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International Coffee Organization Cuts Coffee Export Quotas

by John Neagle

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On Feb. 20, the International Coffee Organization cut the amount that some producer members can ship in the current marketing year (September 1988-October 1989) toward halting the decline in world coffee prices. The cutback, equal to 233,800 60-kilo (132-pound) bags, was automatically triggered by a fall in the ICO's indicator of the average price per pound which dropped below \$1.20. The latest indicator price was \$1.1968. The reduction brings the total 1988-89 quota allocation to about 57.76 million bags. The new export quota for robustas is 13.01 million bags. The ICO's target range of \$1.20 to \$1.40 per pound is maintained via cuts or increases in the global export quota. Under the quota adjustment system agreement established in September for 1988-89, the Feb. 20 cutback will initially affect only seven nations who produce the lower quality and traditionally cheaper robusta variety. Most of the nations are African. Producers of the top-grade arabica variety grown throughout Latin America and in Kenya, Tanzania, Ethiopia, India and Papua New Guinea will experience quota reductions only if the price of this variety falls below \$1.30 per pound. The latest price for arabica was \$1.4228, said the ICO. The ICO, a 74-member nation body of producer and consumer countries, regulates the annual \$10 billion coffee trade. (Basic data from AFP, 02/20/89)

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