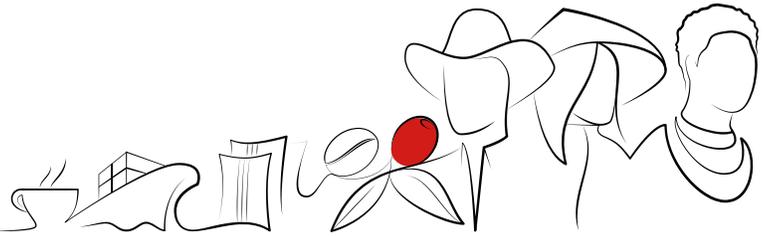


# WORLD COFFEE PRODUCERS FORUM

Medellín, Colombia. July 10 - 12, 2017



## FIRST WORLD COFFEE PRODUCERS FORUM'S FINAL DECLARATION

The First World Coffee Producers Forum met in the city of Medellín, Colombia, on July 12, 2017, and considering that:

1. Profitability of coffee farming has reached a critical point in many producing countries, even going through periods of losses, due to different factors such as: lower international coffee prices, which have dramatically deteriorated the coffee trade terms (reducing coffee growers' purchasing power), low agricultural productivity, increasing production costs related to climate change and variability, and rising labor costs of production activities such as harvest.
2. Lower profitability has translated into impoverishment of a significant percentage of coffee growers worldwide, limiting their quality of life (deprivation of housing and public utilities, educational lagging and low attendance rates, low access to healthcare system, etc.) and reducing their capacity to reinvest in their crops.
3. Even if development of specialty coffees in the last decades has generated some premiums to producers, these have not been enough to offset the costs associated with certifications, and the analysis of value of the global coffee chain shows that the share reaching producers is very low, in contrast to that remaining in the hands of traders, roasting companies, and distributors to final consumers.
4. If corrective actions aiming to address the aforementioned problems in a coordinated way are not undertaken and their financing is not guaranteed, in the medium term the world may face a crisis characterized by a structural reduction of the global coffee supply, with the consequent impacts on quality of life of producers and their regions' social stability, while global demand will continue growing without being met, which will generate undesirable imbalances in the coffee market that may put sustainability of the global chain at risk.

## **Resolves:**

1. To work co-responsibly with all stakeholders of the global coffee chain and the support of the International Coffee Organization (ICO) to develop an Action Plan that shall be based on problems faced by coffee farming in different regions around the world, namely: very low prices to producers and excessive volatility, the largest share of the chain value remaining in the other links; adaptation to climate change, scarce workforce, difficult generational change, and precarious social conditions for producers.
2. The Action Plan shall define the goals to be met, the time period to meet them, and the required funding.
3. A co-responsible commitment to properly implementing the Action Plan and to funding it must be achieved at the highest level with representatives of the industry, donors, international cooperation, multilateral organizations, and national and local governments.
4. As starting point for the Action Plan and based on inputs of the first World Coffee Producers Forum, a study will be conducted by an independent body to analyze the behavior of coffee prices in the last 40 years, production costs in this same period, and their correlation. The study will analyze if international coffee prices, both at the New York and London stock exchanges, reflect the reality of the physical market, and will present alternative solutions to the problems discussed at the Forum.
5. For the actions to be developed, a Committee will be formed, made up of two representatives of producer associations from African countries; two from Mexico, Central American and Caribbean countries; two from South American countries and two from Asian ones, and at least one representative of the industry in each of the following regions: North America, Europe and Asia.
6. This Committee shall submit a progress report in the next meeting of the ICO's International Coffee Council, to be held in March 2018.
7. The next World Coffee Producers Forum will be held in 2019. The Committee will coordinate with countries the venue of the next Forum.

This declaration is issued in Medellín on July 12th, 2017.

## **ANNEX – CONCLUSIONS OF THE WORKING TABLES**

### **PRODUCTION AND PRODUCTIVITY TABLE**

1. Improve productivity through technical modernization and nutrition of the crop. Improve technological transfer, technical assistance and share experiences.
2. Create a Commission to implement the Action Plan for the initiatives of the World Coffee Producers Forum, supported by collaborative information from different stakeholders.
3. Collaborative research between producing countries focusing on genetic and technological improvement.
4. Increase internal consumption in producing countries.
5. Improve rural education with a business and entrepreneurial approach.
6. Public policies in producing countries aimed at: financing, the environment, rural social security, education and infrastructure.
7. Connectivity and access to new knowledge, technologies and scientific development.
8. Promote coffee quality.
9. Reduce production costs.

### **CLIMATE CHANGE CONCLUSIONS**

1. Create an instrument to strengthen scientific research, promote education, exchange good practices and manage resources that allow mitigating effects of climate change.
2. Establish public policies for environmental control in the coffee value chain in three fronts: i) Reduction of water consumption in production, ii) Reforestation, and iii) Access to renewable energies/power.
3. Generate actions for preserving, conserving and managing water.

## **GENERATIONAL INTEGRATION CONCLUSIONS**

1. Foster quality and pertinent education for the coffee sector from early childhood to higher stages through programs focused on entrepreneurship and business development, recognizing the importance of coffee-producing families' role in transmitting culture and conveying knowledge to children, to achieve a sense of belonging and vocation for coffee farming.
2. Create an instrument that enables all producing countries to share experiences and good practices, replicate successful models and generate interactions between young coffee leaders to face globalized challenges in a more organized manner.
3. Consolidate public-private partnerships that leverage productivity and profitability of the business, prioritizing needs of young coffee growers such as: education, access to land, production factors and working capital.
4. Create public policies for rural development that respond to generational integration challenges for coffee growers.

## **PRICE VOLATILITY CONCLUSIONS**

1. Concentrate ICO's efforts on the interests of producing nations to improve income and achieve better remunerative prices for producers.
2. Promote the increase of coffee consumption in current markets and in new ones.
3. Independent price and cost analysis that serves as input for promotion of compensation policies for producers by the ICO.
4. Definition of exchange markets or transaction mechanisms that adequately incorporate realities of the different types of coffee, decoupling them from financial market dynamics and tying them to the reality of the coffee trade chain and costs.
5. Approach the commercial and development banking sector to find better financing alternatives, alternative uses for coffee, harvest insurance and tools that add value to pro