

**STATEMENT BY MR NESTOR OSORIO
EXECUTIVE DIRECTOR
INTERNATIONAL COFFEE ORGANIZATION**

On behalf of the International Coffee Organization and its Member States, I would like to begin by expressing to the Government of Brazil, to the authorities of Salvador and Bahia, and to the Brazilian people our gratitude and appreciation for welcoming us with such charm and hospitality to this beautiful city, which is hosting the 2nd World Coffee Conference.

Your presence, President Lula da Silva, honours this event and reflects Brazil's importance and pre-eminence in the coffee world as the natural and indisputable leader in political and entrepreneurial matters given its position as the world's leading producer and second largest consumer. We have already had the honour of receiving your guidance and witnessing your concern at the difficulties confronting coffee growers when, two years ago, we commemorated the 40th anniversary of the ICO in Cartagena, Colombia.

Together with President Uribe Vélez, to whom I wish to express my admiration and thanks for his presence and support, you alerted the coffee industry in the consumer world to the urgent need to strengthen cooperation and find appropriate ways of narrowing the gap and mitigating the imbalance that characterizes the operation of the world coffee trade. This is reflected in the drastic reduction of coffee producers' incomes, which are now almost half of what they were in the previous decade.

Your appeal and efforts did not sink without trace. Your personal contacts with representatives of governments and the industry helped to inspire reactions and create initiatives that recognized the need to design strategies and take steps to improve the economic conditions of coffee producers. The process has been slow but I am convinced that there is political will and greater awareness and acknowledgement of the dire consequences of a prolonged crisis. It is obvious that as the producing sector becomes more solvent there will be greater assurance of supplies for consumers.

At the United Nations General Assembly Summit for the Review of Millennium Development Goals held in New York ten days ago, I presented a document reflecting the spirit of the mandate you had formulated, which emphasizes that the economic, social and even political stability of many developing countries with a clear agricultural vocation depends on the income level of men and women in rural areas. Programmes and initiatives to reduce poverty will be effective only to the extent that farmers producing coffee, cocoa, cotton, maize and other agricultural products in the rural areas of developing countries manage to obtain remuneration that enables them to continue their activities and helps to nourish their economies by generating sources of income and other activities.

This Conference is being held at an extraordinarily challenging time for both the producing sector and the consuming industry. The former is beginning to emerge from a slump that seriously affected not only the production structure but also the living conditions of more than 25 million families in Africa, Latin America and Asia. In the consumer world, competition, technological innovation, consumer requirements, and health concerns call for a thorough review of the industry's management and prospects.

On the basis of an analysis of what has happened in recent years and the impact of the various factors influencing the behaviour of the market, what we are seeking to do here, with the contribution of representatives of governments, producers, the industry, academic bodies and civil society in general – all of whom I thank for their participation - is to provide the sector with information and guidelines on sustainable development. The prevailing economic and social order requires innovative management in the industry, with emphasis on actions designed to improve the management capacity and competitiveness of producers, to give top priority to quality as the major goal, and to promote consumption in a systematic way.

I consider that these are the bases for facing up to the challenge of a world with consumption already at a level of around 115 million bags of coffee and growing at the rate of almost 2% a year, with new markets of enormous potential.

Our mission is to develop, through cooperation between producers and consumers, terms and bases for consolidating the sustainability of the coffee sector.

I think that the achievement of this aim will only be possible if special priority is given to the economic solvency of coffee producers, since adequate remuneration can help to assure supplies of a high-quality product, while fulfilling social and environmental responsibilities.

The International Coffee Organization has a new dimension these days but is always inspired by its original *raison d'être* as an instrument for development and a platform for cooperation between producers and consumers. It is no longer a question of regulating the market through intervention mechanisms but of formulating policies and carrying out actions to influence the variables that determine market behaviour. The political support of its 74 Member countries is decisive for achieving this purpose and the objectives that inspire the Organization.

Permit me, President Lula da Silva, to thank and congratulate Minister Roberto Rodrigues for having agreed to chair this World Conference. His international prestige and his profound knowledge of the social problems of the agricultural sector ensure that his position as leader transcends Brazilian boundaries and is widely recognized on the international scene. His team, under the direction of Linneu da Costa Lima, has been working tirelessly for many months to prepare the details of this extraordinary event, which is without precedent in the history of coffee. To all of them, my deepest thanks.

The leading and most representative personalities of the international coffee community are gathered here today. I warmly welcome all of you to Salvador, a city that is the pride of Brazil and the world's coffee capital for the duration of this conference. I invite you all to participate actively in the constant search for the well-being of the world's coffee producers and the satisfaction of consumers.

Thank you.