

-Canada Needs To Be A Player In The Bean Scene-

IISD calls on Canada to join the International Coffee Organization to tackle current coffee crisis

By Jason Potts

At last year's G8 Summit in Kananaskis, the Canadian government made a high profile commitment to support development in Africa. However, the government's commitment to Africa, and much of the developing world, is put significantly in question by its failure to join the International Coffee Organization.

Coffee is one of the most important commodities traded today, and it plays a crucial role in the livelihoods of millions of rural households across the developing world. An estimated 25 million small coffee farmers depend directly upon coffee as their primary source of income. In Burundi, 80 per cent of foreign earnings are derived from coffee exports. In Ethiopia coffee represents 67 per cent of foreign revenue earnings.

The income available to coffee producers depends directly on prices determined by the world market. Over the past several years, the world market price for washed Arabica beans has descended below 70 cents (U.S.) a pound which in real terms, is the lowest in 70 years. At current levels, world prices often fail to cover the costs of production, let alone for developing sustainable livelihoods. The United Nations Conference on Trade and Development estimates the losses to producer countries over the past three years alone to be on the order of US\$19 billion. The decline in coffee prices represents a veritable development crisis.

Individual consumers can, and indeed should, play an important role in ensuring that producers receive a fair price that provides for basic living needs, through the purchase of fair trade certified coffee. However, the coffee crisis is fundamentally a global issue demanding action on a global level. Declining terms of trade for coffee producers are primarily the result of oversupply and extreme imbalances in market power between producers and major coffee processors and distributors. These global "market structure" problems require global "market structure" solutions.

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The international community recognized this in 1962, when it established the International Coffee Organization through the United Nations system. One of the main purposes of the ICO is to enable global coordination in the stabilization and protection of international coffee prices. It represents the only international forum where coffee producing and consuming countries alike can undertake strategic planning on a global level to deal with the current coffee crisis. Virtually all of the coffee-producing countries of the world are members of the ICO. But the institution's ability to perform its task effectively is significantly

undermined by the absence of two important coffee consuming countries: Canada and the United States.

The Canadian government has demonstrated very little in the way of leadership. While U.S. officials are currently engaged in high-level discussions on their possible membership in the ICO, Canadian ministers have refused to discuss the issue with Oxfam, the Coffee Association of Canada and even the Executive Director of the ICO himself during his visit to Canada earlier this month.

Canada has a reputation as a staunch supporter of international cooperation, particularly when instigated under the auspices of the United Nations. The ICO represents such a process and the current coffee crisis represents a critical opportunity for the government to fulfill its verbal commitment to sustainable development, not only in Africa, but around the world. Canada should join the International Coffee Organization. Anything less would constitute a clear derailment of Canadian values, would betray official government policy, and delivers a severe blow to the millions of poor farmers struggling to survive amidst the currently dysfunctional global coffee market.

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