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LADB Staff

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Government Eliminates Coffee Council, Drawing Protests from Producer Groups

by LADB Staff

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Coffee producers responded angrily to the government's decision to eliminate the coffee-marketing organization Consejo Mexicano del Cafe (CMC). The Secretaria de Agricultura, Ganaderia, Desarrollo Rural, Pesca y Alimentacion (SAGARPA) replaced the CMC with the Sistema-Producto Cafe, effective in mid-December 2004. The CMC existed for more than 11 years, replacing the Instituto Mexicano del Cafe (INMECAFE) in 1993 (see SourceMex, 1993-01-27).

SAGARPA said replacing the CMC was necessary for the government to comply with a new sustainable-development law (Ley de Desarrollo Rural Sustentable). The law, which went into effect in 2001, created a system of production and marketing supports to the coffee, sugar, livestock, and other strategic sectors.

Under the changes implemented by SAGARPA, the Sistema-Producto Cafe will consist of a committee of government representatives, growers, and processors, which will determine policies that pertain to production, processing, and marketing of coffee beans. These functions were previously the domain of the CMC. The committee will answer directly to SAGARPA. SAGARPA said the new system will allow the government to better serve more than 480,000 coffee producers and 3 million others who work in related industries.

Coffee growers say they were not consulted

Major organizations that represent coffee growers the Confederacion Nacional de Proprietarios Rurales (CNPR), the Central Independiente de Obreros Agricolas y Campesinos (CIOAC), the Union Nacional de Productores de Cafe (UNPC), and the Coordinadora Nacional de Organizaciones Cafetaleras (CNOOC) were not happy with the elimination of the CMC, saying they were not consulted about the new scheme. "We urge [Agriculture Secretary Javier Usabiaga] to stop taking unilateral measures that will worsen the crisis in the sector," leaders for these organization said.

The lack of consultation with coffee producers is not new; the same argument arose in 1993 when the CMC replaced INMECAFE (see SourceMex, 1993-02-03). The coffee organizations also raised concerns that the changes would be more harmful than helpful to producers because they would disrupt some of the marketing schemes already in place. "Disorder and a lack of coordination are worsening the coffee crisis, since some supports have been suspended," said UPNC leader Eleuterio Gonzalez Martinez. Gonzalez said the changes and the absence of the CMC have already created chaos in the coffee market.

For example, said Gonzalez Martinez, some growers in Veracruz have been dropped from the coffee-producer rolls. Others, who do not grow coffee, are inappropriately receiving coffee supports. Federal Deputy Marcelo Herrera Herbert, a former official of the CIOAC, said SAGARPA

misinterpreted the sustainable-development law by not replacing the CMC with another autonomous organization. "SAGARPA's plan was inadequate," said Herrera Herbert, a member of the center-left Partido de la Revolucion Democratica (PRD) from the coffee-producing state of Veracruz. "This should not be the case of simply eliminating one agency."

Producers said that the changes implemented under Fox are part of the administration's pattern of lack of support for the coffee industry. In a letter to Usabiaga, the Confederacion Nacional Campesina (CNC), the parent organization of the UNPC, said coffee production has fallen about 32% to about 4.2 million 60-pound sacks under Fox. The value of coffee exports has also fallen by 70% to US\$196.1 million during the current administration, said the CNC.

The CNC letter, which argued against the elimination of the CMC, urged SAGARPA to incorporate anti-poverty initiatives into the government's policies regarding the coffee sector. Coffee producers in 12 states "are sinking deeper into poverty" because of inadequate government policies regarding the sector. "For the CNC, the main problem is the absence of a comprehensive and long-term coffee policy, which would be managed by an autonomous and modern agency," said the letter, which was signed by CNC president Heladio Ramirez and the UNPC's Eleuterio Gonzalez.

Former CMC director under investigation The decision to eliminate the CMC coincided with a government investigation of the agency's former director Roberto Giesemann on charges of embezzlement. Giesemann, who tendered his resignation to "pursue other opportunities in the private sector," had led the CMC since 2001. One media report said Giesemann, who has been the Fox government's representative before the International Coffee Organization (ICO), is accused of embezzling 929 million pesos (US\$83.3 million) from the CMC's price-stabilization fund.

SAGARPA officials said they have not yet determined whether fraud was committed, but the appropriate data has been sent to the independent federal auditor, the Auditoria Superior de la Federacion (ASF). The fraud allegations surfaced in late 2004, shortly after the CMC ceased to exist. Coffee-producer organizations raised concerns that the combination of the fraud allegations and the elimination of the CMC would mean the end of the price-stabilization fund. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Feb. 9, reported at 11.15 pesos per US\$1.00] (Sources: cafesdemexico.com; Agencia de noticias Proceso, 01/31/05; Reuters, El Sol de Zacatecas, 02/01/05; Notimex, 01/27/04, 01/28/04, 02/01/05; Agence France-Presse, 01/30/05, 02/03/05; La Jornada, 02/02/05, 02/07/05)

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