

**On 24 February the Executive Director, Mr. Néstor Osorio, addressed the 2<sup>nd</sup> India International Coffee Festival, which took place in Bangalore from 23 to 25 February 2007.** Speaking on “Trends and prospects in the international coffee market”, he reviewed the situation of world supply and demand and noted that while global coffee consumption was likely to be around 118 million bags in 2007/08, production was estimated at 110 million bags of 60 kilos. As global stocks were historically low in both producing and consuming countries, the balance between supply and demand was tight, which should support prices. The coffee sector was now at a turning point having endured a crisis that had lasted for four years. He noted that, in his opinion, this did not give producers the green light to expand cultivation, which would mean sowing seeds for another crisis. Instead, the global coffee growing community should focus on maintaining and improving coffee plantations to enhance productivity and reduce production costs. Mr. Osorio noted that coffee growers around the world had suffered similar challenges of price crashes, poor marketing and low levels of domestic consumption. This was a decisive moment for the industry and the future would be bright if a balance between production and consumption could be maintained. He added that Indian coffee was responding well to the demands of the global market for quality coffee.

In his address, Mr. Osorio explained the ICO’s strategy for promoting domestic consumption of coffee in coffee producing countries. This was seen as an integral part of a promotion strategy and had already produced some valuable practical guidelines such as the Step-by-step Guide to promote coffee consumption available through the ICO website. A healthy domestic consumption sector, as well as providing an alternative market for farmers over and above the traditional export trade, helps to make farmers more aware of consumer demands and also adds value to the product within the country of production.

The Conference was attended by over 500 delegates from all sectors of the Indian coffee industry. These included the Minister of State for Commerce, Shri Jairam Ramesh, the Minister for Rural Development of the State of Karnataka, Shri C. M. Udasi and the Chairman of the Indian Coffee Board, Shri G.V. Krishna Rau.

The Executive Director also took the opportunity to have a meeting with the Minister of State for Commerce of India, Shri Jairam Ramesh to discuss coffee issues and was invited to give a lecture to a group of post-graduate students from the Indian civil service at the Indian Institute of Management in Bangalore. The theme of his lecture was the role of international commodity agreements and the state of negotiations for a new International Coffee Agreement.

It is estimated that India will produce just over 5 million bags in crop year 2006/07, making it the sixth largest producer in the world. Of this amount, 34 % is Arabica (1.7 million bags) and 66% is Robusta (3.3 million bags).