



INTERNATIONAL COFFEE ORGANIZATION
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
ORGANIZAÇÃO INTERNACIONAL DO CAFÉ
ORGANISATION INTERNATIONALE DU CAFÉ

ICC 104-7

9 March 2010
Original: English

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International Coffee Council
104th Session
2 – 4 March 2010
Guatemala City, Guatemala

Communication from Brazil

Background

The attached document is being circulated at the request of the Brazilian Delegation.

Action

The Council is requested to take note of this document.

COMUNICACION FROM BRAZIL

Mr Chairman,
Your Excellencies Ambassadors and High Commissioners,
Executive Director and Head of Operations,
Distinguished Delegates of exporting and importing countries,
Ladies and Gentlemen,

As the Representative of the Brazilian National Congress I would like to thank the Government of Guatemala and Anacafé for their hospitality and for having organized this Session of the International Coffee Council. I would also like to express my appreciation for this opportunity to convey to this plenary meeting the concerns of the Brazilian Legislature on the ICO and the International Coffee Agreement 2007.

The Committee appointed by the Brazilian Legislature to examine the 2007 Agreement considered not only the text of this legal instrument but also the performance of the International Coffee Organization in recent years in the context of the world coffee trade. Representatives of the various segments of the Brazilian coffee sector, linked to production, industry and exports, expressed their concerns to the Chamber of Deputies and the Brazilian Executive.

The difficulties faced by the Brazilian coffee sector indicate that the ICO has not been operating in a way that would ensure adequate remuneration for producing countries. The ICO has permitted the prolonged continuation of a pronounced imbalance between producers and consumers in the world coffee market, with serious economic and social consequences for farmers, particularly smallholders.

From the viewpoint of the Brazilian coffee sector, the International Coffee Organization has neglected the question of obtaining fair prices for producers, a key objective for Brazil, which would permit a return to the important balance between supply and demand. The ICO has a duty to provide a concrete response to this challenge, with a view to greater cooperation between producers and consumers, achieving a balance in the market and fair remuneration for producers.

Mr Chairman,

Another issue that concerns the Brazilian coffee sector is the practice of tariff escalation and the maintenance of non-tariff barriers for processed coffee imported from Brazil. Brazilian exports of soluble coffee have been harmed by the tariff escalation practised by a number of countries, mainly in the European Union. With the entry into force of the new

European GSP in 2006, annual tariff quotas applicable to Brazilian soluble coffee since 2001 were abolished. Brazilian coffee is now taxed at the rate of 9% in the European Union while beneficiary countries of the General European GSP pay tariffs of 5.5% and beneficiary countries of the European GSP Plus enjoy tariff exemption. This discrimination against Brazilian coffee, hampers the development of the sector, hinders trade and distorts prices on the market.

The International Coffee Organization should seek responses to these additional concerns of Brazilian producers.

Mr Chairman,

Despite the serious concerns of Brazilian producers in relation to the performance of the ICO in recent years, I believe that the Organization may still come to have a more assertive and influential position in the world coffee economy. I consider that the clauses of the 2007 Agreement, if duly implemented by Members, could enable the Organization to make the necessary adjustments for all stakeholders to benefit from the world coffee market.

For this reason, as Rapporteur of the National Congress Committee responsible for examining the text of the International Coffee Agreement 2007, I wish to inform you that I shall proceed with the process of examining the Agreement in the Chamber of Deputies. The text will still be discussed in Thematic Committees and Constitution and Justice Committees before submission to the Federal Senate. The Brazilian Legislature is prepared to give a vote of confidence to the International Coffee Organization, in the expectation that the Organization can bring equilibrium to the world coffee market and achieve fair remuneration for producers.

Thank you.

José Fernando Aparecido de Oliveira
Congressman (Green Party – State of Minas Gerais)
Rapporteur of the International Coffee Agreement