

THE INTERNATIONAL COFFEE MARKET AND THE ROLE OF THE ICO

8th China Food Expo
25-29 October 2012
Chengdu, China

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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)



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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

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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

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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



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Membership

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



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Strategic Action Plan

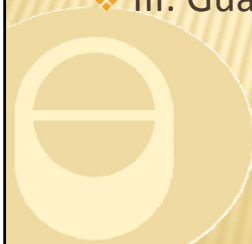
- 1) Serving as a forum for the development of policies and solutions to strengthen the global coffee sector;
- 2) Enhancing transparency of the coffee market;
- 3) Encouraging the development and dissemination of knowledge on the world coffee economy; and
- 4) Promoting a sustainable coffee sector.

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

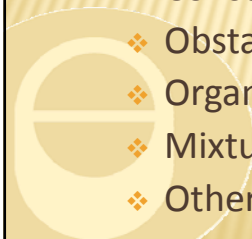
- World Coffee Conference
 - ❖ I: London, UK (2001)
 - ❖ II: Salvador, Brazil (2005)
 - ❖ III: Guatemala City, Guatemala (2010)



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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



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Statistics

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



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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



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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

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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)

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Coffee and Health

- Positively Coffee Programme
- Healthcare Professions – Coffee Education Programme



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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



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Information Services

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

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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

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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

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Thank you

www.ico.org

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