



The World Bank



International Coffee Organization

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**ICO/World Bank high-level Round-Table
calls on rich countries to take responsibility
on coffee crisis**

London, 19 May. An international high-level Round-Table on the coffee crisis ended today with a call to rich countries to share the burden of the present coffee crisis that affects the living standards of 125 million people mainly in small-holdings in developing countries.

Organized by the International Coffee Organization (ICO) and the World Bank the Round-Table urged the U.S. Government to rejoin the ICO and demanded that rich countries reduce their internal agricultural subsidies and tariffs in order to allow potential diversification in those coffee-producing countries willing to move to other crops.

According to **Néstor Osorio, ICO Executive Director**, *“the Round-Table has given us some important concrete proposals which we will take to the ICO Executive Board and Council later this week. In particular, we will need to decide whether there is still a role for supply management to address the crisis. In the light of the universal acknowledgement of an imbalance in the market, we will also need to pursue the promotion of consumption through various means, including the improvement of quality, and to reduce dependence through diversification”*. Osorio added *“we will need to establish the capacity of international agencies and the private sector to work on concrete actions in areas like credit and risk management, and what measures can be taken to bring producers once again into the profit-zone. The ICO is ready to coordinate the successful implementation of these ideas”*.

For **Kevin Cleaver, Director of the Agriculture and Rural Department (ARD) of the World Bank** *“there is no simple solution, there is no silver bullet. There is a consensus that an integrated package which includes improvement in coffee quality, increase in consumption in non-traditional markets, strengthening of the bargaining and marketing powers of producing countries and support to diversification should be implemented”*.

Participants agreed that a long-term solution of the crisis needs to be part of an integral strategy for the agricultural and rural sector.

Innovative solutions such as the facilitation of access to price risk management products to groups of small farmers in several Latin American and African countries, and new marketing strategies for quality improvement and increase of consumption were showcased.

The Round-Table brought together over 250 delegates including producers from developing countries, government officials, experts from international organizations, advocacy groups and industry representatives to discuss alternatives such as diversification, quality, added value and market development.

Coffee prices reached their lowest levels in 30 years last year (and in 100 years in real terms), and have risen only slightly with the ICO composite indicator price at 52.89 U.S. cents/lb on 16 May 2003. In almost all coffee producing countries, such prices are unable to cover production costs and have led to serious social and economic problems, including increased poverty, indebtedness and abandonment of coffee farms.

The World Bank and the International Coffee Organization (ICO) have been working together to analyse the problems arising from the present coffee crisis in line with the preoccupations of governments and civil society groups.

The ICO will present the outcome of the Round-Table to its International Coffee Council meeting this week and to the G-8 Summit, to take place in early June in Evian, France, and will work as a clearinghouse for the sharing of knowledge on the different initiatives on sustainability and other concrete solutions to the present crisis.

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About the ICO:

Established as an intergovernmental organization in 1963 to serve the international coffee community, the ICO is the focus for international cooperation on coffee matters, coordinating activities with other international agencies and bringing together producing and consuming Governments and private sector representatives to exchange views and address policy issues. In October 2001, the latest International Coffee Agreement entered into force, with new objectives including promoting quality, promoting coffee consumption and encouraging the development of a sustainable coffee economy. The ICO provides the following services: up-to-date information and statistics; innovative projects to benefit the world coffee economy; economic studies; and promotion of coffee consumption in emerging markets.

About the World Bank:

The World Bank is one of the world's largest sources of development assistance. The Bank's objectives in rural poverty reduction, and for rural development in general, are geared to helping poor countries accelerate economic growth so that it is shared by the poor. The Bank's agriculture and rural development strategy focuses on: fostering an enabling environment for broad-based and sustainable rural growth; enhancing agricultural productivity and competitiveness; fostering non-farm economic growth; improving social well-being, managing and mitigating risk, reducing vulnerability; and enhancing the sustainability of natural resource management.

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