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Colombia: Temporary Suspension Of Coffee Exports

by Barbara Khol

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On July 9, the National Coffeegrowers Federation (FEDECAFE) announced the temporary suspension of coffee exports. Coffee sales were shut down until the conclusion of a special session of FEDECAFE members, scheduled to begin July 15. The suspension affects contracts corresponding to August. July contracts totaled a record 1.6 million 60-kg. sacks. Colombia is the world's second largest coffee exporter, and ranks first in sales of the mild variety. In June 1989, Colombian coffee was selling for US$1.17 per pound on the New York Stock Exchange, compared to US$0.64 at present. Since the International Coffee Agreement (ICA) collapsed in 1989, coffee producer nations have lost over US$7 billion, particularly Brazil, Colombia, and several Central American and African nations. FEDECAFE has implemented several measures to counteract coffee producers' declining fortunes in the present and the future. These measures include the destruction of coffee plantations which produce less than optimal product, and the progressive eradication of 100,000 ha. planted in coffee by 1995. The domestic price on 125 kg. of coffee was reduced from US$175 to US$166 in February to prevent bankruptcy of the National Coffee Fund (FNC). The FNC buys coffee from growers and exports the product. Of the total price paid by the FNC, growers receive 17.6% in the form of savings bonds which cannot be redeemed for full value until a later date. Local analysts predict that the Fund will be forced to reduce the price paid growers to US$110 per 125 kg. Over the past three years, the FNC has lost a total 350 billion pesos (US$500 million). (Source: Spanish news service EFE, 07/09/92, 07/10/92)

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