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Dim Prospects For Extension Of International Coffee Agreement

by John Neagle

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In an exclusive interview with daily business newspaper, Jornal do Comercio, published June 28, Brazilian Coffee Institute (IBC) chief Jorio Dauster said the International Coffee Agreement will not be extended before it expires in September. Dauster said he would not travel to London to participate in the ICO's July 3 meeting, called to seek a compromise that would extend the coffee accord. Dauster told the Jornal that Brazil and Colombia, the world's two largest coffee producers, have refused to accept reduction of their coffee export quotas. These reductions constitute the principal demand put forth by Central American producers, including Mexico and Peru. The latter have the support of the US, the ICO's major consumer member-nation. On June 27, Jesus Salazar Toledano, director of the Mexican Coffee Institute (INMECAFE), reiterated that if Mexico's annual export quotas are not increased under the ICO, national producers will place their production in the open market. At present, Mexico's quota totals 2.2 million 60-kg. sacks, compared to national output of 5.6 million sacks. According to Toledano, Mexico would require a 50% quota increase in order to resolve the coffee sector's overproduction crisis. On June 18, Mexican daily newspaper La Jornada reported that excess annual coffee output totals about 1.3 million sacks. (Basic data from Notimex, 06/18/89, 06/27/89; AFP, 06/28/89)

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