

SUMMARY OF THE SECOND WORLD COFFEE CONFERENCE

- **Learning from the crisis**
- **And seeking market solutions**
- **With a view to sustainability**

- **A summary of the statements has been grouped under the five headings indicated below.**

1. ECONOMIC BACKGROUND

- **The coffee market cannot be considered separately from the economy as a whole and, more particularly, from commodities, for which the market is not favourable to any intervention.**

- **In order to ensure a balance between production and consumption we must be able to count on market instruments which**
 - ✓ can assure a fair and balanced remuneration for the entire production chain
 - ✓ with emphasis on the weakest link, namely production,
 - ✓ without harmful effects on the remaining links.

- **In today's world, there is no room for quotas or agreements to restrict production.**

- **We must work in the opposite direction, eliminating tariff barriers and ensuring free access to markets:**
 - ✓ for coffee;
 - ✓ for other products that permit diversification.

- **We must work in our own countries to create market mechanisms to regulate the flow of the crop in order to ensure stable supply, which affects all links in the chain.**

2. CONSUMPTION/DEMAND

- **We must increase coffee consumption in order to facilitate the transfer of income to the producer.**

- **The Conference recommends measures to increase consumption at various levels.**
- **Traditional markets**
 - ✓ new products/ innovations (espresso, sachets, coffee-based drinks);
 - ✓ institutional programmes, like “Coffee and Health”;
 - ✓ taking advantage of the coffee shop explosion.
- **Emerging markets**
 - ✓ importance of an accessible price;
 - ✓ soluble coffee as a way in.
- **Producing countries**
 - ✓ developing a coffee culture;
 - ✓ improving quality.
- **The role of institutional campaigns in promoting coffee was much mentioned:**
 - ✓ “Coffee and Health”;
 - ✓ public relations;
 - ✓ joint efforts by producers and consumers;
 - ✓ assistance from donors like the Common Fund for Commodities to develop markets without private sector counterpart contributions in some areas and with counterpart contributions in others.
- **Possible role of the ICO as initiator and catalyst for programmes in the three markets:**
 - ✓ emerging
 - ✓ traditional
 - ✓ producing countries
- **On the whole, Conference speakers were optimistic in relation to achieving a more rapid rate of consumption increase than in recent years.**
- **This momentum would be attributable not only to current trends but also to the activities suggested above.**

3. PRODUCTION/SUPPLY

- **In order to satisfy the additional demand envisaged,**
 - ✓ without triggering new cycles of expanding production,
 - ✓ and so perpetuating crises,
 - ✓ we must find market instruments to organize production
 - ✓ aiming at a remunerative price level
 - ✓ that will not, however, incite over production.

- **Among proposed measures, the following should be highlighted:**
 - ✓ better organization of producers (cooperatives, associations, etc.) to shorten the chain and facilitate access to credit, risk management, certification, quality, etc.
 - ✓ improving the producers' capacity to market their crops by making strategic alliances, increasing their scale of operations and acquiring know-how.
 - ✓ adding value, mainly by processing coffee in countries of origin, since prices of processed products are more stable than those of raw materials.
 - ✓ disseminating the use of risk-management tools.
 - ✓ diversifying to reduce dependence on a single product.
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- **The ICO would have a number of roles to perform in the area of organizing production, including:**
 - ✓ finding resources for programmes;
 - ✓ coordinating programmes involving various countries;
 - ✓ integrating the policies of various countries;
 - ✓ facilitating initiatives for sustainability by ensuring that rules, rights and obligations are properly balanced and negotiated among all participants in the chain.

4. SUSTAINABILITY

- **Sustainable growth of the coffee chain**
 - ✓ with balanced development of consumption and supply;
 - ✓ with more harmonious distribution of income throughout the chain to ensure profitability at all levels;
 - ✓ with due regard for economic, social and environmental considerations.
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- **Economic sustainability is the result of a series of factors**
 - ✓ research
 - ✓ technology
 - ✓ inputs
 - ✓ marketing
 - ✓ processing
 - ✓ distribution

At the heart of which is the work of the producer.

- **Sustainability initiatives are being developed and refined. However, Conference speakers mentioned the need for adjustments.**
- ✓ Greater emphasis on economic sustainability, which is the basis for the other components (social and environmental).
- ✓ Small producers should have access to certification.
- ✓ Certification costs should be divided to ensure that producers are adequately remunerated.

- **There was clear evidence of the interest of international donors in supporting the efforts of the coffee sector in various areas.**

5. MARKET TRANSPARENCY

- **There was considerable comment on the need for greater market transparency as a way of reducing volatility, using modern technologies for:**
 - ✓ crop estimates;
 - ✓ stock control;
 - ✓ demand projection.
- **Reliable market data are vital for**
 - ✓ coordinating production;
 - ✓ promoting demand in an adequate way;
 - ✓ ensuring sustainability.
- **The ICO could play a leading role in the preparation, compilation and validation of statistics and projections.**

6. BRIEF COMMENTS

- **Some brief comments on concepts frequently referred to by Conference speakers:**
 - ✓ Quality and pleasure are essential for adding value (i.e. improving prices).
 - ✓ Promotion programmes produce results (bear in mind the case of Brazil).
 - ✓ Prices cannot be controlled artificially but can be influenced by promotion and market segmentation.
 - ✓ Coffee is one of the best products for bringing together rich and poor since the rich countries are not competitors in the production of coffee.

7. PERSONAL CONCLUSIONS

- **Many other ideas, concepts and suggestions emerged from the diversity of opinions that guided the preparation of the programme for the Conference.**
- **Many ideas that seemed to be conflicting can be considered complementary if seen in the proper context**
 - ✓ for example, the apparent dichotomy between small producers who use limited technology and producers of any size who use advanced technology.
- **The question of technology and the sustainability of production are responses to the environmental, social and economic conditions of a country.**

- **A country can be sustainable in its own way and produce the qualities required by the market.**

- **We cannot single out technologies, production systems or particular qualities since each plays a role in the creation and development of markets, as in the case of soluble coffee, for example, much mentioned as a key instrument in opening up new markets.**

- **I conclude by going beyond the summary and delivering a message on behalf of Brazilian coffee growers.**
 - ✓ since Brazil is one of the highest income coffee producers
 - ✓ and I am sure that our competitors are, like us, on the road to increasing their incomes,
 - ✓ I see Brazil as a real-life laboratory,
 - ✓ trying out paths that other countries are bound to follow in the near future.

- **Brazil is prepared to share with its competitors its advances in areas as diverse as:**
 - ✓ research and technology;
 - ✓ crop estimates;
 - ✓ risk management;
 - ✓ increasing consumption;
 - ✓ institutional development;
 - ✓ and many other areas that I do not have the time to mention.