



Conselho Nacional do Café

JOINT STATEMENT COLOMBIA-BRAZIL

Brazil and Colombia warn of destructive scenario in the world coffee market

The Major Arabica Coffee Producing Countries strengthen Ties against Price Crisis

Brasilia, August 27, 2018.-

Representatives of coffee production in Brazil and Colombia met today at the Brazilian Ministry of Agriculture, Livestock, and Supply (MAPA) in Brasília to discuss the world coffee prices crisis and the economic imbalance within the production chain, which impoverishes producers, and the actions to be taken to confront this scenario.

Currently, international coffee prices are below production costs, jeopardizing the economic sustainability and survival of 25 million coffee families worldwide.

A major concern are the external factors that negatively affect the international prices and producers, such as the financial speculation of actors outside the chain, who, in a constant and perverse way pressure coffee prices, forcing migratory movements motivated by poverty and the expansion of illicit crops in some countries.

The holders of coffee stocks have a greater influence on the formation of international prices. Therefore, it is fundamental to equate the current imbalance, shifting the stocks from consuming countries to producing countries. It is necessary that the producers develop

internal policies to support the ordering of the supply, as is the case of Funcafé in Brazil, that finances the carry of inventories to avoid sales in moments of depressed prices.

It is also important that the stock formation in producer countries be managed by the private sector coherently with market risk management tools.

Another crucial point is the importance of increasing consumption in emerging markets and producing countries, for which the support of the International Coffee Organization (ICO) is expected.

The major concern of all producing countries is the concentration of the industry and the distribution sector, which impose on producers, for example, abusive payment terms of more than 200 days, which massacre any possibility of economic sustainability for producers. The programs that some multinational companies do to promote sustainability are offset by their business practices. Likewise, international non-profit organizations that promote coffee cultivation must take responsibility for absorbing the resulting production surpluses.

Brazil, Colombia and the other producing countries, as expressed at the First World Coffee Producers Forum in Medellín, Colombia, on July 2017, will consider all necessary actions to solve the crisis that threatens the future supply of coffee and expect that all links in the productive chain act jointly and in a co-responsible manner given the grave situation. Coffee producing nations will meet again in September during the ICO meetings in London to deepen this discussion.

It is a priority for producers to communicate to consumers globally the current situation and how this market scenario creates a spiral of poverty in producing countries.

Signed by the representatives,

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- Silvio Farnese, Ministério da Agricultura, Pecuária e Abastecimento (Mapa) - Brasil
- Roberto Velez, Federación Nacional de Cafeteros (FNC) - Colombia
- Juan Esteban Orduz, Federación Nacional de Cafeteros (FNC) - Colombia

- Aguinaldo José Lima, Associação Brasileira da Indústria de Café Solúvel (Abics) – Brasil
- Vanusia Nogueira, Associação Brasileira de Cafés Especiais (BSCA) - Brasil
- Arnaldo Botrel Reis, Associação dos Sindicatos Rurais do Sul de Minas (Assul) - Brasil
- Carlos Paulino, Cooperativa Regional de Cafeicultores em Guaxupé (Cooxupé) - Brasil
- Lúcio Dias, Cooperativa Regional de Cafeicultores em Guaxupé (Cooxupé) - Brasil
- José Marcos Magalhães, Cooperativa dos Cafeicultores do Sul de Minas (Minasul) – Brasil
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