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John Neagle

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International Coffee Organization Talks In London: Consumers & Producers Clash On Need For Universal Quota System

by John Neagle

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On Feb. 20, a week of talks began in London on the future of the International Coffee Agreement, due to expire in late September. Leading consumer-nation members of the International Coffee Organization (ICO), including delegates from the European Economic Community, said they have technical experts prepared to suggest mechanisms for universal export quotas to replace the existing two-tier market. The Swiss delegation asserted that they consider universal export quotas the best way to eradicate the two-tiered system. The idea of a universal system, where limits are placed on exports to non-members as well as members was first proposed in June 1988. Some producers, including Brazil and Indonesia, have rejected the idea in the past. At present, producer members of ICO can sell as much coffee as they desire outside the agreement, provided the price is not below that paid by ICO consumer member-nations. In practice, however, non-member consumer countries pay up to 40% less. The US delegation asserted that it would not support extension of the existing agreement unless the two-tier market problem is satisfactorily addressed. Feb. 21: The Netherlands and West Germany presented the most detailed proposals yet for a universal quota system. Britain is also expected to offer a plan. Chief of the Brazilian delegation, Lindenberg Sette, reserved judgment on the proposals until after further study. He said, "We are more interested in working on the basis of resolutions than revisions," i.e., staying within the framework of the existing agreement rather than creating a new one. Resolutions submitted by Brazil were dismissed by consumer nation delegations as a rehash of existing resolutions which focus on discounted exports to non-members. (Basic data from AFP, 02/20/89, 02/21/89)

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