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Coffee prices have risen somewhat in recent weeks, largely because of announced production cutbacks in the world's two largest producing countries, Brazil and Vietnam. Futures contracts for March delivery were recently quoted at US$69 per hundredweight, and May at US$71.40. Last year, at the height of the coffee crisis, prices had fallen to record lows in the neighborhood of US$45 (See NotiCen, 2002-08-01).

"That represents an important recovery," said Luis Fernando Montenegro, president of Guatemala's Asociacion Nacional de Cafe (ANACAFE). Montenegro nevertheless is concerned about coffee producing countries that provide agricultural subsidies that distort the market and cause difficulties for Guatemalan producers. Montenegro told reporters that, with the Brazilian and Vietnamese reductions, which could amount to between 40% and 50%, coffee could reach US$90 this year. For the 2002-2003 coffee year, Guatemala is expecting production of 4.1 million sacks of 46 kg, 200,000 fewer than for the previous year. Montenegro took the opportunity of the crop announcement to criticize the government for having failed to aid his organization's member producers. He said the lack of governmental support contributed to the crisis. He was especially miffed that the government did respond to pleas from the Plataforma Agraria, by declaring a national emergency without inviting the coffee producers to discuss their needs.

The Plataforma is a consortium of established campesino, social research, and human rights groups. The Plataforma Agraria, according to one of its directors, Miguel Angel Sandoval, forged an agreement with the Alfonso Portillo government to benefit, in its initial stage, some 10,000 campesino families affected by the crisis (See NotiCen, 2002-05-03). The government will begin to deliver food, including corn, beans, and cooking oil to people for whom low coffee prices means going without eating. The program could eventually reach 100, 000 families, providing not only food, but productive land also.

Montenegro was at pains to explain that his organization did not oppose government aid to hungry people, but he was wary that the aid could come to nothing because of the government's incapacity to provide jobs in rural areas. In his judgment, he said, there is some evidence that the Plataforma agreement was a giveaway that serves political purposes in 2003, an election year. He would have preferred that the problems of hunger and poverty be worked out consensually with the productive sector and the Fondo de Tierras, a government agency working with the rural poor. "It is irresponsible to encourage solutions with informal organizations," he said. ANACAFE maintains that even with prices as high as US$90, producers will not cover costs. The coffee problem is by no means solved, either for the world or for Central America, and producers continue to seek ways to boost income.

In December, the Central American Parliament (Parlacen) convened a seminar, The Coffee Crisis: A Regional Problem, on the issue at ANACAFE headquarters in Guatemala City. Honduras, El

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Salvador, Panama, Nicaragua, and the Dominican Republic sent delegates. The seminar concluded with a resolution that the region should confront the coffee situation as an integrated block, and with the support of the individual governments, frame their strategies on a global level. They also identified the coffee sector as a "natural platform" for diversification of the region's economies. Seminar attendees, both coffee sector representatives and Parlacen deputies, agreed to an eight-part plan to deal with the crisis:

1) Parlacen will make all necessary efforts to inform the world's governments of the human costs of the crisis. At the same time, it will exhort regional governments to pay greater attention to the crisis.

Parlacen will create a Central American Coffee Community as a regional institution to allow better commercialization of Central American coffee in the international market. Parlacen will consult the governments, coffee organizations, "and other sectors involved" to promote the creation of this Community.

3) Parlacen will work within the International Coffee Organization (OIC) to take advantage of the organization's global reach. It will also encourage the participation of coffee importing countries in the OIC, specifically the United States, "because this country is the major coffee consumer in the world."

4) Parlacen and the regional coffee organizations will work with multilateral organizations for technical and financial cooperation to promote diversification programs with a global perspective. This is a strategy to exploit comparative advantages of the region in other sectors of the economy.

5) The coffee sector will, together with Parlacen, work to gain recognition as an environmentally sustainable industry, as well as to improve procedures to protect natural resources.

6) The parties will initiate a campaign with two basic elements: promote the differentiation of Central American coffee, and, promote increased internal consumption.

7) Parlacen will request financial support for the creation of the Central American Coffee Community from the European Parliament, the US congress, and the legislative bodies of Japan, Canada, and other countries.

8) Parlacen will form an alliance with the coffee producing sector of the region and use its political influence to develop and follow up on these agreements.

Carving out the niche

Gaining recognition for Central American coffee is a difficult task, and while there is agreement on a block approach, the individual countries still compete to differentiate their products. El Salvador, for instance, has been certified by the Asociacion de Cafes Especiales Certificados de Italia (CSC for its Italian initials). But only one producer, Giuseppe Angelucci, currently is certified. There are other CSC producers in Guatemala, Costa Rica, and the Dominican Republic. The Italians recently arrived

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in El Salvador to certify other producers. They do this only once every three years, and it is a serious process. The CSC documents the cultivation, harvesting, and processing of the beans. CSC beans are sold throughout Europe, and carry a premium price that benefits the producer. Said Angelucci, "In the past, a premium over the price of coffee on the New York Exchange, was negotiated, but now we have agreed that they will pay US$98. The CSC coffee is not mixed with others, but is branded specifically as coffee produced in El Salvador by the Angelucci family.

There are other certifications as well, for which producers compete. The "Taza de la Excelencia", for example, is a tasting contest put on by the Cooperative League of the United States (CLUSA). Competitions will be held between April and June of 2003. The objective is to identify the best coffees in the country.

CLUSA regional director Stanley Kuehn said that in countries where the competition has been held, the smaller producers have generally won. "We want to get out a motivational message so that the small producers will be the principal participants." Kuehn was in El Salvador on a tour of small producers in the eastern, central, and western coffee zones promoting the competition. Winners will have their coffee sold by CLUSA, and will receive 85% of the sale price. Those prices are generally many times the price of the product sold in the bulk market.

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