of the UK hot beverage market.
- We believe that the International Coffee Organisation provides a unique forum for addressing important issues about the role of coffee production in the growth of earnings, and hence in economic development more widely.
- We support the various ICO projects on coffee quality improvement, area rehabilitation, and sustainable coffee production systems. These and the various other ICO coffee projects will greatly benefit the coffee economy more widely.
- We support the new International Coffee Agreement, which includes new areas such as increased co-operation with the private sector, and the promotion of a sustainable coffee economy. All of these new initiatives will make their contribution towards a strengthening of the World Coffee economy.

Finally, some conclusions:

- One of the key aspects of the new International Coffee Agreement is the World Coffee Conference. The Conference provides a unique opportunity for all parties in the coffee sector to come together and address the key issues affecting the industry.

- Ladies and Gentlemen: the World Coffee Conference is what brings us all together this evening. I know from your programme that this will be a challenging and valuable occasion for all participants. On behalf of the UK Government, may I express the hope - or rather the confident prediction - that the outcome of this conference will be of lasting benefit to the work of the new International Coffee Agreement in the future.