Structured sector-wide dialogue to address the coffee price crisis

The International Coffee Organization is calling for partners to join and support a structured consultation process involving high-level decision-makers of the coffee industry, sector stakeholders, development partners and civil society, to identify and implement innovative proposals that seek to address the negative impact of low coffee prices on smallholder farmers and to foster the long-term sustainability of the sector.
I. The challenge

Since 2016 the coffee market has experienced a continued downward trend and today coffee prices are 32% below the 10-year average. Many among the millions of coffee farmers worldwide are facing losses as they struggle to cover their operating costs while prices decrease, but inputs, compliance and transaction costs rise. As a result, farm incomes dwindle and the livelihoods of coffee-producing households, the majority of which are smallholders in low- and middle income countries, are increasingly at risk.

The economic and social consequences for producing countries can be severe and include social unrest, domestic and international migration, the abandonment of coffee growing or even switching to the production of illicit crops. Furthermore, the lack of investment in the maintenance and modernization of coffee farms poses a serious threat to future supply, exacerbated by growing demand for coffee worldwide.

Furthermore, current coffee price levels foster concentration of production in a small number of origins. Today, just five countries produce over 70% of the world’s coffee. Losing diversity of origins increases the global coffee sectors’ vulnerability to severe market shocks such as extreme weather events affecting any of the top producers with a potentially dramatic impact on industry, workers and consumers.

The Members of the International Coffee Organization (ICO) recognize that urgent action is required to address the root causes of price volatility, alleviate the damaging effect of current low coffee prices on coffee-producing households and to increase farm productivity as well as growers’ resilience against market and weather shocks.

At its 122nd Session in September 2018 in London, the International Coffee Council adopted Resolution 465 to address the impact of low prices on the livelihoods of coffee farmers. This Resolution provides the Organization with a strong mandate to respond in a coordinated and integrated manner to current coffee price levels, including opening a sector-wide dialogue to engage all value chain actors as well as the international community in collective action.

Given its status as multilateral organization with equal representation of coffee exporting and importing Member countries and a wide network of partner organizations, the ICO is widely recognised as an honest broker for the coffee sector. For more than 50 years, the ICO has been the key international forum for discussion of coffee related matters and is the natural place to convene a sector wide dialogue. The Organization’s impartiality, outreach and ability to catalyze support from governments, partnering organisations and the development community are success factors in an effective response of the global coffee community to the price crisis.
II. Objectives

- Establish a structured sector-wide dialogue of high-level industry decision-makers to foster exchange on the current coffee price levels and volatility and ways of ensuring long-term coffee sector sustainability
- Identify innovative, feasible and market-based solutions to tackle coffee price volatility and to reduce impact of low coffee prices on smallholder coffee farmers, with a focus on long-term sustainability
- Build consensus among sector stakeholders on commitments to drive transformational change and increased market transparency toward a sustainable coffee sector, and unlock integrated and coordinated support and funding by sector stakeholders, the international community and development institutions.
III. Scope and outputs

The sector-wide dialogue comprises two stages:

Stage I: Identifying solutions through a series of global consultation events: March-June 2019:

1) **Coffee: How Sustainable is our Future?**
Seminar held during the 124th Session of the International Coffee Council: 25 March, 2019,

2) **Financing sustainable and inclusive investment in agricultural value chains: The case of the coffee sector**
Side Event of the SDG investment Fair organised jointly with the Smallholder and Agri-SME Finance and Investment Network (SAFIN) and IFAD, in partnership with the National Coffee Association of the USA: 16 April 2019, United Nations Headquarters, New York City, USA.

3) **Addressing risk and mobilizing investment in the coffee sector: Policy, coordination and financing solutions**
Side event at the Financing for Development Forum under ECOSOC, in partnership with IFAD and SAFIN: 16 April 2019, UN Headquarters, New York City, USA.

4) **Price volatility and sustainability: development challenges and solutions for smallholder farmers in the coffee value chain**
Interactive Workshop, jointly organized with the the Italian Ministry of Foreign Affairs and International Cooperation, IFAD, FAO and UNIDO as a side event of the International Cooperation Expo (EXCO 2019): 16 May 2019, Rome, Italy.

5) **Meeting the SDGs: challenges for the coffee value chain. Shared solutions to coffee price levels, volatility and long-term sustainability**
Symposium in partnership with the European Coffee Federation (ECF), hosted by the European Commission: 6 June 2019, Albert Borschette Congress Centre, Brussels, Belgium.
Stage II: Building consensus and effecting change: from July 2019

1) **Ongoing sector stakeholder consultations** among industry representatives, development partners, governments and civil society to form a set of recommendations: July-end August 2019 (supported by the German Federal Ministry for Economic Cooperation and Development (BMZ) and in partnership with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)).

![BMZ Logo](image)

![GIZ Logo](image)

2) **Publication of the first ICO flagship report ‘Coffee Development Report 2019’** on the economic sustainability of coffee. This report will present a rigorous analysis of future trends in the sector and an assessment of the feasibility of key short-term and long-term solutions to move from analysis to action.

3) **Recommendations** to be considered at a high-level **CEO and Global Leaders Forum**: 23 September, 2019, International Maritime Organization (IMO), London, UK.

4) Decisions of CEO and Global Leaders Forum to form a **Declaration with concrete actions and an implementation plan** to be endorsed and resources allocated at the **125th Session of the International Coffee Council**: 23-27 September 2019, IMO, London, UK.

5) **Fundraising and implementation of an integrated and coordinated programme** for the sustainability of the coffee sector and to fight poverty among coffee farmers.
About the International Coffee Organization

The International Coffee Organization (ICO) is a multilateral organization, which works through international cooperation to strengthen the global coffee sector and promote its sustainable development in economic, social and environmental terms. Our Member Governments represent 98% of the world’s coffee production and over two-thirds of world consumption, providing a unique forum for the global coffee community. Our Members regularly discuss and decide the ICO’s guiding principles, strategy and work programme in line with the 2030 Agenda for Sustainable Development.

Our strategic focus is on:

- Delivering world-class data, analysis and information to policy-makers and the industry
- Providing a global forum for dialogue between and within the public and private sectors
- Facilitating development projects and promotion programmes through public-private partnerships.

Contact:
Gerardo Pataconi, Head of Operations
International Coffee Organization
222 Gray’s Inn Road, London WC1X 8HB, United Kingdom
+44 (0)20 716 0613  projects@ico.org