

**Address by Mr. Néstor Osorio, Executive Director,
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to the 21st ASIC International Conference on Coffee Science
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At the last ASIC Conference in Bangalore the world coffee economy was going through a crisis period of low prices which, as I mentioned at the conference, caused serious damage to coffee farmers worldwide and led to a significant drop in export earnings for coffee producing countries.

Fortunately we have seen as from last year a recovery which has brought the ICO Composite Indicator Price back up to nearly 1US\$ per pound compared with levels of less than 45 cents in the worst period of the crisis years.

Although this recovery is essential for the health of the sector it should be put into context. At first view it seems like a dramatic reversal with prices doubling within a period of two or three years. Nevertheless I need to remind you that the Composite Indicator Price exceeded 120 US cents a pound through most of the 1980s so the present price increase is modest in a historical context, particularly if considered in real terms.

For the first time in many years the current situation shows an excess of demand over supply with total production at around 106 million bags compared with consumption of 115 million bags. As we enter the 2006/2007 crop season we see a situation of virtual balance with production of some 120 million bags and consumption at around 117 to 118 million bags. The outlook for the foreseeable future is that we should continue to see a closer correlation between supply and demand, leading to a maintenance of current price levels albeit with substantial fluctuations caused by exogenous factors and speculative positions taken by large investment funds.

The key message for coffee is that we must give continued and substantive priority to the maintenance of a sustainable coffee economy in the interest of all stakeholders. As you are aware sustainability involves three factors that active participants in the coffee supply chain need to consider to safeguard the interest of future generations.

These are the three aspects of economic, environmental and social sustainability as recognized by the Rio Conference on Environment and Development in 1992.

I believe that research can make a crucial contribution in all aspects of sustainability. For instance scientists may develop technologies which have a significant impact on reducing production costs in the interest both of farmers and eventually consumers.

The contribution of science to the defence and improvement of the environment in coffee producing areas can also be vital and is being seen for instance in the development of new technologies to reduce water pollution caused by wet processing of coffee cherries.

In addition scientists can identify the effects of coffee in areas such as carbon sequestration and conservation of biodiversity.

Finally social scientists can contribute to an analysis of the externalities associated with the disruption of coffee communities.

I wish to say a few words now about research. I note particularly that there is a greater tendency today to emphasize applied research aiming to secure quantifiable results at the expense of fundamental research where the results may not be immediately apparent or usable. However I believe that it is unwise to magnify this dichotomy, in the interests of research sustainability, to ensure that the criteria for programme support should not be excessively rigid.

This ASIC Conference brings together the key experts in virtually all aspects of coffee susceptible to scientific analysis including chemistry, quality, processing technology, genomics, breeding, physiological analysis, plant protection and biotechnology.

The ICO as the principal international organization encouraging international cooperation on coffee, with a comprehensive range of stakeholders, has provided moral and, through the Promotion Fund established by coffee producing countries at the ICO, financial backing for successive ASIC conferences including the present one. This is a recognition of the importance and value of the work you are about to present and discuss.

In the past the ICO has allocated important funds to assist research, particularly in the area of coffee and health, beginning as early as 1980. In view of the increasing evidence of positive health benefits associated with coffee consumption the ICO, through the support of the European coffee industry, has funded important programmes such as Positively Coffee and the Healthcare Professions - Coffee Education Programme, to disseminate the findings of positive research both to the general public and to the health care professions.

A key element of these programmes is that the material used should be sound and scientifically reviewed, using the results of research published in peer reviewed journals. There is already evidence of positive results from these programmes, which contribute to the sustainability of coffee consumption by reducing the impact of unnecessary fears derived ultimately from unsatisfactory research carried out in the past.

I should like to conclude by adding that the maintenance and improvement of coffee quality is of vital importance to ensure the sustainability of consumption, which must continue to increase if further production is not to lead in the future to new and harmful imbalances between supply and demand. In this field I am glad to say that the latest report on the ICO coffee quality improvement programme indicates not only an increase in the volume of coffee exported which satisfies the basic ICO quality standards, but also a reduction in the volume of sub-standard coffee graded on the terminal exchanges.

I am heartened to see the impressive number of specialists and scientists gathered here to talk about coffee and I wish you an extremely successful and productive conference.