More On Possible Colombia-brazil Collaboration On Raising Coffee Prices

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On July 24, daily newspaper El Espectador (Bogota) reported that the Colombian government has asked Brasilia to participate in consultations toward imposing order on the world coffee market. Prices have plummeted to a 20-year low since the collapse of the International Coffee Agreement (ICA) quota system two years ago. In a confidential memorandum by President Cesar Gaviria delivered to Brazilian counterpart Fernando Collor de Mello at the Ibero-American summit last week in Guadalajara, Mexico, Gaviria said his government is willing to participate in a "dialogue" on the topic. Colombia is the world's largest producer of mild coffee varieties, and Brazil continues at the top in terms of total coffee output. Together, the two nations account for 40% of the global coffee market. Since 1989, coffee producer nations claim over $5 billion in export revenue losses. Meanwhile, coffee exports have expanded by 20%. On July 4, representatives of Colombian and Brazilian coffee producer organizations convened in Bogota to discuss world market trends, and to adopt common policies to reestablish the quota arrangement. The Colombian National Coffeegrowers Federation (FNC) has reported over $570 million in revenue losses since July 1989. The FNC has emphasized an "alarming" buildup of stocks in the hands of consumer nations. Of the total, 50% of the stocks are held by US coffee processing companies. (Basic data from EFE, Xinhua, 07/24/91)

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