



INTERNATIONAL COFFEE ORGANIZATION
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
ORGANIZAÇÃO INTERNACIONAL DO CAFÉ
ORGANISATION INTERNATIONALE DU CAFÉ

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Draft development strategy for coffee

Background

1. The International Coffee Organization is the designated International Commodity Body (ICB) for coffee and has responsibility for formally submitting projects to the Common Fund for Commodities (CFC). As an ICB, it is also responsible for prioritization, formulation and supervision of projects and for seeking stakeholder, and most particularly target beneficiary participation. The CFC requires a clear development strategy for each ICB, subject to review every five years and updated if required by changing circumstances. The current Development strategy for coffee (document EB 3768/01 Rev. 3) was last revised and approved by the Council in May 2004. The attached draft draws on elements of the current strategy, the conclusions of the CFC/ICO workshop on coffee development priorities (document CFC/ICO-8/06), the International Coffee Agreement 2007 and other relevant documents.

2. The Manual for the preparation and management of projects to be financed by the CFC states that the process of project formulation starts with the definition of a clear development strategy for the commodity concerned by the designated ICB. The strategy identifies and prioritizes coffee development issues, and indicates measures to address them, in order to assist the process of formulating projects for consideration by the CFC. However, it may also be seen as a general statement of strategic priorities independent of its specific role as a reference for projects. The strategy document contains the following sections:

- I. Brief profile of coffee
- II. International cooperation on coffee
- III. Prospects and potential
- IV. Constraints
- V. Development strategy and action programme
- VI. Identification of beneficiaries

Annexes

- I. Statistics
- II. Article 1 (Objectives) of the International Coffee Agreement 2007
- III. List of coffee producing countries, Members of the International Coffee Organization under the International Coffee Agreement 2001 and members of the Common Fund for Commodities

Action

The Council is requested to consider the draft development strategy and, if appropriate, to approve it.

DEVELOPMENT STRATEGY FOR COFFEE

I. BRIEF PROFILE OF COFFEE

1. Coffee is remarkable for being produced in almost all non-arid countries in the tropics. Over 50 countries produce coffee in significant amounts; in many of these, earnings from coffee exports are of vital importance to the country's balance of payments. A further characteristic is that, with minimal exceptions, coffee is produced in developing countries, including a significant number of least developed countries (LDCs). The bulk of consumption, on the other hand, takes place in industrialized countries and Brazil, the second largest coffee consuming country in the world behind the USA. Coffee is an important agent of development, providing a livelihood for millions of people around the world, generating cash returns in subsistence economies and, since coffee production and harvesting are labour-intensive, providing an important source of rural employment, for both men and women.

2. The coffee tree is grown for its fruits, which contain one, or more usually two, coffee beans. After various stages of processing, these beans are roasted and used primarily in the preparation of a beverage known throughout the world. Of the numerous botanical varieties of coffee trees, only two are cultivated and utilized commercially to any large extent worldwide. One is *Coffea arabica*, usually known as Arabica, accounting for more than 60 percent of world production. The other one is the Robusta coffee tree, derived from the *Coffea canephora* species and usually known as Robusta. After the ripe berries have been harvested, two methods are used to remove the envelope or husk from the beans so as to obtain the marketable green coffee: the wet and the dry methods.

3. In the wet method the beans are separated from the cherries by consecutive operations involving considerable quantities of water, consisting of pulping, fermentation to remove mucilage, drying and hulling. In the dry method the harvested berries are placed on racks to dry in the sun for some three weeks, following which hulling can take place. The harvest time (crop year) depends on the geographical zone and climate. In some countries the harvest starts in April, whereas in other countries it starts in July or October. Data on total production of exporting countries is shown in Table 1 of Annex I.

4. Data on total exports by exporting countries to all destinations is shown in Table 3 of Annex I. Although there exists a multiplicity of specific grades traded worldwide the International Coffee Organization recognizes four main groups:

- (a) *Colombian Mild Arabicas*, exported by Colombia, Kenya and Tanzania;
- (b) *Other Mild Arabicas*, exported by other Arabica producing countries;
- (c) *Brazilian and other Natural Arabicas* exported by Brazil, Ethiopia and Paraguay; and
- (d) *Robustas*, generally produced in Africa, in some countries in Asia and also in Brazil.

5. Excellent coffees in terms of their organoleptic characteristics can be produced in all these groups. However, these characteristics do vary and certain groups of coffee are favoured above others with respect to their use in particular preparations or brewing methods. Data on the prices obtained by the various groups is shown in Table 4 of Annex I: ICO composite and group indicator prices, monthly and annual averages.

6. In terms of international trade, coffee is the most valuable tropical agricultural product. Export revenue of coffee producing countries in coffee year 2007/08 is preliminarily estimated at US\$15.2 billion, a record in nominal terms and more than double the figures registered during the crisis years of 2000 to 2004.

7. World coffee consumption has been growing steadily at a rate of around 2.5% a year and is estimated at around 128 million 60-kg bags in 2008. Consumption is concentrated in the mature markets of Western Europe and North America, but is now growing faster in emerging markets, such as those in Eastern Europe and Asia, and in the coffee producing countries themselves (see Tables 2-A, 2-B and 2-C).

II. INTERNATIONAL COOPERATION ON COFFEE

8. The International Coffee Organization (ICO) is the main intergovernmental organization for coffee, bringing together producing and consuming countries to tackle the challenges facing the world coffee sector through international cooperation. It administers the International Coffee Agreement (ICA), the latest of which is the 2007 Agreement, which was concluded in London in September 2007. The Members of the ICO account for approximately 97% of world coffee production and 82% of world coffee consumption.

9. The principal issues with respect to coffee are summarized in the Preamble to the International Coffee Agreement 2007, in which participating Governments recognize:

- the exceptional importance of coffee to the economies of many countries which are largely dependent upon this commodity for their export earnings and for the achievement of their social and economic development goals;
- the importance of the coffee sector to the livelihoods of millions of people, particularly in developing countries, bearing in mind that in many of these countries production is on small-scale family farms;
- the contribution of a sustainable coffee sector to the achievement of internationally agreed development goals, including the Millennium Development Goals (MDGs), in particular with respect to poverty eradication;
- the need to foster the sustainable development of the coffee sector, leading to enhanced employment and income, and better living standards and working conditions in Member countries;

- that close international cooperation on coffee matters, including international trade, can foster an economically diversified global coffee sector, the economic and social development of producing countries, the development of coffee production and consumption, and improved relations between coffee exporting and importing countries;
- that collaboration between Members, international organizations, the private sector and all other stakeholders can contribute to the development of the coffee sector; and
- that increased access to coffee-related information and market-based risk management strategies can help avoid imbalances in the production and consumption of coffee that may give rise to pronounced market volatility which can be harmful to both producers and consumers.

10. The 2007 Agreement represents the main instrument for international cooperation on coffee and hence provides the most appropriate framework for the establishment of a development strategy for coffee. For this reason it is worth bearing in mind the specific objectives of the Agreement, established in Article 1, which have clear strategic implications (see Annex II). In addition to these objectives, a number of functions and activities are required by specific Articles of the Agreement.

11. The ICO works closely with the CFC in initiating and implementing development projects. To date, the CFC has provided approximately 53% of the funding for 30 projects with a total value of around US\$84 million. The rest of the funding has come from bilateral and multilateral donor institutions in respect of co-financing, and from the beneficiary countries in the form of counterpart contributions.

III. PROSPECTS AND POTENTIAL

12. Most commodity-dependent countries must adjust their economies in order to meet the challenges of a changing and, in many ways, hostile external economic environment. It is commonly agreed (see, for example, Resolution 93 (IV) of the United Nations Conference on Trade and Development (UNCTAD)) that the longer-term objective of this process should be diversification away from excessive dependence on primary commodities and towards industrial development. The achievement of this objective is rendered more difficult by prolonged periods of depressed commodity prices, such as that which occurred in coffee from 2000 to 2004. The need for continued action on the question of commodities and the importance of ICBs has been emphasized more recently by initiatives such as Resolution 61/190, adopted by the General Assembly of the United Nations in February 2007, and the 'Global Initiative on Commodities: Building on shared interests' Conference organized by UNCTAD and other entities and held in May 2007.

13. In spite of the need to reduce dependence on commodities, coffee has a number of long-term strengths. Firstly, it generates substantial employment in rural areas; secondly, it is a crop that, on the whole, is beneficial to the environment; thirdly, it is often one of the few tropical agricultural products that can generate both cash income to growers and hard currency export earnings; and lastly, it is very widely consumed throughout the world, with a considerable range of differing product preparations and qualities that extend up to high-value “gourmet coffee”. There is also considerable potential to expand consumption in a number of countries with large populations.

IV. CONSTRAINTS

14. Coffee is subject to a number of constraints at the level of the producer, including: the negative effects of pests and diseases; increasing costs of key inputs, such as labour and fertilizers; need to develop the capacity of farmer support institutions; lack of incentives to improve quality; and necessity to address the impact of climate change. Moreover, the marketing of coffee has seen many changes over the last 20 years, during which many countries have moved towards liberalized trading regimes. The challenge is to ensure a healthy and competitive trading environment in which the interests of the commercial sectors of the global industry are in line with the needs of the less advantaged developing countries, in order to ensure sustainability over time. Here the long-term cyclical behaviour of prices and the high degree of price volatility are obvious problems, particularly for the millions of smallholders who depend on coffee for their livelihoods. Finally, the increasing amount of regulatory measures currently being introduced on grounds related to environmental or public health concerns and the presence of tariff barriers to added value coffee (or finished goods) need to be carefully monitored in order to avoid effects that may be inappropriate and detrimental to the coffee trade and its products.

Poverty

15. The problem of low prices is seen as one of particular concern, resulting in more poverty and lower quality. The Deputy Secretary-General of the United Nations, Louise Frechette, in a statement to the General Assembly on 3 November 2003, pointed out that the decline in prices for commodities such as coffee contributes to increased poverty and makes it more difficult to reach the MDGs. The recent coffee crisis, which lasted from 2000 to 2004, saw prices fall to their lowest levels in nominal terms since the late 1960s and took a heavy toll in terms of reduced rural income; abandonment of plantations; replacement by other crops, including illegal drugs; and migration from rural areas. Since then, prices have recovered substantially, although they only returned to the pre-crisis (1998) level in 2008. Nevertheless, the long-term downward trend of coffee prices in inflation-adjusted terms and the cyclical nature of the coffee market point to the continuing need to address this issue. This situation necessarily makes measures capable of restoring greater balance between supply and demand to improve prices a matter of priority, given the difficulties of successfully pursuing alternative economic activities in many coffee regions.

Strategic issues

16. More specifically, to create a more favourable atmosphere for economic restructuring and to avoid long periods of depressed commodity prices, it is essential to:

- promote the contribution of coffee to poverty alleviation and living conditions of smallholders;
- maintain prices at levels that are remunerative to producers while taking into account the interests of consumers;
- stimulate the improvement of quality and productivity;
- promote a favourable image of coffee;
- encourage increased consumption and market development;
- support the research and development of new technologies;
- explore ways to mitigate the effects of the rising costs of some key inputs in the production process, such as labour and fertilizers;
- ensure the environmental sustainability of coffee cultivation, including adaptation to and mitigation of the effects of climate change;
- improve infrastructure of coffee production and logistics;
- diversify production in exporting countries;
- reduce excessive short-term fluctuations in prices and export earnings;
- improve market access and reliability of supply;
- promote market transparency by the provision of accurate and timely data at an accessible cost;
- improve market structures, including access to financial instruments, such as price-risk management schemes;
- enhance the participation of producing countries in the processing, marketing, transport and distribution of their commodity exports; and
- develop an understanding that action may be needed at all points in the supply chain, which should be understood as reaching from the grower to the final consumer, not just from the grower to the importer.

17. The attainment of these objectives should be at the core of any long-term coffee development strategy.

V. DEVELOPMENT STRATEGY AND ACTION PROGRAMME

18. The development strategy starts from the position that the key aim is to develop a sustainable coffee economy, giving due importance to the economic, environmental and social aspects of sustainability, as defined at the United Nations Conference on Environment and Development in Rio de Janeiro in 1992 and reinforced in the Johannesburg Declaration on Sustainable Development, adopted during the World Summit on Sustainable Development

in 2002. The strategy is also intended to contribute to achieving internationally agreed development goals, including the eight MDGs aimed at alleviating world poverty by 2015 through targets ranging from halving extreme poverty to promoting gender equality and reducing biodiversity loss. It addresses a number of issues with an impact on the supply chain for coffee, as the concept of chain management requiring analysis of the impact of actions undertaken along the chain is crucial. Because the supply chain is seen as reaching up to the final consumer, marketing aspects, which are also recognized as an important element in the Five-Year Action Plan 2008 to 2012 of the CFC, are given appropriate emphasis.

19. In the case of coffee, the specific objectives listed in Article 1 of the 2007 Agreement identify the main areas for overall consideration. Following on from these, seven main strategic areas for action, which will be subject to regular review by the International Coffee Council, can be identified:

1. Promotion of a sustainable coffee economy

20. It is vital that coffee production and processing should take into account the United Nations Agenda 21 criteria to ensure economic, environmental and social sustainability. It is particularly necessary that the economic environment should encourage stability and reasonable living standards for the populations involved with coffee by securing adequate returns to producers, ensuring meanwhile that adequate consideration is given to maintaining quality rather than the amount of coffee produced. Furthermore, the issue of climate change is expected to exert an increasing influence on coffee production in upcoming years, necessitating appropriate adaptation and mitigation strategies. The ICO also recognizes the social importance of established coffee-growing communities and the difficulties of finding alternative sources of income in many coffee areas and seeks to collaborate with other bodies that promote sustainability.

21. In addition, the ICO seeks to promote the use of environmentally-friendly technologies throughout the production and processing chain, integrated biological pest control and improved technology for the washing process. Action against pests and diseases is important not only to protect the economies of producing countries and the livelihood of farming populations but also to protect the quality of the product. Care must be exercised when developing protection programmes to ensure that these are as environmentally-friendly as possible. Such programmes could include the conservation of germplasm of wild coffee species threatened by the destruction of native habitats as well as key features such as resistance to pests and diseases, tolerance to adverse growing conditions, yield potential, and cup and technological quality.

2. Increased consumption and market development

22. To maintain a sustainable coffee economy, it is important to ensure that increases in supply are matched by corresponding growth in demand. This can be done through quality improvement (see below) and through promotional and educational projects. The ICO attaches particular importance to programmes targeting new or emerging markets and the producing countries themselves. These are the areas of greatest potential for future growth in demand. For example, India, Indonesia and Mexico have a combined population of 1.5 billion and currently have a combined annual consumption of only 5 million bags. Promotion programmes already under way, based on the Step-by-Step Guide to Promote Coffee Consumption that was funded by the ICO, aimed at increasing this figure to a range between 7 to 9 million bags/year over a five-year period. Similar opportunities for raising consumption exist in other markets. Increased domestic consumption in producing countries also has other benefits: making producers more aware of consumer demands and quality factors; providing an alternative market to the export market; generating experience in the production and marketing of value-added products; and stimulating small and medium enterprises. It should be noted that the encouragement of domestic consumption can be accomplished through a number of actions that would not normally be classified as generic promotion.

3. Quality enhancement

23. The maintenance and improvement of quality are crucial to sustain consumption in the long term, add value to the product and ensure compliance with international food safety requirements, thus contributing to a healthier balance between global supply and demand. This can be done through: disseminating awareness of marketing and preparation methods appropriate to high quality coffee; improving cultivation, processing, storage and transportation practices; and through protection against pests, diseases and contamination during storage. In order to preserve coffee quality, the ICO discourages the trade of coffee with less than the equivalent of 95 percent of green coffee as the basic raw material. In addition, the ICO has instituted the Coffee Quality-Improvement Programme, a voluntary initiative that encourages Members to ensure that their green coffee shipments fulfil certain basic quality standards.

4. Diversification

24. As part of its efforts to address the constraints facing coffee producers, the ICO encourages horizontal diversification. Such programmes include projects that aim to generate complementary earnings for growers, such as by the introduction of new crops, without eliminating coffee growing itself. However, vertical diversification to address issues such as the production of speciality coffees has the potential of creating even bigger benefits for the producers. The aim should be to create a balanced enterprise for farmers and a careful analysis of market and ecological conditions is essential when embarking on projects in this area. The CFC, in its Five-Year Plan, has addressed this question when talking about marketing issues, stressing the need to move producers up the value addition chain.

5. Improvement of marketing systems

25. With the transition in many exporting countries to liberalized marketing systems, care is needed to ensure that the benefits of increased market flexibility are not jeopardized by the elimination of necessary functions previously undertaken by marketing boards and similar regulatory bodies, and that there are sound institutions at the domestic and international levels to develop and implement relevant policies and programmes. In addition, the coffee sector in many exporting countries consists of large numbers of smallholder farmers who need assistance to: strengthen grass roots organizations and build up the capacity of coffee sector institutions; develop their capacity to compete in the market; obtain access to commercial credit and technical information; cope with price volatility and other risks through appropriate financial instruments; and generate benefits to their communities. In the interests of a healthy and competitive trading economy it is important that the coffee trade in producing countries has the necessary degree of commercial expertise, access to credit and appropriate legal framework to function effectively.

26. There are considerable differences in countries' ability to assess coffee trade-related issues and subsequently benefit from the results. The ICO is committed to enhancing market transparency by producing statistics, research studies and other information on the world coffee economy, as well as organizing seminars covering a wide array of topics of interest to the world coffee community. In so doing, transaction costs are reduced to the benefit of all components of the coffee supply chain and economic decisions can be taken on the basis of accurate and timely data. The ICO also seeks to evaluate and, if appropriate, propose new instruments of international cooperation designed to monitor particular coffee market trends that might be of interest to Members. These could be undertaken in collaboration with appropriate international organizations.

6. Research and development of new technologies

27. Research and development of technologies to improve conditions for producers can be instrumental in assuring a healthy coffee sector. This should be seen together with the necessary capacity building measures and training to ensure the dissemination of the results of such research. Special attention should be given to environmental issues in view of the positive impact of coffee growing on the global environment. New technologies are under development in a number of areas and include: ecologically more beneficial post-harvest processing methods; plant breeding; genetically modified plant material; improved soluble coffee manufacturing processes; and Internet trading. It is important that appropriate technological advances be developed, evaluated and disseminated to the benefit of the world coffee community, and that increased exchanges of information amongst producers be promoted.

7. Rehabilitation of production capacity

28. In cases where producing countries have suffered a large decrease in production for reasons of *force majeure*, it may be appropriate to encourage programmes to help a recovery in production capacity, providing increases are not of a scale to exert an adverse effect on the supply-demand balance. Such action assists in ensuring that characteristic coffees remain available to the market, in safeguarding the exploitation of comparative advantage and, not least, in providing an important source of employment in view of the labour-intensive nature of coffee cultivation. As part of this strategy, emphasis is given to promoting technical assistance/studies on coffee development in countries that have suffered major natural disasters and/or war disruption.

VI. IDENTIFICATION OF BENEFICIARIES

29. The target groups of beneficiaries can be identified with reference to populations suffering substantial poverty, populations and economies heavily dependent on coffee, areas where there are few viable economic alternatives to coffee and areas where coffee growing provides stable rural employment and where the alternative may be disruptive population movements to urban areas, illegal migration or cultivation of socially harmful products. Many coffee-producing countries are LDCs, as listed in Annex III, and action in favour of coffee would include targeting this category effectively.

STATISTICS**Table**

- 1 Total production of exporting countries
Crop years 2003/04 to 2007/08
- 2-A Domestic consumption of exporting countries
Coffee years 2003/04 to 2007/08
- 2-B Consumption in importing Members
Coffee years 2003/04 to 2007/08
- 2-C Consumption in importing non-member countries
Calendar years 2003 to 2007
- 3 Exports by exporting countries to all destinations
Coffee years 2003/04 to 2007/08
- 4 ICO composite and group indicator prices
Monthly and annual averages 2004 to 2008

TABLE 1
TOTAL PRODUCTION OF EXPORTING COUNTRIES
CROP YEARS 2003/04 TO 2007/08
000 BAGS

Country		2003/04	2004/05	2005/06	2006/07	2007/08
Angola	(R)	38	15	25	35	36
Benin	(R)	0	0	0	0	0
Bolivia	(A)	125	165	135	157	139
Brazil	(A/R)	28 820	39 272	32 944	42 512	36 070
Burundi	(A)	338	437	285	387	169
Cameroon	(R/A)	900	727	849	836	602
Central African Republic	(R)	43	45	46	78	64
Colombia	(A)	11 197	12 033	12 329	12 153	12 515
Congo, Dem. Rep. of	(R/A)	427	360	336	378	397
Congo, Rep. of	(R)	3	3	3	3	3
Costa Rica	(A)	1 783	1 887	1 778	1 580	1 784
Côte d'Ivoire	(R)	2 689	2 301	1 962	2 847	2 150
Cuba	(A)	224	154	125	100	70
Dominican Republic	(A)	351	491	310	387	465
Ecuador	(A/R)	766	938	1 120	1 167	1 110
El Salvador	(A)	1 477	1 437	1 502	1 371	1 626
Ethiopia	(A)	3 874	4 568	4 003	4 636	4 906
Gabon	(R)	0	0	1	1	0
Ghana	(R)	13	16	20	29	25
Guatemala	(A/R)	3 610	3 703	3 676	3 950	4 100
Guinea	(R)	366	316	525	473	387
Haiti	(A)	374	365	356	362	359
Honduras	(A)	2 968	2 575	3 204	3 461	3 842
India	(R/A)	4 508	4 592	4 396	5 079	4 148
Indonesia	(R/A)	6 571	7 536	8 659	6 650	6 371
Jamaica	(A)	37	21	34	41	20
Kenya	(A)	673	736	660	826	652
Madagascar	(R)	435	522	599	587	579
Malawi	(A)	48	21	24	17	19
Mexico	(A)	4 201	3 867	4 225	4 200	4 150
Nicaragua	(A)	1 547	1 130	1 718	1 300	1 700
Nigeria	(R)	46	45	69	51	44
Panama	(A)	172	90	176	172	154
Papua New Guinea	(A/R)	1 155	998	1 268	807	968
Paraguay	(A)	52	26	45	20	29
Peru	(A)	2 616	3 355	2 419	4 249	2 953
Philippines	(R/A)	293	252	309	298	431
Rwanda	(A)	266	450	300	254	252
Sierra Leone	(R)	36	15	60	31	41
Sri Lanka	(R)	37	32	35	33	32
Tanzania	(A/R)	612	763	804	822	810
Thailand	(R)	827	884	999	766	653
Togo	(R)	144	166	140	134	125
Uganda	(R/A)	2 599	2 593	2 159	2 700	3 250
Venezuela, Bol. Rep. of	(A)	780	629	760	813	895
Vietnam	(R)	15 231	14 174	13 542	19 340	16 467
Zambia	(A)	100	110	103	56	61
Zimbabwe	(A)	92	120	66	45	29
Total		103 460	114 935	109 103	126 193	115 650

TABLE 2-A
DOMESTIC CONSUMPTION OF EXPORTING COUNTRIES
CROP YEARS 2003/04 TO 2007/08
000 BAGS

Country		2003/04	2004/05	2005/06	2006/07	2007/08
Angola	(R)	15	15	15	30	30
Benin	(R)	0	0	0	0	0
Bolivia	(A)	60	60	60	60	60
Brazil	(A/R)	14 200	14 950	15 500	16 300	17 100
Burundi	(A)	2	2	2	2	2
Cameroon	(R/A)	69	69	69	69	69
Central African Republic	(R)	4	19	19	19	19
Colombia	(A)	1 400	1 400	1 400	1 400	1 400
Congo, Dem. Rep. of	(R/A)	200	200	200	200	200
Congo, Rep. of	(R)	3	3	3	3	3
Costa Rica	(A)	272	366	358	324	274
Côte d'Ivoire	(R)	317	317	317	317	317
Cuba	(A)	224	224	224	224	224
Dominican Republic	(A)	340	378	378	378	378
Ecuador	(A/R)	150	150	150	150	150
El Salvador	(A)	153	173	203	222	230
Ethiopia	(A)	1 833	1 833	1 833	1 833	1 833
Gabon	(R)	0	0	0	0	0
Ghana	(R)	1	2	2	1	2
Guatemala	(A/R)	300	300	300	300	300
Guinea	(R)	50	50	50	50	50
Haiti	(A)	340	340	340	340	340
Honduras	(A)	200	230	230	230	460
India	(R/A)	1 167	1 250	1 337	1 337	1 430
Indonesia	(R/A)	2 000	2 000	2 000	2 000	2 000
Jamaica	(A)	9	9	9	9	9
Kenya	(A)	50	50	50	50	50
Madagascar	(R)	333	467	467	467	467
Malawi	(A)	1	1	1	1	1
Mexico	(A)	1 500	1 500	1 725	2 000	2 200
Nicaragua	(A)	190	190	190	190	190
Nigeria	(R)	40	40	40	40	40
Panama	(A)	67	67	67	67	67
Papua New Guinea	(A/R)	2	2	2	2	2
Paraguay	(A)	20	20	20	20	20
Peru	(A)	150	150	150	150	110
Philippines	(R/A)	917	917	917	917	1 060
Rwanda	(A)	0	1	1	1	1
Tanzania	(A/R)	27	37	47	47	47
Thailand	(R)	500	500	500	500	500
Togo	(R)	2	2	2	2	2
Uganda	(R/A)	131	120	135	140	140
Venezuela, Bol. Rep. of	(A)	700	700	710	760	760
Vietnam	(R)	500	500	500	917	1 000
Zambia	(A)	1	1	1	1	1
Zimbabwe	(A)	4	4	4	4	4
Total		28 444	29 608	30 528	32 074	33 542

TABLE 2-B
CONSUMPTION IN IMPORTING MEMBERS
COFFEE YEARS 2003/04 TO 2007/08
(60-KG BAGS)

Importing Country	October-September				
	2003/04	2004/05	2005/06	2006/07	2007/08
European Community	39 864 197	39 671 109	40 567 594	41 004 741	39 846 665
Austria	948 943	794 942	640 996	901 105	814 557
Belgium	1 456 337	1 233 520	1 485 601	1 195 965	673 443
Bulgaria	372 472	402 458	418 516	408 428	309 054
Cyprus	58 513	66 843	56 682	68 373	81 051
Czech Republic	602 566	668 089	592 977	673 015	611 114
Denmark	814 508	803 508	794 766	792 430	775 591
Estonia	124 876	129 389	188 004	101 978	139 212
Finland	984 743	1 065 931	1 078 313	1 072 953	1 088 123
France	5 038 167	4 772 951	5 112 753	5 581 447	5 289 334
Germany	9 135 548	9 182 619	8 914 648	9 081 631	9 912 331
Greece	889 711	887 307	901 268	940 574	947 541
Hungary	707 053	592 558	589 061	558 086	369 330
Ireland	197 566	237 365	216 073	218 868	161 984
Italy	5 524 574	5 626 387	5 484 244	5 819 699	5 936 803
Latvia	164 718	143 789	175 597	143 866	120 678
Lithuania	192 431	186 074	216 118	220 756	186 301
Luxembourg	101 478	107 508	105 048	101 124	134 635
Malta	12 503	16 321	26 435	17 835	16 546
Netherlands	1 933 645	1 880 406	2 067 819	2 257 073	1 280 039
Poland	2 302 292	2 257 465	2 058 533	1 642 271	1 253 769
Portugal	672 821	665 142	662 334	751 299	717 199
Romania	825 459	831 679	824 208	834 464	812 243
Slovakia	276 410	282 497	295 600	331 384	356 686
Slovenia	181 386	188 569	172 230	187 934	193 895
Spain	2 680 357	2 909 482	3 130 425	3 011 402	3 454 269
Sweden	1 232 426	1 214 020	1 233 709	1 294 506	1 211 776
United Kingdom	2 432 695	2 524 289	3 125 636	2 796 275	2 999 161
Japan	7 152 430	7 022 796	7 270 806	7 264 650	7 150 450
Norway	699 762	765 525	678 936	773 457	717 374
Switzerland	708 454	1 048 100	892 145	1 003 900	1 016 999
USA	20 728 972	20 634 069	21 328 145	21 198 845	21 425 696
Total	69 153 816	69 141 598	70 737 626	71 245 593	70 157 183

TABLE 2-C
CONSUMPTION IN IMPORTING NON-MEMBER COUNTRIES
CALENDAR YEARS 2003 TO 2007
(60-KG BAGS)

Importing Country	January-December				
	2003	2004	2005	2006	2007
Albania	72 682	61 827	56 030	95 839	105 020
Algeria	1 752 310	2 159 262	1 891 620	1 836 224	1 968 355
Argentina	626 613	580 947	589 812	570 055	643 389
Armenia	145 169	118 760	109 465	68 622	
Australia	873 406	864 164	1 039 442	991 641	1 031 292
Belarus	56 430	103 072	189 973	89 438	
Bosnia and Herzegovina	393 179	388 239	359 021	399 470	397 385
Canada	2 146 329	2 746 724	2 794 362	3 097 949	3 534 611
Chile	193 817	204 923	191 662	206 573	228 004
Croatia	375 428	370 010	373 753	386 133	386 334
Egypt	104 848	116 578	125 384	107 562	149 113
Georgia	40 450	78 065	104 945	99 000	
Hong Kong	96 746	116 996	105 087	117 495	135 921
Iran, Islamic Rep. of	12 957	37 080	43 023	69 427	
Israel	414 320	426 588	401 305	429 693	
Jordan	140 942	197 498	153 502	178 196	224 841
Kazakhstan	56 647	64 854	63 726	68 000	
Korea, Republic of	1 304 686	1 400 837	1 394 106	1 437 254	1 424 785
Kuwait	67 695	67 195	84 312	72 708	
Lebanon	306 773	407 221	322 536	325 033	
Macedonia, FYR	124 855	129 607	134 732	131 001	141 346
Malaysia	-731 244	-841 271	-173 580	238 968	401 387
Morocco	414 873	401 267	388 289	437 229	463 398
New Zealand	219 389	232 789	237 689	256 184	255 664
Puerto Rico	75 018	91 790	108 036	50 633	
Russian Federation	3 581 885	3 086 195	3 212 469	3 262 864	4 054 990
Saudi Arabia	467 447	565 594	594 229	639 722	
Serbia	755 608	851 248	650 637	607 719	613 786
Singapore	-1 069 548	-505 750	-1 067 190	-873 590	-694 578
South Africa, Republic of	373 641	401 956	436 420	484 423	328 891
Sudan	118 873	389 595	398 318	403 302	
Syrian Arab Republic	225 493	341 127	402 475	239 786	
Taiwan	458 872	340 411	320 401	290 066	322 906
Tunisia	120 872	262 975	194 642	180 787	
Turkey	482 469	402 147	464 160	421 074	448 332
Ukraine	647 297	739 476	1 024 529	968 163	1 056 773
United Arab Emirates				271 978	280 171
All other non-members	861 620	825 515	983 059	583 840	
Total	16 308 848	18 225 513	18 702 385	19 240 461	21 200 000

A blank indicates that the information is not available

A negative sign indicates that the country is a net exporter

TABLE 3
EXPORTS BY EXPORTING COUNTRIES TO ALL DESTINATIONS
COFFEE YEARS 2003/04 TO 2007/08
(60-KG BAGS)

Country of origin	October-September				
	2003/04	2004/05	2005/06	2006/07	2007/08
Angola	6 825	4 980	5 710	3 901	7 775
Benin	0	0	0	0	0
Bolivia	75 737	92 750	86 729	91 019	71 184
Brazil	25 468 662	27 364 055	25 512 015	28 981 016	27 770 249
Burundi	220 783	490 442	177 908	424 404	168 000
Cameroon	831 282	658 382	757 655	760 381	549 104
Central African Republic	68 276	41 715	27 000	71 766	45 000
Colombia	10 154 157	11 004 523	10 742 564	11 176 547	11 556 563
Congo, Dem. Rep. of	248 717	168 878	136 198	177 523	196 572
Congo, Rep. of	0	0	0	0	0
Costa Rica	1 505 432	1 509 840	1 317 529	1 371 073	1 395 242
Côte d'Ivoire	2 604 325	1 958 239	2 079 047	2 688 821	1 946 550
Cuba	28 738	34 184	15 033	18 040	3 850
Dominican Republic	51 868	41 071	126 104	75 465	74 276
Ecuador	640 159	953 555	943 129	1 035 601	897 341
El Salvador	1 346 897	1 311 973	1 268 587	1 193 761	1 430 291
Ethiopia	2 373 717	2 619 951	2 702 486	2 769 740	2 805 680
Gabon	0	0	391	1 103	421
Ghana	13 848	16 918	18 737	30 408	25 556
Guatemala	3 305 931	3 457 359	3 348 197	3 747 330	3 821 677
Guinea	345 529	266 116	495 884	426 720	340 226
Haiti	32 402	25 739	24 758	19 871	19 064
Honduras	2 793 760	2 395 233	2 928 560	3 215 472	3 394 793
India	3 826 272	2 790 010	3 409 618	3 393 873	3 146 831
Indonesia	5 342 037	6 456 816	5 744 610	4 206 023	5 381 678
Jamaica	26 623	20 957	20 498	22 579	23 923
Kenya	820 405	658 746	620 135	791 080	627 105
Madagascar	142 784	63 463	165 973	113 050	120 000
Malawi	40 503	17 643	20 115	13 921	27 655
Mexico	2 423 019	1 907 347	2 507 664	2 893 338	2 555 335
Nicaragua	1 270 364	1 015 113	1 427 026	1 212 600	1 639 964
Nigeria	6 150	5 017	28 532	10 735	3 656
Panama	104 931	81 389	109 331	111 411	96 641
Papua New Guinea	1 120 333	1 120 487	994 205	778 719	1 105 834
Paraguay	23 369	20 971	6 744	20 710	6 648
Peru	2 610 258	2 921 528	3 099 085	3 542 250	3 233 530
Philippines	24 724	36 172	37 056	37 352	7 478
Rwanda	405 864	257 356	293 000	189 167	283 000
Tanzania	560 885	747 320	740 282	797 311	747 357
Thailand	348 600	342 100	558 617	328 068	153 400
Togo	151 509	149 587	126 393	146 950	134 131
Uganda	2 523 062	2 488 819	2 001 974	2 704 236	3 209 995
Venezuela, Bol. Rep. of	179 845	29 144	47 801	67 699	143 023
Vietnam	14 497 173	13 994 097	13 121 836	18 089 750	15 774 099
Zambia	100 958	105 850	95 928	59 952	57 380
Zimbabwe	109 690	89 398	54 266	34 074	15 608
Total	88 776 403	89 735 235	87 944 909	97 844 810	95 013 683

TABLE 4
ICO COMPOSITE AND GROUP INDICATOR PRICES
MONTHLY AND ANNUAL AVERAGES
2004 TO 2008
US CENTS PER POUND

	ICO composite indicator	Colombian Mild Arabicas	Other Mild Arabicas	Brazilian Naturals	Robustas
2004	62.15	81.44	80.47	68.97	35.99
January	58.68	73.76	72.73	62.06	39.84
February	59.87	76.53	76.20	65.52	37.05
March	60.80	77.97	78.06	66.97	36.70
April	58.80	75.22	75.44	63.70	36.37
May	59.91	77.17	76.99	65.16	36.56
June	64.28	82.51	82.21	69.61	39.87
July	58.46	76.13	74.94	62.89	36.02
August	56.98	75.35	73.61	61.75	33.91
September	61.47	81.02	80.47	68.90	34.24
October	61.10	83.02	80.55	69.91	31.67
November	67.74	92.83	90.27	79.39	32.71
December	77.72	105.75	104.12	91.76	36.92
2005	89.36	115.73	114.86	102.29	50.55
January	79.35	108.22	107.16	93.63	36.96
February	89.40	121.56	120.86	106.11	41.24
March	101.44	135.54	135.03	120.12	49.51
April	98.20	129.51	129.53	114.48	50.75
May	99.78	128.87	128.37	114.96	56.07
June	96.29	121.29	121.16	107.23	60.02
July	88.48	110.79	109.93	96.56	57.88
August	85.31	108.94	108.20	94.98	51.97
September	78.79	101.15	99.49	89.48	46.87
October	82.55	106.21	105.05	94.40	47.53
November	85.93	109.00	107.74	97.96	51.45
December	86.85	107.69	105.77	97.57	56.39
2006	95.75	116.80	114.40	103.92	67.55
January	101.20	126.92	124.20	114.98	63.39
February	97.39	121.31	119.12	109.01	62.98
March	92.76	116.01	113.66	103.92	59.60
April	94.20	117.87	115.42	105.49	60.55
May	90.00	111.81	109.36	99.29	60.08
June	86.04	105.83	103.15	93.27	60.23
July	88.57	107.85	105.00	94.56	64.49
August	95.78	114.14	111.73	100.37	73.59
September	95.98	111.88	109.83	99.53	77.11
October	95.53	112.67	110.63	99.23	75.17
November	103.48	123.95	122.27	110.04	76.79
December	108.01	131.41	128.44	117.36	76.67

TABLE 4 (cont'd)
ICO COMPOSITE AND GROUP INDICATOR PRICES
MONTHLY AND ANNUAL AVERAGES
2004 TO 2008
US CENTS PER POUND

	ICO composite indicator	Colombian Mild Arabicas	Other Mild Arabicas	Brazilian Naturals	Robustas
2007	107.68	125.57	123.55	111.79	86.60
January	105.81	126.07	124.53	112.50	79.13
February	104.18	123.82	122.03	110.03	79.08
March	100.09	118.33	117.08	104.91	77.00
April	99.30	116.11	114.60	102.22	79.58
May	100.09	115.01	113.24	101.49	83.91
June	107.03	121.20	119.33	107.32	92.68
July	106.20	120.78	117.63	106.24	92.51
August	107.98	125.22	123.19	111.73	87.44
September	113.20	130.37	128.04	117.14	92.78
October	115.71	136.49	134.29	122.12	91.10
November	114.43	133.32	131.00	119.87	92.59
December	118.16	140.12	137.58	125.93	91.39
2008	124.25	144.32	139.78	126.59	105.28
January	122.33	142.66	139.86	127.93	99.21
February	138.82	159.90	157.29	143.78	115.45
March	136.17	151.64	149.89	136.41	121.92
April	126.55	142.04	140.70	127.67	111.29
May	126.76	143.60	141.95	129.52	108.88
June	130.51	149.15	146.15	133.65	111.34
July	132.78	151.18	147.36	134.88	115.23
August	131.14	151.03	146.43	133.28	112.56
September	126.69	148.36	143.27	130.26	105.38
October	108.31	130.99	123.59	110.27	88.77
November	107.88	130.45	121.89	107.96	90.76
December	103.07	130.89	118.97	103.46	82.51

**ARTICLE 1 (OBJECTIVES) OF THE
INTERNATIONAL COFFEE AGREEMENT 2007**

The objective of this Agreement is 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, by:

- (1) promoting international cooperation on coffee matters;
- (2) providing a forum for consultations on coffee matters among governments, and with the private sector;
- (3) encouraging Members to develop a sustainable coffee sector in economic, social and environmental terms;
- (4) providing a forum for consultations seeking understanding with regard to the structural conditions in international markets and long-term trends in production and consumption that balance supply and demand, and result in prices fair both to consumers and to producers;
- (5) facilitating the expansion and transparency of international trade in all types and forms of coffee, and promoting the elimination of trade barriers;
- (6) collecting, disseminating and publishing economic, technical and scientific information, statistics and studies, as well as the results of research and development in coffee matters;
- (7) promoting the development of consumption and markets for all types and forms of coffee, including in coffee producing countries;
- (8) developing, evaluating and seeking finance for projects that benefit Members and the world coffee economy;
- (9) promoting coffee quality with a view to enhancing consumer satisfaction and benefits to producers;
- (10) encouraging Members to develop appropriate food safety procedures in the coffee sector;
- (11) promoting training and information programmes designed to assist the transfer to Members of technology relevant to coffee;

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(12) encouraging Members to develop and implement strategies to enhance the capacity of local communities and small-scale farmers to benefit from coffee production, which can contribute to poverty alleviation; and

(13) facilitating the availability of information on financial tools and services that can assist coffee producers, including access to credit and approaches to managing risk.

**LIST OF COFFEE PRODUCING COUNTRIES
MEMBERS OF THE INTERNATIONAL COFFEE ORGANIZATION
UNDER THE INTERNATIONAL COFFEE AGREEMENT 2001
AND MEMBERS OF THE COMMON FUND FOR COMMODITIES**

	Developing Country ¹	LDC ²	CFC Member
Angola	√	√	√
Benin	√	√	√
Bolivia	√		
Brazil	√		√
Burundi	√	√	√
Cameroon	√		√
Central African Republic	√	√	
Colombia	√		√
Congo, Democratic Republic of	√	√	√
Congo, Republic of	√		√
Costa Rica	√		√
Côte d'Ivoire	√		√
Cuba	√		√
Dominican Republic	√		
Ecuador	√		√
El Salvador	√		
Ethiopia	√	√	√
Gabon	√		√
Ghana	√		√
Guatemala	√		√
Guinea	√	√	√
Haiti	√	√	√
Honduras	√		√
India	√		√
Indonesia	√		√
Jamaica	√		√
Kenya	√		√
Madagascar	√	√	√
Malawi	√	√	√
Mexico	√		√
Nicaragua	√		√
Nigeria	√		√
Panama	√		
Papua New Guinea	√		√
Paraguay	√		
Philippines	√		√
Rwanda	√	√	√
Tanzania	√	√	√
Thailand	√		√
Togo	√	√	√
Uganda	√	√	√
Venezuela, Bol. Rep. of	√		√
Vietnam	√		
Zambia	√	√	√
Zimbabwe	√		√
NEW EXPORTING MEMBERS OF THE ICO UNDER THE INTERNATIONAL COFFEE AGREEMENT 2007			
Liberia	√	√	
Timor-Leste	√	√	
Yemen	√	√	√

¹ Classifications are taken from the United Nations Statistics Division website at http://unstats.un.org/unsd/mdg/Resources/Static/Data/MDGRegionCodes_200611.xls

² Ibid.