THE INTERNATIONAL COFFEE MARKET AND THE ROLE OF THE ICO

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Era of market regulation (1963-89)

- ICO quota system
  - Global quota
  - Individual country quotas (based on past exports and stocks)
  - Price range
  - Effective controls (Certificate of Origin)
  - Adjustment mechanisms (quota increases/cuts, annual redistribution)
The end of market regulation (1989)

- Unfavourable political climate (end of Cold War, neoliberal consensus against market intervention)
- All commodity agreements called into question
- Reduced dependence on coffee for export revenues
- Two-tier market
- Distribution of quotas

The present: 1989 onwards

The ICO as a knowledge management organization:

- Forum for international cooperation
- Coffee development projects
- Economics
- Statistics
- Promotion
- Quality and food safety
- Coffee and health
- Information services
ICA 2007

- Overall objective: 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.

Membership

- International Coffee Agreement (ICA) 2007
  - 38 exporting Members and 6 importing Members (including EU)
  - 97% of world production
  - 80%+ of world consumption
Strategic Action Plan

1) Serving as a forum for the development of policies and solutions to strengthen the global coffee sector;
2) Enhancing transparency of the coffee market;
3) Encouraging the development and dissemination of knowledge on the world coffee economy; and
4) Promoting a sustainable coffee sector.

Forum for International Cooperation

- Regular meetings of ICO bodies
- ICO seminars and workshops
  - Impact of certifications
  - Coffee Berry Borer
  - Geographical Indications
  - Potential for Diversification
  - Genetically Modified Coffee
  - Equitable Trading
- Consultative Forum on Coffee Sector Finance
Forum for International Cooperation

➢ World Coffee Conference
  ❖ I: London, UK (2001)
  ❖ II: Salvador, Brazil (2005)
  ❖ III: Guatemala City, Guatemala (2010)

Economics

➢ Monthly Market Report
➢ Studies
  ❖ Trends in consumption
  ❖ Effect of tariffs on the coffee trade
  ❖ Fertilizer prices
  ❖ Consumption in non-member countries
  ❖ Obstacles to consumption
  ❖ Organic coffee
  ❖ Mixtures and substitutes
  ❖ Other
Statistics

- ICO Indicator Prices (daily)
- Monthly Trade Statistics (monthly)
- Green and Processed Coffee Trade Statistics (quarterly)
- Coffee Statistics (annual)

Coffee Development Projects

- ICO role:
  - Establish areas of priority for project activities
  - Analyse and advise on the preparation of projects
  - Approve projects for subsequent submission to donor or financing organizations, as appropriate
  - Supervise project execution
  - Disseminate results
Coffee Development Projects

- **35 projects in portfolio (1995/96 to 2010/11):**
  - Total value: US$ 104 million
  - 26 concluded
  - 8 ongoing
  - 1 preparing to start implementation

- **26 projects in pipeline:**
  - Total value: US$ 134 million
  - 5 under consideration by CFC
  - 10 to be considered by other donors
  - 11 under consideration by the ICO

Promotion & Market Development

- Promotion in China and Russia (1998-2001)
- Story of Coffee (book)
- Step-by-Step Guide to Promote Coffee Consumption
- ICO Coffee Promotion Network
- Plan for Promotion and Market Development (2012)
Coffee and Health

- Positively Coffee Programme
- Healthcare Professions – Coffee Education Programme

Quality and Food Safety

- Quality
  - Coffee Quality-Improvement Programme - Resolution 420

- Food Safety
  - Good Hygiene Practices along the Coffee Chain
  - Prevention of Mould Formation
  - Monitoring of Codex Alimentarius and legislation in consuming countries
Information Services

- Website: www.ico.org
- Library
- Publications:
  - World of Coffee
  - Coffee: An Exporter’s Guide (ITC)
  - The State of Sustainable Coffee

Challenges: The way forward 1

- Strengthen support services / capacity-building
- Strengthen research: coffee genome, biodiversity conservation, development of new varieties, carbon sequestration
- Implement adaptation and mitigation strategies to offset climate change and other adverse effects of weather
- Encourage diversification/multiple functionality
- Improve labor productivity, esp. harvesting techniques
- Improve post-harvest processing
Challenges: The way forward 2

- Increase yields without increasing land area
- Improve access to financial services (credit & risk management)
- Strengthen domestic consumption
- Social sustainability: empower women & attract youth

Value addition:
- Differentiation (quality, certification, geographical indications etc.)
- Industrialization

Thank you

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