

**Crisis in the international coffee market**  
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European Parliament resolution on the crisis in the international coffee market

The European Parliament,

- having regard to the International Coffee Organization's Resolution 407 on the 'Coffee Quality Improvement Programme',

- having regard to the conclusions of the General Affairs and External Relations Council of 19 November 2002 which expressed 'serious concern' about the situation facing developing countries which are dependent on coffee exports,

- having regard to the resolution adopted by the ACP-EU Joint Parliamentary Assembly on 3 April 2002,

- having regard to its previous resolutions on fair trade,

A. whereas there is growing concern among Member States, raised in parliamentary resolutions and government statements, about the devastating impact of the coffee crisis in developing countries,

B. whereas the Member States make up 15 of the 21 importing-country members of the International Coffee Organization (ICO) and account for 46% of the world's coffee imports,

C. whereas coffee prices have fallen by over 50% over the last three years - to the lowest price in real terms for at least 100 years - and seem likely to maintain their recent increased volatility,

D. whereas this situation has partly arisen from the dismantling of the ICO, which regulated the coffee market by various means, including a quota system,

E. whereas the current crisis is the result of the policies being implemented by international bodies (World Bank, IMF, WTO), seeking to encourage developing countries to liberalise trade further and pursue an economic strategy directed towards the external market, and whereas the EU shares responsibility for this,

F. whereas the collapse of coffee prices has resulted in a widespread crisis for 25 million coffee farmers in over 50 developing countries where coffee is a crucial source of rural employment and foreign exchange earnings,

G. whereas the majority of countries most dependent on coffee export revenues are either least developed or highly indebted countries,

H. whereas trade in commodities in Africa accounts for 75% of all export income, and dependency on coffee export earnings is as high as 80% for Burundi, 67% for Ethiopia, 55% for Uganda and 43% for Rwanda,

I. whereas the practice of monocultures is prevalent in many developing countries, accentuating the dramatic impact of the commodities crisis on their economies,

J. whereas this crisis has a direct impact on government revenues in the developing countries concerned, thus affecting budgetary allocations to social sectors,

K. whereas the coffee crisis has brought about political instability and unrest in some coffee-producing countries, for example Guatemala, and has been closely linked to humanitarian crises in many others, for example Ethiopia,

L. whereas farm-gate prices have fallen well below production costs, with a subsequent impact on coffee workers' wages, and many coffee farmers are being forced to sell their land, migrate to urban areas or switch to the production of illegal crops,

M. whereas this has caused a general worsening in working and living conditions on coffee plantations, especially for women, who make up the majority of coffee pickers at the very bottom of the coffee chain, and whereas there are extensive reports of the use of child labour and exploitative labour conditions on coffee plantations,

N. whereas four companies - Nestlé, Kraft, Sara Lee and Procter & Gamble - control almost half of the world's coffee sales, with total revenues exceeding USD 100 billion a year, and whereas their profit margins are increasing,

O. whereas Commissioner Nielson told African ministers in November 2002 that 'we will at the end of this year (2002) have accumulated around EUR 11 billion in unspent commitments or uncommitted money from the 6th, 7th and 8th EDFs',

P. whereas on 19 May 2003 the ICO and the World Bank will host a High-Level Round Table on the coffee crisis in London,

1. Welcomes both the Council's and the Commission's recent expressions of concern about the situation facing coffee-dependent countries, their stated support for the ICO's quality programme, and the commitment from the Commission to come forward with ideas to address the situation of commodities in general, including coffee;

2. Welcomes Commissioner Nielson's undertaking in November 2002 to 'examine the possibilities of freeing up and reallocating old (EDF) money at the same time as we go for utilising to the full extent the new flexibility in the 9th EDF';

3. Welcomes the French proposal to put the issue of commodities, including coffee, on the agenda of the G8 Summit in Evian in June 2003 and calls on leaders at the G8 Summit to address the commodities issue for all developing countries;
4. Welcomes the proposal from east African countries to put commodities on the agenda of the Cancun WTO Ministerial Conference, and calls on the EU to support this initiative;
5. Calls on the Commission and the Council to demonstrate real political leadership by developing and driving through a global strategy to alleviate the coffee crisis;
6. Believes that, given the depths of the coffee crisis, concerted ACP-EU action is needed in the short term to address the immediate consequences of the coffee crisis for ACP countries by using in the first instance existing unutilised EDF funds in immediately disburseable payments to alleviate the effects of the coffee crisis on dependent households and coffee-growing regions;
7. Acknowledges the undertaking by the Commission to prepare a communication on commodities and urges the Commission to complete this before the ICO/World Bank High Level Round Table on Coffee on 19 May 2003; insists that the Commission be represented at the highest level at these round table talks;
8. Calls on the EU to include in this communication plans designed to ensure that the national development policies of affected countries take into account the need to address the hardship caused by falling coffee prices, inter alia by
  - supporting producers' efforts to diversify into the production of quality coffee - where possible
  - or helping them to move out of coffee production, as well as supporting the processing of coffee beans to produce final products that can be marketed in the EU and beyond;
  - enhancing coffee farmers' power on the market through the provision of market intelligence and extension advice, support for the creation of cooperatives, and access to credit and inputs;
  - helping coffee producers to profit from better conditions offered by niche markets such as fair trade, speciality and organic coffee, particularly through market development;
9. Calls on the Commission to support the ICO's quality improvement programme by encouraging Member States to monitor independently the quality of coffee entering the European market and to make the results of such monitoring public;
10. Believes that coffee roasters and traders ought to adopt codes of conduct for the coffee sector which should be independently monitored and implemented in cooperation with the relevant stakeholders, should comply with the relevant ILO/UN treaties and existing national legislation, and should contain an explicit commitment to pay prices which meet the social and environmental needs of the sector, and calls on the Commission to take a pro-active role in its dialogue with European coffee roasters and traders on the adoption of such codes of conduct;
11. Strongly urges the Commission to take up the issue of ICO membership with the US with the aim of encouraging the US to rejoin the ICO;
12. Calls on the Commission to support fair trading in coffee, by providing better access for fair trade coffee producers;
13. Instructs its President to forward this resolution to the Council, the Commission, the governments of the applicant countries, the governments of Russia, the United States and Japan as members of the G8, the ICO and the World Bank.