

# UNCTAD-ICO Workshop FOSTERING SUSTAINABLE DEVELOPMENT IN COFFEE- EXPORTING COUNTRIES

**Tuesday 18 February 2020**

**9:30–13:00**

**Room VIII, Palais des Nations, Geneva, Switzerland**

## **1. Background**

Over the past two decades, demand for coffee has increased by more than 50 per cent, with green coffee exports creating earnings of USD 20 billion annually. Today around 25 million farming households in over 50 countries depend on coffee production. Together with other indirect jobs and economic opportunities that are created along the global coffee value chain, the latter is valued at more than USD 200 billion annually.

In spite of the importance of coffee for international trade, the global coffee value chain faces significant challenges. First, coffee producers, the majority of which are smallholders, remain vulnerable to market volatility. Fluctuating prices hamper much needed investments in modernization and climate change adaptation at the farm level, such as incorporating rust-resisting varieties, posing a grave risk to the sustainability of the coffee sector as well as to future supply, especially of coffees from smaller and higher-cost producers. Additionally, volatile coffee prices affect economic growth and fiscal stability in coffee producing countries, most of which are commodity-dependent developing countries.

Second, international coffee prices have remained significantly below the 10-year average since 2016 while costs of inputs increased. As a result, many farmers struggle to break even. The incomes of coffee growing households decline with severe economic and social implication including rising poverty rates in rural areas.



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The adoption of sustainable sourcing practices can help to address some of the challenges faced by coffee farmers and foster sharing of benefits and risks among value chain actors. More transparent and durable relations between growers and buyers of coffee including provision of inputs and technical assistance as well as long-term contracts can contribute to higher productivity at farm level and increased resilience against agricultural and market shocks. Sustainable sourcing practices are key to enable a living income for farmers and reduce the risk of environmental degradation in producing countries.

A key challenge in the global coffee value chain concerns the issue of value addition: over 90 per cent of coffee is exported in green form by producing countries while value addition remains concentrated in importing countries. While technical challenges to processing at origin can be overcome, as shown by the successful experience of some coffee producing countries like Brazil, Colombia and Ecuador, several other challenges persist. For example, transportation and marketing costs, as well as tariff and non-tariff trade barriers, among others, remain an obstacle for producing countries to tap into export markets.

However, recent developments also present opportunities for coffee-producing countries. For example, coffee consumption in producing countries and in emerging markets is growing at a faster pace than in traditional markets, providing new business opportunities in producing countries themselves. Today 46 per cent of the global demand for coffee stems from emerging markets and coffee-producing countries, compared to 29 per cent in the early 1990s. This, in turn, raises the questions of how to foster investment in coffee-producing countries that are necessary for these countries to build and expand domestic processing capacity. In turn, this may allow coffee-exporting countries currently focusing on exporting green coffee to move up the value chain, providing coffee producers with a secondary market and creating economic benefits including employment in higher-wages jobs outside the farm.

## 2. Objectives of the Workshop

As part of UNCTAD's and ICO's research and policy dialogue efforts, UNCTAD's Commodities Branch and ICO will jointly hold a workshop on Fostering Development in Coffee-Exporting Countries on February 18<sup>th</sup>, 2020 at the Palais des Nations in Geneva, Switzerland.

The objectives of this seminar are:

- to examine and debate the current issues and challenges of the international coffee market, in the light of the findings of recent *Coffee Development Report 2019* published by ICO and gather inputs for the 2020 edition of the Coffee Development Report on 'sustainable value chains and sourcing'.
- to discuss current and prospective measures regarding fostering development in coffee-exporting countries with a focus on sustainable sourcing practices based on a range of approaches.
- to discuss the challenges and opportunities of bolstering value addition in the downstream value chains of coffee-producing countries.

### 3. Programme of the workshop

#### 8:30–9:30 Registration

#### 9:30–9:45 Opening session

- Opening statement: Isabelle Durant, Deputy Secretary-General of UNCTAD
- Opening statement: Jose Setté, Executive Director, International Coffee Organization

#### 9:45–11:15 1<sup>st</sup> Session

##### The International Coffee Market – Issues and Challenges

Moderator: Pamela Coke-Hamilton, Director, Division on International Trade and Commodities, UNCTAD

- Christoph Sängler, Senior Economist, International Coffee Organization
- Rodrigo Cárcamo, Economic Affairs Officer, Division on International Trade and Commodities, UNCTAD
- Janina Grabs, Post-doctoral Fellow, ETH Zürich
- Michael von Lührte, Secretary General, Swiss Coffee Trade Association

#### 11:15–12:45 2<sup>nd</sup> Session

##### The Challenges of Bolstering Coffee Value Addition and Sustainable Sourcing

Moderator: Gerardo Pataconi, Head of Operations, International Coffee Organization

- Amir Hamza, Chairman & CEO of Amir Hamza (T) Limited / Acting Chair, Tanzania Coffee Board
- Krisztina Szalai, Sustainable Sourcing Manager, Taylors of Harrogate (UK)
- Christian Robin, Deputy Head Trade Promotion, Swiss State Secretariat for Economic Affairs (SECO)
- Maike Moellers, Head of Programme, Gesellschaft für Internationale Zusammenarbeit (GIZ)

#### 12:45–13:00 Closing session

- H.E. Mr. Santiago Wills, Ambassador and Permanent Representative of Colombia to the World Trade Organization, Geneva
- Yanchun Zhang, Chief, Commodities Branch, Division on International Trade and Commodities, UNCTAD

## 4. Registration and information

Access to the event is free, but registration is mandatory: (please use the registration link below).

More information can be found on UNCTAD and ICO websites:

### UNCTAD links

Integrating Landlocked Commodity Dependent Developing Countries into Regional and Global Value Chains Project (2018 – 2020)

Funded by the United Nations' 2020 Agenda for Sustainable Development Sub-Fund:

<https://unctad.org/en/Pages/SUC/Commodities/SUC-Project-LLDCs-in-GVCs.aspx>

### ICO links:

<http://www.ico.org/>

<https://www.internationalcoffeecouncil.org/>

<https://www.internationalcoffeeday.org/>

## 5. Contacts:

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### ICO

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### REGISTRATION

<https://indico.un.org/event/32763/>

### FOR MORE INFORMATION

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