Report No. EC-165

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL COFFEE AGREEMENT, 1968

Background and Analysis

August 1968

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INTRODUCTION

Coffee exports from the developing countries, valued at about $2,300 million in 1966, presently account for nearly six percent of their total exports. In this respect coffee (after petroleum) is the most important primary product exported by these nations. It is grown and exported by numerous tropical countries and is the most important single source of exchange earnings for more than a dozen nations.

Like most primary products exported by the developing countries, coffee has historically experienced wide price fluctuations. In order to stabilize prices, the major producing countries made a series of efforts in the 1950's to regulate exports but these met with only limited success. These efforts, however, paved the way for the negotiation of a broader International Coffee Agreement in 1962, involving the principal producing and consuming countries of the world. The Agreement set up an International Coffee Organization and this, and the quota mechanism and other provisions of the Agreement, was designed to achieve "a reasonable balance between supply and demand on a basis which will assure adequate supply of coffee to consumers and the markets for coffee to producers at equitable prices."

The International Coffee Organization can be credited with considerable success in stabilizing prices and therefore the export earnings of a considerable number of the developing countries. The International Coffee Organization has estimated that it has made possible an increase in the total coffee export earnings of the coffee producing countries of at least $500 million a year. With a transfer of resources of this magnitude from the industrialized coffee consuming countries to the coffee producing countries, the possibility of the use of these funds for financing development is an important development opportunity for the coffee producing countries. The Agreement of 1962 is due to expire on September 30, 1968, and will be succeeded by the recently negotiated International Coffee Agreement of 1968. Since this marks the end of a phase in the history of the International Coffee Agreement, a brief staff study reviewing the background and analyzing the 1968 Agreement is presented for general information.

The study has been prepared by Shamsher Singh of the Export Projections and Trade Division, Economics Department, under the supervision of Mr. A. J. Macone, Chief. It has benefited greatly from comments made by Mr. George Kalmanoff, Head of the International Group of the Economics Department, by Miss Gertrud Lovasy, Adviser, and a number of authorities outside the Bank.

Andrew M. Kamarck
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I. HISTORICAL BACKGROUND, 1954-62

1. The seeds of the first International Coffee Agreement (of 1962), due to be succeeded on its expiration on September 30, 1968 by the recently renegotiated International Coffee Agreement (of 1968), have a slow history of germination extending over an eight-year period of downward drift in coffee prices (Chart 1).

2. The origin of the international accord goes back to 1954,[1/] when the Organization of the American States (OAS) established a Special Commission on Coffee to make "a detailed study of the world coffee situation and of its future outlook"[2/] to serve as a basis for a possible International Agreement. Coffee prices at that time were at an all time peak because postwar demand had recovered rapidly whereas production had remained low owing to the virtual cessation of planting during the 'thirties, a period of record low prices, and the war. However, plantings in Latin America and Africa following World War II, stimulated by the high prices of that period, had begun to bear fruit and it was expected that a period of surpluses lay ahead. The Coffee Commission's report[3/] published in 1955 clearly forecast a vast oversupply.

3. The danger of catastrophic price declines (the Brazilian frost of 1956 had only temporarily checked the downward price trend) prompted the OAS to commission, in 1956, the drafting of an international coffee agreement even though the United States had indicated that it was not prepared either to negotiate an agreement or to participate in it. The United States held the view that price determination should be left to the forces of supply and demand.

4. The OAS Secretariat prepared two draft agreements, one containing price stabilizing devices and the other lacking such devices.[4/] The former was considered not feasible politically while the latter would have required the participation of countries outside the Americas and placed it beyond the jurisdiction of the OAS. Consequently, nothing came of the effort.

1/ In 1940 a quota and price agreement was negotiated by the United States and fourteen Latin American producers but this was designed to meet conditions created by the war. European markets had virtually closed, shipping had become scarce and controls on distribution had been instituted by many countries. The agreement aimed at promoting "orderly marketing of coffee" between Latin America and the United States. After the lifting of most of the wartime U.S. controls on prices and distribution in 1946, the agreement was liquidated in 1948.

2/ OAS: IA-ECOSOC Resolution No. 34.

3/ OAS: "The Coffee Economy and the Future," Washington, D.C., 1955.

4/ OAS: "Proposals for an International Coffee Agreement," Washington, D.C., February 1957.

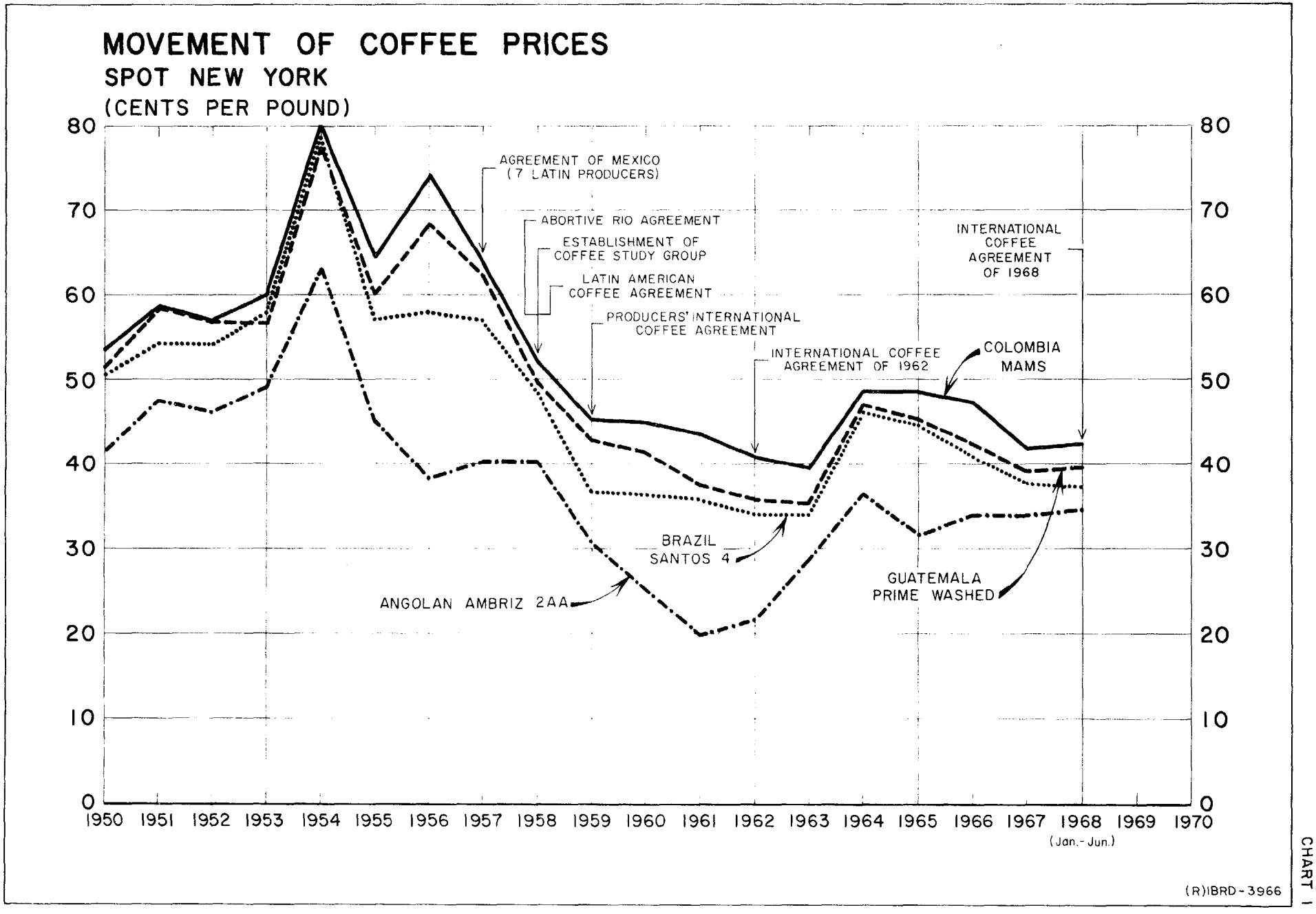

MOVEMENT OF COFFEE PRICES
SPOT NEW YORK
(CENTS PER POUND)
80
70
60
50
40
30
20
10
0
1950
1951
1952
1953
1954
1955
1956
1957
1958
1959
1960
1961
1962
1963
1964
1965
1966
1967
1968
1969
1970
(Jan.-Jun.)
AGREEMENT OF MEXICO (7 LATIN PRODUCERS)
ABORTIVE RIO AGREEMENT
ESTABLISHMENT OF COFFEE STUDY GROUP
LATIN AMERICAN COFFEE AGREEMENT
PRODUCERS' INTERNATIONAL COFFEE AGREEMENT
INTERNATIONAL COFFEE AGREEMENT OF 1962
INTERNATIONAL COFFEE AGREEMENT OF 1968
COLOMBIA MAMS
BRAZIL SANTOS 4
GUATEMALA PRIME WASHED
ANGOLAN AMBRIZ 2AA
(R)IBRD-3966

CHART 1

Producers' Agreements, 1957-62

5. Production continued to expand, ushering in an era of rising surpluses (Chart 2), and prices started tumbling again in 1957, after a brief respite in 1956 induced by the Brazilian frost. Starting in 1957, a series of emergency producer agreements to hold the price were concluded, at first confined to Latin America, but gradually becoming more comprehensive and including African countries. None of these proved very effective.

Agreement of Mexico, 1957

6. In 1957, seven Latin American countries[1/] signed an agreement in Mexico City to regulate exports. Brazil agreed to retain at least 20 percent of its exportable production, while the other six each agreed to retain 10 percent. Minimum prices were not mentioned in the Agreement. Partly because of its limited membership, however, the Agreement of Mexico failed to stem the price decline and lapsed on September 30, 1958.

Abortive Rio Agreement, 1958

7. Meanwhile, efforts to reach a more broad-based agreement had continued. A Commission[2/] created by the Latin American nations convened a Coffee Conference in Rio de Janeiro in January 1958 to consider a redrafted version of the non-price type of agreement previously prepared by the OAS.[3/] In the final accord signed by fourteen Latin American countries and Portugal, the all-important provision of marketing quotas was left aside. The agreement simply provided for the creation of an International Coffee Organization to undertake a continuing analysis and study of problems, trends and developments in the coffee industry. However, this accord never took effect because other developments in 1958 led to the establishment of a still more broadly based Coffee Study Group, which for the first time included the major African exporting countries and the United States.

Establishment of Coffee Study Group, 1958

8. As the coffee situation further deteriorated, the United States policy relative to stabilization of commodity prices had undergone changes clearing the way for the convening, in June 1958, of a meeting of the major importing and exporting countries. This meeting decided to create a permanent Study Group on Coffee with headquarters in Washington. The United States was elected to the chairmanship.

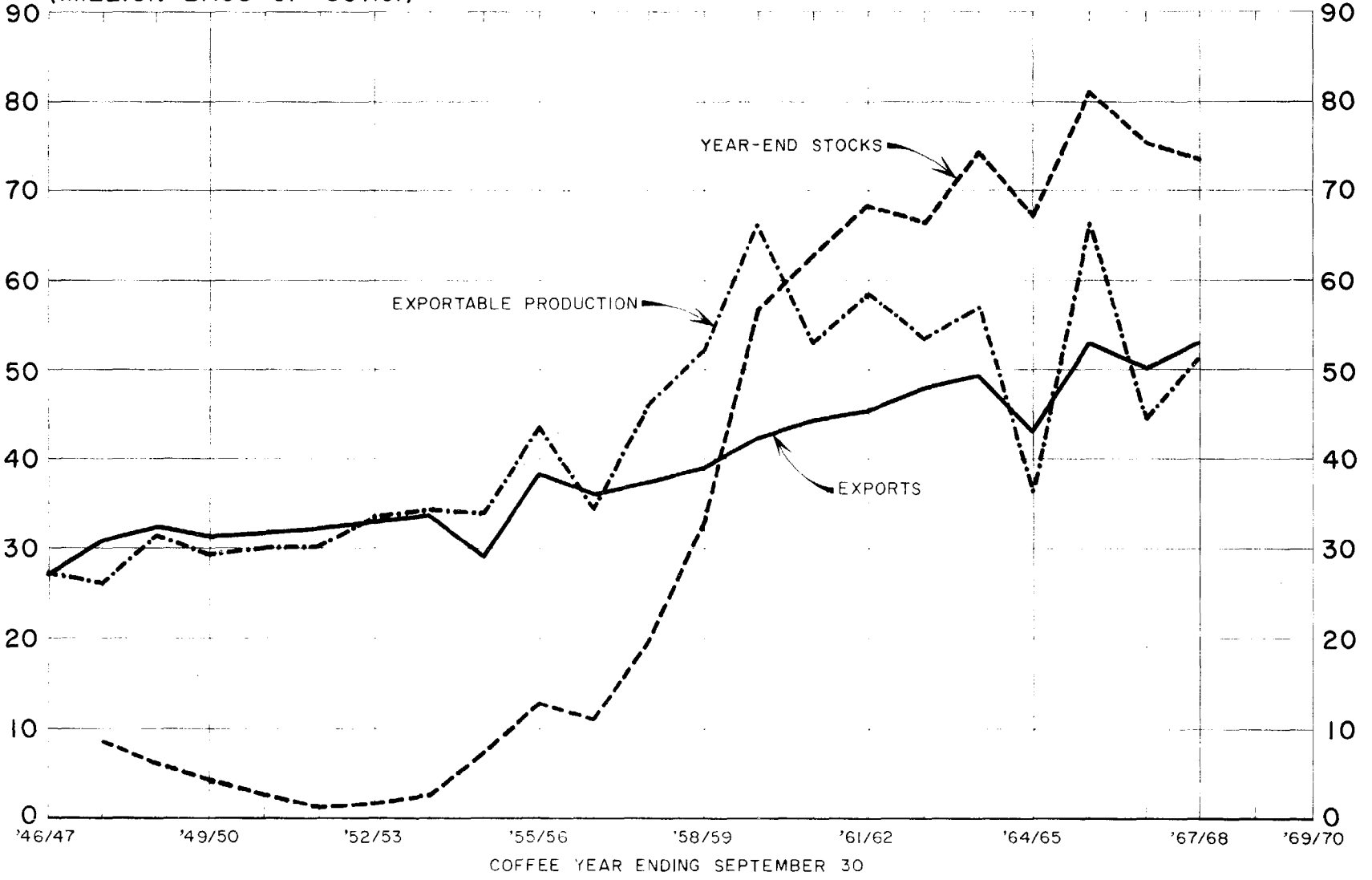
1/ Brazil, Colombia, Mexico, El Salvador, Guatemala, Costa Rica and Nicaragua.

2/ Comision Organizadora de la Organizacion Internacional del Cafe.

3/ ICO: Document No. ICC-1-1 dated June 28, 1963, page 3.

WORLD SUPPLY AND DEMAND FOR COFFEE

(MILLION BAGS OF 60 KG.)



NOTE: In recent years some of the stocks were not of exportable quality.

SOURCE: See Appendix Tables 2 and 3; earlier years also from USDA

IBRD-3967

CHART 2

9. The Coffee Study Group so established remained mainly preoccupied with assembling statistics and seeking common ground for a broad-based agreement involving the participation of both the Western Hemisphere and the African producers. The differences between the two important regions centered on the fact that the Latin American producers wanted to establish a system of retention quotas whereby members would be obliged to withhold a certain proportion of the base year (1958/59) output. This implied that there was no limit on the volume of exports so long as a country withheld a stipulated quantity from the market. The African countries favored specific export quotas based on recorded exports or exportable production using 1957 as the base year. The Latin American producers were unwilling to accept specific quotas1/ because these would have virtually precluded sales of coffee from previous crops unless, of course, their production fell below the quota. On the other hand, retention quotas, which allowed exports of existing stocks, worked against the interests of the African producers who held little, if any, accumulated stocks. Efforts to devise a plan acceptable to both groups proved fruitless, but the Study Group continued in existence.

Latin American Coffee Agreement, 1958

10. Hard pressed by the sharp fall in the price of Arabicas during 1958 (Robusta prices did not fall in 1958 because of a shorter 1957/58 Robusta crop),2/ fifteen countries concluded the "Latin American Coffee Agreement" establishing a system of retention quotas. As a gesture of cooperation France and Portugal, on behalf of their dependent territories in Africa, announced that they would voluntarily limit their exports. Belgium (for the Congo), Ethiopia and the United Kingdom (for its dependent territories in Africa) made no commitment. The Agreement went into force on October 1, 1958.

11. Despite these moves, however, prices continued to fall as production rose sharply and stocks piled up, with the stock accumulation concentrating almost entirely in Brazil. In the face of this situation and the obvious need for an agreement with a wider participation, the Latin American producers decided to accede to the viewpoints of the African producers and accepted the principle of specific export quotas and other modifications in the Agreement.

1/ ICO: Document No. ICC-1-1, page 7.

2/ Two main types of coffee are grown in the world - Arabica and Robusta. Arabica is grown in the Western Hemisphere and also in Eastern Africa. Robusta is grown mainly in Africa and Asia. Only Trinidad in the Western Hemisphere grows Robusta. A few countries produce both varieties, distributed in roughly the following proportions (in percentage of Arabica/Robusta): Angola 3/97, Uganda 10/90, Cameroon 30/70, India 50/50, Tanzania 70/30. In view of some quality differences the ICO further divides Arabicas into three groups, namely, (i) Colombian Mild Arabicas (principally grown in Colombia, Kenya and Tanzania), (ii) Other Mild Arabicas (principally in Central America and Mexico), and (iii) Unwashed Arabicas (principally in Brazil and Ethiopia). For country details see Table 4.

The Short-term International (Producers') Coffee Agreement, 1959/60 to 1962/63

12. Encouraged by the new flexibility in the position of the Latin American producers and impelled by the sharp drop in prices of all types of coffee in 1959, a year in which world coffee production reached an all time high of 66.4 million bags, the Coffee Study Group renewed its efforts to bring together the Western Hemisphere and the Eastern Hemisphere countries into a common agreement.

13. Consensus was finally reached on the text of a new agreement and in September 1959, Portugal, the French community (including Cameroon and Togo) and the fifteen Latin American countries[1] signed the new accord[2] known as the Short-term International Coffee Agreement. The British and Belgian delegations did not sign the Agreement but announced unilateral ceilings on the exports of their overseas territories.

14. The significance of the new Agreement, both institutionally and economically, was that for the first time African, as well as the Latin American, producers were brought together in a formal, binding arrangement, thereby marking an end to the narrower regional arrangements of earlier years. These seventeen participants accounted for over 85 percent of the world exportable production of coffee. The inclusion of importing countries in the arrangement as a next step was yet to come.

15. The 1959 Agreement contained formulas for fixing specific export quotas,[3] once and for all abandoning the more elastic retention of exportable production concept. It laid down the principle that the total export quota would be determined in relation to world demand. "New markets,"[4]

1/ Brazil, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Peru and Venezuela.

2/ H.M. Stationery Office, London: "International Coffee Agreement," Washington, D.C., September 24, 1959.

3/ Country quotas were determined on the following basis: (a) a figure of 90 percent of the exports that took place during the best calendar year in the period 1949-1958; and (b) for countries with an exportable production of less than two million bags, at their choice, either (a) or a maximum of 88 percent of the exportable production estimates published by the U.S. Department of Agriculture in January-March of the coffee year in which they accede to the Agreement.

4/ A "new market" was simply one which had historically absorbed little coffee but which offered potential for increased purchases and which, with these criteria, could be differentiated from a traditional or established market. The new market concept introduced a measure of flexibility into the apportionment of the world market implied under the export quota arrangements.

which were distinguished from traditional markets and to which participating countries could export outside their respective quotas, were specifically listed by countries. These concepts, although modified somewhat over time, have remained at the core of the International Coffee Agreements of 1962 and 1968.

16. The Agreement, extended from year to year until it lapsed in October 1963, provided a transition from the short-term producers' agreements to the long-term International Agreement of 1962, which came into force in July 1963. In this period, the United Kingdom joined on behalf of Kenya, Tanganyika and Uganda (the former French African territories meanwhile became independent members), thereby raising the membership to 28 coffee-producing countries and territories, controlling over 90 percent of world exportable production. The major non-signatories remained the Congo (Kinshasa), Ethiopia, India, Indonesia and Rwanda-Burundi.

17. Although the various emergency producers' agreements could not prevent the price decline, the increased cooperation and understanding among the major coffee producers brought about by these accords must be credited at least with (a) slowing the price declines that would otherwise have occurred under the pressure of rapid expansion in supplies from new coffee areas, and (b) laying a firm basis for concluding in 1962 an international accord on a still wider basis and including the major exporting countries.

II. INTERNATIONAL COFFEE AGREEMENT, 1962

18. A principal weakness of the short-term International Agreement of 1959 was that consuming countries were not parties to it. This fact rendered virtually impossible the policing and enforcement of annual export quotas. The interests of the producers, who were keen to involve the consumers in any long-term accord, received a big boost when, in March 1961, President Kennedy stated[1/] that "...the United States is ready to cooperate in serious case-by-case examinations of commodity market problems ..." with a view to bringing an end to the pattern of frequent violent changes in commodity prices.

19. Following this show of interest on the part of the country then accounting for 50 percent of world coffee imports, the work of the Coffee Study Group was reactivated. The Study Group published a comprehensive ten volume document[2/] on the World Coffee Problem. In addition, the Group prepared a paper on "Proposed Principles to Underlie a Long-Term Coffee Agreement"[3/] which served as a basis for the drafting of an International Agreement which was circulated to all interested governments at the end of 1961.

20. In July/August 1962, an International Coffee Conference was convened under the aegis of the United Nations. The Conference, presided over by the Honorable Mitchell Sharp of Canada and attended by 71 coffee-exporting and coffee-importing countries (with 58 countries participating actively) successfully negotiated and adopted the Agreement, officially designated as the International Coffee Agreement, 1962. The Conference reconvened on September 28, 1962 and finally approved the text of the Agreement, subject to ratification. Twenty-four countries initialed the document at that time and by November 30, 1962, the closing date, the governments of 54 exporting and importing countries had initialed the Agreement. This marked the culmination of the efforts which began in 1954.

21. The five-year Agreement was established[4/] at a time when average coffee prices had declined by 40 to 50 percent from the high levels that

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1/ White House: Address of the President on the Latin American Program, March 13, 1961; point five of the Ten-Point Plan.

2/ Coffee Study Group: "The World Coffee Problem, Present Status of the Industry and Future Prospects (A Long-Term Study)," Document No. CSG-I-17/60.

3/ Coffee Study Group: "Proposed Principles to Underlie a Long-Term Coffee Agreement," CSG-I-28/61, Rev. 1, September 29, 1961.

4/ The Agreement came into force provisionally on July 1, 1963, definitively on December 27, 1963, and is due to expire on September 30, 1968. During this period the membership of the International Coffee Organization, the administering body of the Agreement, has grown from 54 governments (32 coffee exporting and 22 coffee importing countries) accounting for about 95 percent of world exports and imports to 67 governments (42 exporting and 25 importing) accounting for roughly 99 percent of world exports and 95 percent of imports.

had prevailed in the early and mid-1950's and the danger of further price declines had not abated. The Agreement had in view the principal objective of achieving "a reasonable balance between supply and demand on a basis which will assure adequate supplies of coffee to consumers and markets for coffee to producers at equitable prices, and which will bring about long-term equilibrium between production and consumption."1/

22. This objective was to be attained principally through operating a system of variable export quotas to insure adequate supplies at remunerative prices and in the longer run it was envisaged that policies directed toward diversification from coffee to other economic pursuits would relieve the pressure of over-supply.

23. The Agreement did not expressly define the "equitable" level at which prices would be stabilized but implicitly set a floor price by recording that "the Members agree on the necessity of assuring that the general level of coffee prices does not decline below the general level of such prices in 1962."2/ Later on, beginning in 1965, the International Coffee Council3/ adopted a flexible price stabilization system designed to mitigate short-term price fluctuations but adjustable each year to changing market conditions.

24. Thus the operation of the Agreement has revolved around the regulation of exports, incorporating the quota mechanism and the pricing policies, and the longer-term objective of production controls and diversification. Since these fundamental aspects of the 1962 Agreement have been essentially preserved under the renegotiated Agreement, it is worthwhile reviewing them as a basis for a discussion of the 1968 Agreement in Chapter III. The ICO has also dealt with the important questions of the removal of obstacles to consumption and the promotion of coffee consumption.

THE REGULATION OF EXPORTS

25. The regulatory system under the 1962 Agreement comprised basic export quotas, effective annual export quotas (including waivers, special export entitlements and penalties), price policies (including a quota adjustment mechanism) and an enforcement or control system.

Basic Quotas

26. The basic quotas, listed in an Annex A to the Agreement, determine the basic percentage share assigned in any given year to each exporting member country in the aggregate exports to the traditional markets, i.e., all countries other than those listed as "new markets" or Annex B countries. These

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1/ International Coffee Agreement, 1962: Article 1, Clause 1.

2/ International Coffee Agreement, 1962: Article 27, Clause 2.

3/ The highest legislative authority of the International Coffee Organization.

basic quotas are expressed in the Agreement in absolute terms, i.e., in terms of a specific number of bags of coffee for each country. However, the operational significance of each quota is not in its absolute value but in its implied ratio to the total basic quota since, as will be seen, the annual quota can differ substantially from the basic global quota in the Agreement, and is pro-rated to each country in proportion to its percentage share of the basic quota in the Agreement.

27. The Agreement does not contain the formula used in arriving at the basic export quotas. A rough, highly pragmatic formula was, however, hammered out at the Coffee Conference with an eye to permitting the necessary accommodations among countries needed to help them reach an agreement. Countries were allowed to choose either two years 1961/62-1962/63 or four years 1959/60-1962/63 as a basis for computing their base year exportable production (using USDA data). These computed base figures were then reduced by the following percentages - for base estimates up to 25,000 bags, nil; 25,000 - 500,000, 6%; 500,000 - 1,000,000, 8%; 1,000,000 - 2,000,000, 10%; over 2,000,000, 12%; Brazil, 30%. The result for each country was then further reduced by 1%. However, so many exceptions to this formula were made that in the end, the original formula was followed only in the case of Colombia. Finally, a further reduction was negotiated in the Brazilian quota and all other countries received upward adjustments of their formula-derived quotas. For the producing countries who joined the Agreement in later years, their basic quotas were negotiated with the Coffee Council in each case.

28. As noted above the basic quotas do not cover exports to countries designated as "new markets." This is a measure to encourage increased coffee consumption in such countries. These "new markets," specifically listed by country in Annex B to the Agreement, are defined as those "having a low per capita consumption and considerable potential for expansion."[1/] They comprise Japan, USSR, Poland, Hungary, Republic of South Africa, Thailand, countries surrounding the Persian Gulf and a number of other smaller importing countries. However, any coffee re-exported from any of these countries is charged to the quota of the country of origin. In addition, the exporting member countries are expected to limit their aggregate exports to the new markets to the level of consumption requirements of those countries as determined by the Coffee Council at the beginning of each coffee year.

Annual Quotas

29. While the basic quotas provide the basic guideline for sharing the market, the annual quotas reflect the Coffee Council's estimate of the market requirements from year to year. To arrive at the annual global quota the Coffee Council each year makes a determination, at least 30 days before the beginning of the new coffee year on October 1, of the total world

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1/ International Coffee Agreement, 1962: Article 40, Clause 1.

import requirements (at an undefined "fair" price level). This figure is then successively reduced by estimates of (a) probable exports from non-member countries, (b) estimated shipments from dependent territories to their respective metropolitan countries and (c) estimated exports by member countries to non-quota markets. It is further adjusted for likely changes in inventories.[1/] The resultant global quota is then distributed pro rata among the member exporting countries. In practice, however, the system has not operated quite as rigidly as this because the pro rata distribution has been modified by the grant of numerous waivers, special export authorizations to individual countries to relieve financial difficulties, such as are caused when an unusually large crop greatly exceeds a country's normal quota.

30. Indeed, a number of countries were dissatisfied with their basic shares right from the inception of the Agreement. To assure a possible revision of their basic quotas, the Agreement provided that "during the last six months of the coffee year ending 30 September, 1965, the Council shall review the basic export quotas."[2/] This mandate, coupled with the provisions relating to production controls, created difficult issues for the Council when it took up the review of basic quotas in 1965. The larger producing countries, principally Brazil and Colombia, were unwilling to agree on a revision of basic quotas without simultaneous specific guarantees that efforts to control production would be intensified by the member countries. They felt that the viability of the Agreement itself would be endangered unless production was controlled. (Surveys and studies by the Council on this issue revealed that most exporting countries were expecting their exportable production to grow much faster than the expected future increase in world demand.) On the other hand, almost all countries, except the two principal producers, feared that production controls would probably reflect historical shares in world trade and thus exert a relatively heavier incidence on their future output. The issue was never resolved for the remaining life

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1/ For example, in September 1967, the global quota for 1967/68 was arrived at as follows:

	Million bags of 60 kilos each	Percent Share
World Import Requirements	51.2	100.0
Less shipments from non-member exporters	0.4	0.8
Less certain shipments from dependent territories (e.g. from Angola to Portugal)	0.5	1.0
Less shipments to non-quota markets	2.7	5.2
Inventory changes	0.0	0.0
Global Quota	47.6	93.0

2/ International Coffee Agreement, 1962: Article 28, Clause 2.

of the 1962 Agreement. However, widespread resort to the grant of waivers[1/] by the Council in 1966/67 and 1967/68, as interim relief to most of the disgruntled countries, and leniency in the imposition of penalties for over-shipment had virtually the same effect as the revision of basic quotas.

Price Policies

31. The most important provision affecting the adjustment of quotas was the price policies pursued by the Council. The Agreement had stipulated that prices should be "equitable" and if there were "marked price rises or falls occurring within brief periods,"[2/] implying a period of a couple of weeks or so, the quotas might be adjusted by the Council with a view to stabilizing the market. It did not state, however, what specific price level was considered "equitable" for the exporters and importers although the Agreement envisioned, as mentioned before, that the general level of coffee prices should not be allowed to decline below the general level of such prices in 1962. Accordingly, in 1963/64, the first full year of the Coffee Organization's existence, quotas were adjusted frequently, either upward or downward, with a view to maintaining prices stable at whatever levels were determined to be agreeable to the Council. This system proved awkward, time-consuming and impractical and at times raised uncertainties in world markets regarding possible Council action thereby destabilizing prices.

32. With a view to streamlining the operation of the quota system and increasing market stability, a semi-automatic method of adjusting quotas was introduced in March 1965, whereby the Council established an Indicator Price Range,[3/] with a floor of 38 cents per pound and a ceiling of 44 cents (see table below). If the indicator price remained below the floor for fifteen consecutive days, the global quota (and hence the pro-rated country quotas) was adjusted downward and if it stayed above the ceiling, quota was adjusted upward. There were, however, limitations on

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1/ Article 60 of the Agreement provided that the Council might grant a waiver to a member country which, on account of exceptional or emergency circumstances, force majeure, constitutional obligations et al, was likely to suffer serious hardship. The affected countries argued that even bumper crops came under that rule, contending that large unsold stocks would put an unbearable burden on their respective economies.

2/ International Coffee Agreement, 1962: Article 34, Clause 5.

3/ The indicator price was defined as the simple arithmetic average of the daily (New York spot) prices of the three basic groups of coffee, namely, Mild Arabicas, Unwashed Arabicas and Robustas. The Mild Arabicas' price was based on Colombian Mams, El Salvador Central Standard, Guatemala Prime Washed and Mexico Prime Washed; Unwashed Arabicas referred to quotations for Santos 4 and the Robusta price was based on Angola Ambriz 2AA, Ivory Coast Superior 2 and Uganda Native Standard.

the extent to which quotas could be adjusted in this manner.[1/] The system remained in effect for the coffee years 1964/65 (second half) and 1965/66. Although it was an improvement over ad hoc adjustments of quotas, the system, nevertheless, tended to treat coffee as a homogenous commodity and disregarded differential price movements in the various types of coffee.

HISTORY OF INDICATOR PRICE RANGES
(U.S. ¢ per lb. ex-dock New York for prompt shipment)

	1963/64[a/]		1964/65 & 1965/66		1966/67		1967/68[c/]	
	Floor	Ceiling	Floor	Ceiling	Floor	Ceiling	Floor	Ceiling
Colombian Mild Arabicas	-	-	(-	(-	43.50	47.50	38.75	42.75
Other Mild Arabicas	-	-	(	(	40.50	44.50	37.25	41.25
Unwashed Arabicas	-	-			37.50	41.50	35.25	39.25
Robustas	-	-	-	-	30.50	34.50	30.50	34.25
Average of the three grades[b/]			38.00	44.00				

a/ Specific price not in force.
b/ Arithmetic average of Mild Arabicas (Colombian Milds and Other Milds), Unwashed Arabicas and Robustas; system introduced in March 1965.
c/ Computed as follows: (i) Colombian Mams is taken as representative of Colombian Mild Arabicas; (ii) the arithmetic average of El Salvadoran Central Standard, Guatemalan Prime Washed and Mexican Prime Washed is taken as representative of other Mild Arabicas; (iii) Santos 4 is taken as representative of Unwashed Arabicas; and (iv) the arithmetic average of Angolan Ambriz 2AA and Ugandan Native Standard is taken as representative of Robustas.

33. Most of the importing countries and a number of the exporting countries (particularly Robusta exporters) favored a system of selective adjustment of quotas whereby they would be adjusted separately for the major groups of coffee to reflect more accurately differences in the supply-demand and price movements affecting each group, as opposed to the one indicator price system under which such distinctions were ignored. Acquiescing to these demands for further rationalizing the price mechanism and to insure that the supply of the various types of coffee was made more responsive to changes in consumer demand, the Council replaced the composite Indicator Price Range system with a selective system.

1/ For example, 1964/65 quotas could be adjusted upward or downward to a maximum extent of 6 percent (Resolution No. 67).

34. Under the "Selective Price System" four price ranges were established for the four main groups of coffee, Colombian Mild Arabicas, other Mild Arabicas, Unwashed Arabicas and Robustas, and member exporting countries were classified into these four groups.1/ The ranges were determined after extensive discussions among the member countries and consultations with the private trade and reflected historical price relationships among the four groups of coffee. If the daily average price of any group, taken over a period of fifteen consecutive market days, remained below the floor or above the ceiling, the quota for that particular group was adjusted downward or upward. There was, however, a limit on the extent to which the quota for any group could be adjusted downward although no such restriction was applicable to upward revisions.

35. Thus, over the life of the 1962 Agreement, the price policy of the Council was gradually refined and increasingly differentiated.

36. The gradual shift to the selective adjustment of quotas has also represented, of course, a further modification of the strictly pro rata principle of market sharing. A year by year comparison of the initial country quotas fixed at the beginning of a coffee year and the final quotas as they stood at the end of the year are presented in Table 4 to show the extent to which country quotas were modified during the course of various years. The differences between the initial figures and the corresponding final figures reflect changes resulting partly from price stabilization adjustments and partly from the grant of waivers, etc., authorized during the course of that year.

The Control System

37. The enforcement of quota controls has remained a difficult problem throughout the life of the Agreement. The difficulties stemmed from the continued tendency of production to exceed demand and the attempts of some countries to unload their surpluses by using the existence of non-quota markets as a device for evading the quota restrictions. In view of the regulation of exports to quota markets, virtually the entire pressure of oversupply shifted to the non-quota markets and had the effect of creating a sort of two price system, one for the quota and the other for the non-quota markets, with prices being considerably lower in the latter.2/ This

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1/ For practical reasons, the entire output of a country was allocated to the predominant type produced by that country.

2/ The following estimates of average import unit values for 1963/65 tend to substantiate this hypothesis:

		US $ per bag
(i)	Western Europe, U.S.A. and Canada (Main traditional markets)	48.80
(ii)	Japan (New market)	42.30
(iii)	Underdeveloped (Traditional markets)	39.70
(iv)	Underdeveloped (New markets)	32.90

Source: Compiled from the data published by the FAO based on Traditional and New Markets as defined by the ICO.

two price system tended to aggravate the control problem because it made it lucrative for traders to tranship or divert coffee from the 'new markets' to the traditional markets. Thus, the existence of such markets tended to work as a loophole in the evasion of the quota system.[1]

38. To cope with the problem of evasion of quotas, the Agreement provided for a system of Certificates of Origin and Re-export to accompany all shipments of coffee from member countries. In this way a check could be provided that total imports into quota countries from each member exporting country did not exceed that country's export quota. The system, however, became fully operative only late in 1964/65, partly because a legislative delay in the United States, the main importer, had impeded its universal application. Unfortunately, even when fully implemented this system proved to be of only limited effectiveness. In 1965/66, large scale evasions of the control system came to light. ICO estimates indicated that as much as two and a half million bags of the so called "tourist" coffee[2] reached the traditional (i.e. quota) markets from exporting members without being debited to their quotas. Such illegal shipments exerted downward pressure on prices and placed a considerable strain on the operation of the Agreement. In 1965/66, prices, on the average, declined by about 10 percent, although causes other than quota evasion also contributed to this decline.

39. In 1966/67, therefore, the Council adopted additional measures to close the loopholes in the control system. To discourage above-quota exports to quota markets through the device of tourist coffee, it directed that future imports by members from non-members must be limited to average annual imports in 1960/62 from those countries. The adoption of this measure also meant that thenceforth non-members would not share in the growth of the quota markets. In addition, a system of coffee export stamps was introduced to reinforce the Certificates of Origin. Exporting members were provided with a quantity of stamps each quarter corresponding to their authorized exports for that quarter. This was designed to put a stop to the practice of some exporting member countries of issuing certificates in excess of their quotas. Importing members were required to refuse admission to coffee not duly stamped.

40. Although the Control System has been strengthened greatly, particularly since the Stamp System was introduced, it is not fool-proof. Problems continue to be encountered with regard to certification of re-exports,

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1/ It may be pointed out that some exporting countries, as a measure of restraint and pursuant to a provision of the Agreement (Art. 40), restrict exports to non-quota markets.

2/ Coffee trans-shipped by exporting member countries through non-member exporting countries or re-exported from the non-quota markets in order to disguise its origin. In this way, an exporting member country could increase its exports to quota markets beyond its legal quota.

especially those involving Western European ports.[1/] Moreover, unusually large imports into some of the Annex B (non-quota) markets seem to imply the possibility that they will be re-exported in the future. Nonetheless, the encouraging fact is that the ICO has increased its surveillance of all coffee shipments and the Council has shown readiness to adopt additional control measures to cope with new situations. However, the success of the control system will necessarily depend on the extent of cooperation extended by the member countries.

PRODUCTION CONTROLS AND DIVERSIFICATION

41. Recognizing that as long as surpluses continued to accumulate there could be no permanent solution to the coffee problem, the Agreement had stipulated that "not later than one year after the Agreement enters into force, the Council shall ... recommend production goals" for each member country and for the world as a whole. But the problem of controlling production on an internationally coordinated basis proved to be such a difficult and involved task that it has remained unresolved for the life of the 1962 Agreement.

42. Arrangements were made in November 1965 for a study to be sponsored jointly by the ICO, FAO and the World Bank to make supply and demand projections, and consider the conditions of coffee production including the problems and possibilities of diversification. The aim was to examine the possibilities for achieving equilibrium in the coffee economy and to provide a rational basis for discussion and action on production goals and consequent diversification. Pending the completion of the study, expected in the latter part of 1968, the Coffee Organization prepared interim studies projecting supply and demand to facilitate its negotiations on longer-term issues of production control and diversification. However, the Council was unable to conclude its work on the establishment of production goals.

43. Intertwined with the issue of production targets has been the question of assisting the surplus-ridden countries in diversifying out of coffee into other economic pursuits. It was felt that the availability of financial and technical assistance would facilitate the implementation of production controls. In 1966, the Council approved in principle the establishment of a Coffee Diversification Fund but let the scale of contributions and the size of the Fund quite open. In 1966 and 1967 discussions on the establishment and management of the Fund were continued by committees established by the Coffee Council. Certain international institutions (the World Bank, the Inter-American Development Bank and the Food and Agriculture Organization of the United Nations) participated in some of these discussions in a technical advisory capacity. Finally, new guidelines for the Diversification Fund were embodied in the renegotiated Agreement of 1968. These are discussed in detail in Chapter III.

1/ Re-exports of coffee are chargeable to the quota of the country of origin but proper certification is required in order for this system to work.

EXPANSION OF COFFEE CONSUMPTION

44. Other problems dealt with by the ICO have included the removal of obstacles to consumption and the promotion of coffee consumption.

Obstacles to Consumption

45. The growth of coffee consumption in a number of countries is considered to be adversely influenced by various hindrances such as quota restrictions, import duties (including preferential tariffs), fiscal levies, etc. It has been estimated that in 1962 duties and fiscal charges levied on coffee amounted to about 30% of the value of coffee imported into the developed countries.[1] In recognition of the fact that such measures "may to a greater or lesser extent hinder the increase in consumption of coffee," the Agreement (Article 47) had provided for an undertaking from the member countries that they would "investigate ways and means by which the obstacles to increased trade and consumption could be progressively reduced and eventually, whenever possible, eliminated, or by which their effects could be substantially diminished."[2] Although the Coffee Council has provided a useful forum for the airing of country viewpoints on this very sensitive issue, little meaningful results were achieved during the life of the 1962 Agreement.

46. A recurrent issue related to the problem of import duties, although it is more directly relevant to trade discrimination than to the problem of coffee consumption, is the matter of preferential tariffs. Due to historical reasons, preferential tariffs on coffee tend to benefit only certain countries, mostly in Africa. During the negotiation of the 1968 Agreement the Latin American countries strongly advocated the abolition of such preferential tariffs and quotas (as well as other restrictions). A number of countries, principally the Common Market and the Associated States, were opposed to any unconditional abolition of preferences. Although provisions similar to those in Article 47 of the 1962 Agreement (see above) have been retained in the 1968 Agreement, it remains to be seen if any meaningful progress will be made in this field.

Promotion

47. As a further means of expanding coffee consumption, the exporting countries agreed to finance promotional activities and to this end the ICO established a World Coffee Promotion Committee (WCPC) in 1964. The activities of the Committee cover advertising, public relations, consumer education and research. The Committee operates a Promotion Fund financed by a compulsory levy on exports of coffee to quota markets. In 1965/66, the Committee spent about $5 million on coffee promotion in the major

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1/ UNCTAD Proceedings, Vol. III. Commodity Trade, 1964; based on page 35.

2/ International Coffee Agreement, 1962: Article 47, Clause 5(a).

consuming countries. In 1966/67, the campaign funds were raised to $7 million, with $4.4 million earmarked for promotion in the United States alone. The 1967/68 promotion fund was also set at about $7 million.

EVALUATION OF THE 1962 AGREEMENT

48. In spite of the many strains to which the Agreement has been subjected and the lack of substantive progress towards the longer-term goal of bringing about an equilibrium between supply and demand, the achievements of the International Coffee Organization have been substantial.

49. The importance of the Coffee Agreement does not rest solely on the fact that coffee is the most important agricultural commodity exported by the developing countries or that this is the only international commodity accord that has been continuously in meaningful and effective operation in recent years. The significance of the Agreement also lies in the fact that it has been able to prevent a collapse of the coffee market, by insulating oversupply through an export quota mechanism. This has been achieved without a significant disruption of normal trade practices.

50. It is also worth noting that the main price objective of the Agreement has been stabilization of prices at reasonable levels. As will be seen from Chart 1, when the Agreement was negotiated in 1962 most coffee prices were at postwar lows. Thereafter prices firmed in 1963 and then rose somewhat sharply in 1964. However, the 1964 increase was due to severe frost damage in Brazil.[1/] Since then Arabica prices have gradually declined, reflecting continued heavy pressure of supplies and Robusta prices have remained stable, reflecting lesser supply pressure, and relatively stronger demand. The Agreement in effect has tried to stabilize prices, rather than trying to raise them or peg them at a fixed level, by using its quota mechanism to cushion the effect of changes in supply on prices. While prices under the Agreement have remained well below postwar highs, it is generally agreed that these price levels have been satisfactory for both producing and consuming countries.

51. It is hard to quantify the benefits to the producing and consuming countries that have accrued over the life of the Agreement. It is widely recognized that an assured supply of a commodity at a stable price is one of the important prerequisites for the orderly growth of the market for that product in an economically advanced society. In the case of the developing countries, their export earnings derived from coffee have risen by about $500 million between 1962, the year of lowest prices (and the one preceding the Agreement) and 1966 when total exports amounted to about $2,320 million[2/] (at prices higher than those of 1962 but well below the high levels of the 1950's). But it is a moot point to say that without the

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1/ According to estimates published by the United States Department of Agriculture, in 1964/65 Brazilian exportable output declined to 3 million bags as compared to 21 million bags in 1963/64. During the same period, world exportable production dropped by 20 million bags.

2/ See Table 8. The value of exports in 1967 declined by over $100 million as compared to 1966, due to a fall in price.

Agreement coffee earnings would have stagnated at the 1962 level. In the absence of the Agreement, prices might have fallen further (ICO had estimated that without the Agreement prices would fall to one half of their current /1966/ level).[1] But it is also likely that in due course a chaotic price slump would have reacted on production and (although to a lesser extent, due to the relative inelasticity of demand) on consumption, reinforcing the traditional boom and bust swings in earnings from coffee. In this connection, it is worth pointing out that the total annual value of coffee exports since 1954 has not yet matched the high level of two and a half billion dollars reached in that year, although in the intervening thirteen years the annual volume of exports has increased by two-thirds from 29 million bags in 1954 to 50 million bags in 1967 (Chart 3). To avoid comparing single years it is interesting to note that coffee earnings of the developing countries averaged $2,350 million per annum in 1953/57 as compared to $2,180 million per annum in the most recent period of 1963/67 (Table 8).

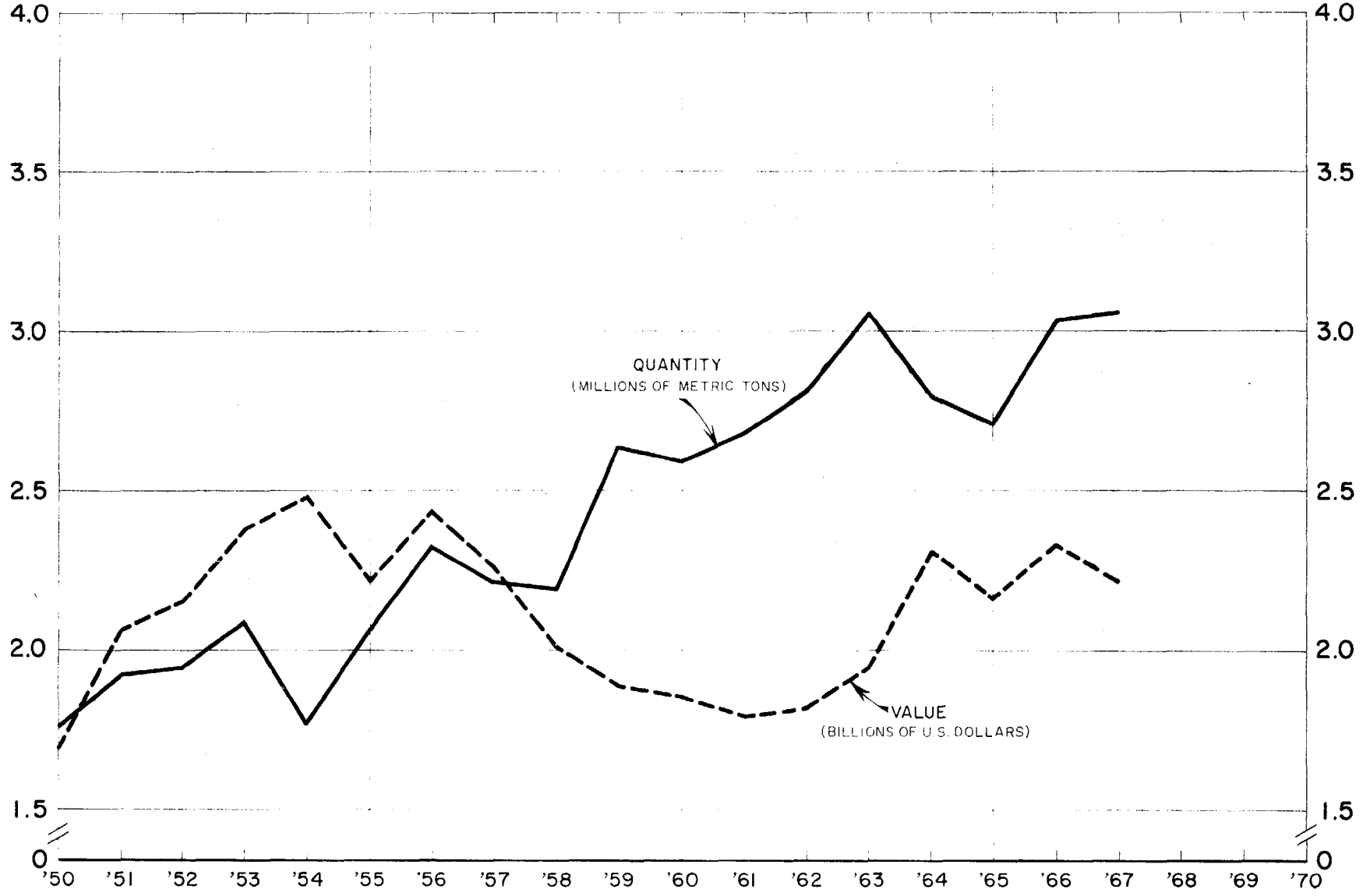
52. The foregoing also brings out that the Agreement has not maximized the coffee earnings of exporting countries but this in fact was not an objective of the Agreement. Such an objective would have required severe supply cutbacks and consequent higher prices. However, such measures, unless accompanied by a successful diversification, would have led to unemployment and possibly displacement of populations within the coffee producing countries. At the same time it would have reduced the cooperation of the consuming countries in making the Agreement effective.

53. The most noteworthy contribution of the Agreement lies in the fact that it has led to orderly growth, on a moving average basis, in the export earnings of the developing countries derived from coffee. Although the long-term objectives of the Agreement remain unrealized, the groundwork that was laid in this period has undoubtedly facilitated the work on production control and diversification that will be undertaken during the life of the recently negotiated International Coffee Agreement of 1968. It should also be noted that average world output has shown little change over the past five years although consumption has been expanding steadily. The absence of expansion in world output has been the result of restraints exercised by Brazil and Colombia. The existence of an Agreement may also have restrained the expansion of new plantings in other countries.

54. An important factor that lies behind the effectiveness of the Coffee Agreement is that after a series of efforts, the exporting countries succeeded in bringing the importing countries into the Agreement. Considering that coffee is grown by a large number of countries throughout the tropical world, the policing of the control system of the Agreement would have been a virtual impossibility without the full cooperation of the importing countries. Indeed, the administrative demands of an effective enforcement system are hard to meet, even for developed countries and more so for the developing countries. After years of operation of the Agreement, some exporting countries still lack an effective mechanism even for registration of export sales.

1/ Economics Department, IBRD: "Report on the International Coffee Council"; Sec.M66-339, October 27, 1966.

EXPORTS OF COFFEE FROM THE DEVELOPING COUNTRIES



SOURCE: Table 8.

(R)IBRD-3968

CHART 3

III. INTERNATIONAL COFFEE AGREEMENT, 1968

55. The International Coffee Council, after prolonged and difficult negotiations extending over several months, approved, on February 9, 1968, the International Coffee Agreement, 1968, as the successor to the existing Agreement,1/ due to expire September 30, 1968. By March 31, 1968, the closing date,2/ 53 member governments (34 exporting and 19 importing) had signed the Agreement.

56. The signatory countries are required to deposit their instruments of approval, ratification or acceptance by September 30, 1968. The Agreement shall enter into force definitively on October 1, 1968, if a specific number3/ of governments have deposited their instruments of approval, ratification or acceptance. Alternatively, it shall enter into force provisionally4/ until the aforesaid requirements are satisfied.

57. The objectives and the basic mechanism of the 1968 Agreement, viz, maintaining price stability by insulating supplies through an export quota system in the short run and balancing supply and demand in the long run, remain unaltered. Nevertheless, many articles, particularly those concerning basic quotas, policy towards grant of waivers, the price mechanism, exports to new markets (Annex B countries), treatment of processed coffee, production goals and the diversification fund have undergone substantive changes. The following is a brief review of the discussions and decisions on the important operative clauses of the new Agreement.

Basic Quotas

58. Country positions on the revision of basic quotas, the subject on which differences in viewpoints have been constantly aired since 1965, became the focal point of the renegotiation of the Agreement. The positions

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1/ A simple extension of the International Coffee Agreement, 1962, was not possible because the Articles of that Agreement provided for either the extension or the renegotiation of the Agreement but not both.

2/ This was a mere formality because countries can accede to the Agreement at any time.

3/ I.e., governments representing at least twenty exporting members holding at least 80 percent of the votes of the exporting members and at least ten importing members holding at least 80 percent of the votes of the importing members.

4/ For provisional entry into force, a simple notification by a specific number of governments, containing an undertaking to apply the Agreement provisionally and to seek approval, ratification or acceptance in accordance with its constitutional procedures, would be considered as sufficient.

on this issue were rigid, and lengthy debates ensued. Various versions of a formula to revise basic quotas were devised, but none proved fully acceptable and a deadlock set in.

59. Finally a set of figures was compiled which took into account for each country an agreed base year figure1/ plus additions to allow for the coming into bearing of coffee planted before the Agreement came into force, plus additions for other factors such as the extent of accumulation of surplus stocks and the extent of dependence on coffee for exchange earnings (a concession to countries which depended on coffee for 40 percent or more of their exchange earnings). These figures added up to 55 million bags, compared to the previous total basic quota of 46.6 million bags and the 1966/67 global effective quota of 47.9 million bags. The new total, nevertheless, was taken as the new global basic quota. The individual country figures were then further altered, without affecting the total, in a private caucus of the principal signatories.

60. These negotiated basic quotas, shown as Annex A of the new Agreement, will be used for the next five years, 1968/69 - 1972/73, to prorate annual quotas.

61. These basic quotas, apart from implying changes in country shares (discussed in later paragraphs) incorporate another important change in that countries whose average annual authorized exports (actual quota exports) of coffee for the preceding three-year period were less than 100,000 bags, have not been allotted a basic quota. Instead, the 13 countries falling into this category (Bolivia, Congo /Brazzaville/, Cuba, Dahomey, Gabon, Ghana, Jamaica, Liberia, Nigeria, Panama, Paraguay, Sierra Leone and Trinidad and Tobago) have been given specific export entitlements for 1968/69 (see footnote 1 in Annex A) with the proviso that in each of the subsequent years their entitlements shall be increased by 10 percent of the initial quota (simple rate of interest) until the maximum of 100,000 bags is reached.2/ Only Sierra Leone could reach this limit in the fourth year (1971/72) and qualify for a basic quota thereafter. During the time that they do not qualify for a basic quota, however, these countries will suffer a cut in their voting power.

1/ The base year figures roughly corresponded to a basic formula which started with the exportable production (with some adjustments) of each country for the higher of either the average of the four years 1959/60-1962/63 or the average of the two years 1961/62-1962/63. This figure was then reduced as follows to allow for retentions, i.e.: for countries producing less than 25,000 bags, no reduction; 25,000 to 500,000, 6 percent; 500,000 to 1,000,000, 8 percent; 1,000,000 to 2,000,000, 10 percent; 2,000,000 to 10,000,000, 12 percent; and more than 10,000,000, 30 percent.

2/ These exporting countries at first asked that there be no limit on annual exports of up to at least 100,000 bags. After presenting intermediary demands, they made a bid for a 10 percent compound increase every year but settled for a 10 percent simple increase.

62. In the case of Burundi, Congo (Democratic Republic), Cuba, Rwanda and Venezuela, which experienced major cuts in their quotas but (except for Cuba1/) retained their position in Annex A (i.e., as countries holding basic quotas and full voting power), an escape clause has been provided (set forth in footnote 2 of Annex A) whereby their quotas could be raised in any year up to a specified limit provided that they showed acceptable evidence of an increase in their exportable production.

63. A comparison of the basic quotas under the 1962 Agreement and the proposed basic quotas under the new 1968 Agreement is shown in Table 6. Even though the new basic quotas generally show higher absolute figures, as compared to the existing basic quotas, it will be seen from Column 9 (percent change in country shares) that the new basic quotas imply cuts in the share of the quota market for 13 countries, ranging from a reduction of 42.8 percent for Venezuela to 1.5 percent for Togo. Brazil and Colombia yielded 2.7 and 2.6 percent, respectively. The rest of the reductions were spread among small exporters. Fifteen countries received quota increases varying between 39.2 percent for Kenya2/ and 2.4 percent for the Dominican Republic. The principal beneficiaries of increases in quotas included Kenya (+39%), Tanzania (+34%), Honduras (+25%), El Salvador (+11%), Guatemala (12%), Nicaragua (+10%), Ecuador (+14%) and, within the OAMCAF Group, Cameroon (+10%), Central African Republic (+12%), and Ivory Coast (+11%).

64. It is, however, important to note that these changes in basic quotas were to a large extent a formalization of the adjustments that had already been made on a provisional basis in the form of special export entitlements (waivers) given to a number of countries in the last two years of the 1962 Agreement. Comparing the new basic quotas with the effective initial quotas for the coffee year 1967/68, the last year of the 1962 Agreement, it will be noticed from Column 10 of Table 6 that, leaving aside Burundi, Congo (D.R.), Rwanda and Venezuela, whose special status was discussed above, only minor modifications were made in all other cases except Tanzania, which received a substantial (+36%) increase, Ecuador (+16%), Guatemala (+10%), Honduras (-12%) and Indonesia (+13%). The Brazilian and Colombian shares turned out to be somewhat higher under the 1968 Agreement than in the last year of the 1962 Agreement.

65. The comparative figures for the 13 countries which have not been allotted basic quotas under the 1968 Agreement are shown in Table 7. With the exception of Cuba, changes in the export allocations of other countries were minor.

Waivers

66. During the 1962 Agreement, waivers had become a "normal" expectation and a considerable amount of the time of the Organization was spent

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1/ Cuba suffered the largest quota cut, lost its bid for a basic quota and appears in both the footnotes of Annex A.

2/ However, Kenya suffered a reduction when compared to the share held in 1967/68. See Columns 9 and 10 of Table 6.

in handling waiver requests. Because of the unhappy history of arguments over waivers, the debate on the article on waivers was rather difficult. Brazil and Colombia maintained that waivers were contrary to the spirit of the Agreement, had been rather abused in the past, tended to distort the allocation of quotas and should be dispensed with. Most of the other exporting countries maintained that the operating clauses of the new Agreement were very severe and that waivers should be denied only when a country violated the provisions relating to production goals and ICO policies relative to stocks. They maintained that an escape clause must be kept to provide relief in unforeseen cases of extreme hardship.

67. Unlike that in the 1962 Agreement, the new article governing waivers, by strictly defining "force majeure", forecloses the possibility of waivers except in cases where events such as strikes, floods, civil strife, war, etc., interfere with the movement of coffee. This implies that future exports to quota markets will be determined largely by shares set by the basic quotas and by the modifications brought about by the selective system of quota adjustments based on price movements of the various groups of coffee.

Price Policies

68. As discussed in Chapter II, the 1962 Agreement neither contained any specific price goals nor prescribed a system for adjustment of quotas to stabilize prices. Modifications, on a temporary basis without amending the Agreement, were brought about by the Council in 1965 by defining the Indicator Price Range within which the prices were to be stabilized. The system was then revised in 1966 when "selectivity" was introduced whereby separate price ranges were prescribed for the four main groups of coffee.

69. The new Agreement still does not mention any specific price, apart from retaining the clause that prices will not be allowed to decline below the general level of prices prevailing in 1962. However, it does make an important policy departure from the 1962 Agreement by incorporating an article relating to the selective system of adjusting exports on the basis of price changes in the various groups of coffee. This provision implies that for the duration of the new Agreement separate price ranges will be maintained for Robustas, Unwashed Arabicas and the two groups of Mild Arabica coffees. These ranges, however, are subject to modification from year to year, as was done in the last two years of the 1962 Agreement, to reflect changes in market conditions. This system of selective price quota adjustments is designed to insure that shifts in consumer demand for the various types of coffee will be satisfied through corresponding adjustments in the export quotas for the various types of coffee.

70. Price zones for each of the four groups are to be set by the Council at the beginning of each coffee year at the time when the market requirements and the effective quotas are determined for the following year. The Council may set different ranges each year, altering them upwards or downwards (as has been done in the past) depending on the market conditions. If for any group the price stays above the ceiling or below the floor for fifteen consecutive market days, the quotas for that group

would be adjusted upwards or downwards to stabilize prices within the range. However, as a concession to the exporters of mild coffees (chiefly Colombia, Mexico and Central America),1/ it was decided that "the Council shall annually set a limit, not exceeding 5 percent, by which annual quotas may be reduced under any system so established." This implies that there is no limit on the cumulative upward adjustments that may be made in effective quotas during the course of a coffee year if prices tend to penetrate the ceiling of the indicator price ranges, but that there is a limit (5% of the initial annual quota) on the cumulative total by which the annual quotas of countries in a particular group could be reduced during the year if the price for that group of coffees repeatedly remained below the floor. In the latter case where the 5% selective quota cut has failed to stabilize prices for that group or groups, the Council may reduce quotas for all countries, irrespective of the differences in price movements among the various types of coffee, with a view to strengthening the general level of coffee prices.

New Markets

71. The 1962 Agreement permitted unrestricted exports to "new markets" (i.e., the non-quota import markets) listed in Annex B to the Agreement with the safeguard that re-exports to traditional markets were supposed to be charged to the quota of the country of origin. The new Agreement retains a slightly amended list of Annex B countries (see Annex B in the Appendix) even though the major importing countries, particularly those in the Common Market and some exporting countries, had urged that Annex B should be eliminated and that henceforth exports to all markets should be charged to quotas. The important Annex B markets are Japan, USSR, some countries in Eastern Europe and countries bordering the Persian Gulf.

72. Although it has been decided to retain Annex B, thereby assuring that exports to "new markets" will continue to be immune from quota regulations, additional administrative measures have been instituted to reduce illegal re-exports or diversions of coffee from Annex B countries to traditional markets. Henceforth, steps will be taken to trace such re-exports or diversions and to charge them to the quota of the exporting member. However, in practice, it may not always be possible to determine the origin of the coffee and partial evasion of the quota control system may continue.2/

1/ Exporters of mild coffees opposed the selective adjustment of quotas largely because in 1966/67 their quotas had suffered a cut of 1.5 million bags under this system whereas those for Robustas had been increased by 0.5 million bags (Table 4); the importers and the Robusta exporters strongly favored it.

2/ The ICO has reported that in the first four months of the 1967/68 coffee year, after the above-mentioned measures had gone into operation, seven Annex B countries (Bahrein, Iran, Iraq, Jordan, Kuwait, Oman and Saudi Arabia) had already imported as much as three times their estimated annual requirements of coffee.

Processed Coffee

73. The 1962 Agreement did not distinguish between exports of processed coffee and green coffee. The green equivalent of processed coffee exports was charged to the quota of the exporting member country and for this purpose agreed conversion factors were established (e.g. the net weight of soluble coffee exports was multiplied by 3 before being charged to the quota). However, the exporting countries were free to encourage or discourage the export of one type or grade of coffee over another. Under the new Agreement, processed coffee will continue to be likewise charged to quotas but the situation with regard to discriminatory intervention in favor of particular types of coffee has changed.

74. During the renegotiation of the Agreement, the United States delegation proposed a new clause whereby an importing country would have the unilateral right to impose countervailing duties on the coffee of any exporting member which was giving relatively more favorable treatment to its processed coffee exports compared to its exports of green coffee. The amendment meant that if, for example, a country failed to impose taxes on soluble coffee exports, or on coffee beans sold to the domestic soluble coffee industry engaged in producing soluble coffee for export, in an amount equivalent to the export taxes it imposed on coffee beans, then the importing country would have the unilateral right to impose an import duty on such soluble coffee. The amendment also implied that Brazil, for example, which now sells broken beans only to domestic roasters and permits exports only of whole kernels, would be obliged to sell broken beans to foreign roasters as well. This proposed amendment would have deprived the Brazilian soluble industry of certain competitive advantages that it had been enjoying based on the use of the low cost broken beans and tax advantages.

75. The origin of the move lay in the fact that until 1965 the United States was the world's largest exporter of soluble coffee (Table 11). However, with the building of the soluble coffee plants in Brazil, the situation changed radically and in 1966 the United States became a net importer. The value of total world trade in soluble coffee trade is very small at present (less than 2 percent of the value of world trade in green coffee), but the United States was concerned that the practices described in the preceding paragraph were inequitable and would materially injure their domestic industry.

76. Brazil maintained that the soluble coffee question concerned the treatment of an industrial product versus a raw material, and therefore the issue should be raised either in the GATT or UNCTAD, which were more appropriate forums for resolving these issues than the Coffee Agreement.

77. The rigidity of the differences on this issue not only delayed the approval of the renegotiated Agreement, but also brought the negotiations to a near collapse. In order to break the impasse, a high level group was organized to mediate the issue. Finally, a compromise solution

was worked out and incorporated in the renegotiated Agreement.[1] The relevant provisions require that members undertake not to apply discriminatory treatment in favor of processed coffee as compared to green coffee. If a member feels that this undertaking is not being complied with, it will bring the matter to the attention of the Executive Director of the ICO. If, with his mediation, a mutually acceptable solution is not found within 30 days of the complaint, an arbitration panel shall be established. If the panel by majority vote finds that discriminatory treatment does not exist, the petition of the complaining member will be dismissed. If the finding is that discriminatory treatment does exist, the member concerned shall be given 30 days to correct the situation. If the situation is not corrected in this period, the complaining member may take measures to counteract the discriminatory treatment determined by the arbitration panel. However, the Agreement stipulates that "in applying the counter measures Members undertake to have due regard to the need of developing countries to practice policies designed to broaden the base of their economies through, inter alia, industrialization and the export of manufactured products."

Production Goals

78. Considering the reluctance with which many countries had treated the question of production goals and diversification under the 1962 Agreement, the major exporting countries, principally Brazil and Colombia, supported by the major importing countries, had made it explicit that their acceptance of the new Agreement would be conditional on a definitive program of action on production goals and diversification. Consequently, the new Agreement specifies somewhat more definitively the time table and principles governing production controls. The following is a summary of the agreed Article[2] on this subject.

(a) Each member country undertakes to adjust its production of coffee to a level not exceeding that needed for domestic consumption, permitted exports and stocks. The size of stocks would be consistent with the Council's policy on global stocks (still to be defined). Each member country remains free to draw up its own production goal but shall submit it, before December 31, 1968, to the Executive Board for formal approval. Unless rejected by the Executive Board, such goal is to be considered as approved.

(b) If the production goal proposed by an exporting member is rejected by the Executive Board, then the Executive Board itself will recommend a production goal for the

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1/ International Coffee Agreement, 1968: Article 44, Measures Relating to Processed Coffee.

2/ International Coffee Agreement, 1968: Article 48.

exporting member. If approved by the Council, this will become the established production goal for the exporting member whose own production goal was rejected by the Board. The Executive Board shall also be responsible for defining production goals for those countries which fail to submit any proposals.

(c) The Council will keep the production goals under constant review and may revise them to the extent necessary to ensure that the aggregate of the individual goals is consistent with estimated world requirements.

79. It was decided that each producing member would be free to apply whatever policies and procedures it deemed necessary to control its production. However, member countries would be obliged to submit periodic reports to the ICO on the measures taken to control production and to conform with their individual production goals. If the Council determines that any producing member is not taking adequate steps to comply with the production goals, such member shall not enjoy any subsequent increase in its annual export entitlement and may have its voting rights suspended.1/

80. In laying down the policy guidelines governing the cooperation of importing countries, the Council recommended that "members shall refrain from offering directly financial or technical assistance or from supporting proposals for such assistance by any international body to which they belong, for the pursuit of production policies which are contrary to the objectives of [the Coffee Agreement], whether the recipient country is a member of the International Coffee Organization or not."2/

Diversification Fund

81. The establishment of the Diversification Fund, another issue that had remained unresolved during the 1962 Agreement, represents a substantial scaling down of the size of the Fund from the levels conceived originally.3/ The main guidelines that have been laid down4/ for drawing up the statutes of the Fund, now under preparation, which must

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1/ International Coffee Agreement, 1968: Article 48, Clauses 6-8.

2/ International Coffee Agreement, 1968: Article 48, Clause 10.

3/ The original proposals were based on a levy of $1.00 per bag to be contributed to the Fund in convertible currencies. Later the proposed levy was reduced to $0.60 per bag of which only about one-fifth would necessarily be contributed in the form of convertible currencies.

4/ International Coffee Agreement, 1968: Article 54.

be approved by the Council not later than December 31, 1968, include the following points:

(a) Participation in the Fund will be compulsory for each exporting member which has an export quota over 100,000 bags. Participation of all other contracting parties shall be voluntary.

(b) The contribution of an exporting member of the Fund will equal an amount equivalent to US 60 cents times the number of bags it actually exports in excess of 100,000 bags each coffee year to quota markets. Contributions will be made for five consecutive years commencing with the coffee year 1968/69.

(c) The Fund may, by a two-thirds majority vote, increase the rate of contribution to a level not exceeding $1.00 per bag.

(d) The contributions of the compulsory participants shall be allocated into three portions, viz., (i) 20 percent of the total contribution will be payable in a freely convertible currency and can be utilized inside the territory of any exporting participant; (ii) most of the remainder of the total contribution shall be utilized inside the territory of the participant; (iii) a percentage of the total contribution within limits to be established in the statutes shall be payable in freely convertible currency for the administrative expenses of the Fund.

82. The Agreement stipulates that the statutes of the Fund shall provide for "arrangements that would permit the delegation of appropriate functions and activities of the Fund to one or more international financial institutions."1/

83. On a 60-cents-per-bag basis the total contributions to the Fund will amount to about $150 million for the 5 years. The convertible part (20 percent) will amount to about $30 million. In addition, the United States has promised to contribute $15 million, with a further commitment of $15 million in matching funds (against voluntary contributions by other importing members). If the other importing countries agreed to provide $15 million and the United States provided $30 million ($15 million plus $15 million in matching funds), the resources of the fund would amount to about $75 million in convertible currencies usable anywhere and about $120 million for use in the contributing countries.

1/ International Coffee Agreement, 1968: Article 54, Clause 7-c.

Total contributions available to the Fund would average about $39 million a year, of which $15 million would be convertible currencies usable anywhere and $24 million for use in contributing countries.

ICO Executive Director

84. At the successful negotiation of the International Coffee Agreement of 1968, Dr. Joao Oliveira Santos, who had been associated with coffee negotiations since 1954 and had headed various Coffee Agreements since 1958, resigned and was succeeded[1] by Mr. Alexandre Fontana Beltrao, also of Brazil and formerly President of the Pan-American Coffee Bureau, as Executive Director of the ICO.

Concluding Remarks

85. Although a number of new features have been added to the Agreement as explained earlier, the framework of the 1968 Agreement remains basically unchanged as compared to the 1962 Agreement. Nonetheless, the new Agreement may work better not only because of constitutional improvements incorporated in the Agreement but more importantly because of the administrative tightening of the control provisions, based on the lessons learned from the experience gained during the past five years.

86. The administrative tightening of the Agreement (such as adoption of a less generous attitude on waivers and closer surveillance of illegal re-exports or diversions from "new markets") will tend to close some of the loopholes which had permitted circumvention of the operative clauses of the 1962 Agreement. This was desirable for a sharing of the world coffee market on an agreed basis. Some evasion of the control system will almost certainly continue as long as some of the countries are motivated to export their excess production and as long as a wide price differential between the prices in the quota markets and non-quota markets makes it a profitable proposition to re-export or divert coffee from non-quota to quota markets. However, the Coffee Council has indicated a readiness to take additional steps, if necessary. Evasion, therefore, is unlikely to assume perilous proportions in the future.

87. The strengthening of the administration of the quota provisions of the new Agreement may force most of the exporting member countries to hold reserve stocks, replenishing them when they have bumper crops and disposing of them in times of poor harvests as a means of dealing with their short-term crop fluctuations. Hitherto, many of the smaller exporting countries had been given special waivers from quota obligations to relieve them of the economic burden of carrying stocks. Unlike the past years when reserve stocks were held by only a few of the exporting countries (in coffee, unlike, say, cocoa, consuming countries do not normally hold the bulk of world stocks), the obligation to hold stocks may force a number of countries to invest in larger warehousing facilities and finance the holding of stocks.

1/ For a brief intervening period, Mr. Cyril Spencer served as Executive Director.

This may well be a difficult proposition for them. Since swings in annual coffee output are inevitable and since the Agreement has neither the means nor an obligation to help countries in dealing with surplus stocks, financially weaker countries may face hardship in times of bumper harvests. On the other hand, stocks accumulated in periods of surplus, provided they are of moderate proportions, could permit a country to fulfill its export quota should it have a shortfall in production in a subsequent year.

88. The possible trend toward stockholding among a greater number of exporting countries may be beneficial for broader considerations, despite the financial burdens. One of the shortcomings of the Agreement has been and remains that its policy on stocks is still undefined even though stocks play an important part in market stabilization. There is no precise obligation on the part of any member country to hold stocks. The reason for lack of progress[1] in this field undoubtedly has been that the stockholding function has been performed primarily by Brazil. A broader sharing of this function among the exporting countries would result in a broader sharing of responsibility and power under the Agreement, as well as the financial burden of stabilization.

89. The Agreement will continue to be a force for orderly growth in the coffee earnings of the exporting countries. Although it stipulates the comparatively modest provision that members agree on the necessity of assuring that "the general level of coffee prices does not decline below the general level of such prices in 1962,"[2] the year of lowest postwar prices, there is every indication that with the Agreement in operation average prices will remain at a level no lower than the prices prevailing in 1967. With consumption growing at an average rate of roughly 2.5 percent per annum, such a price would assure the coffee exporting countries of an average annual increase of at least 2.5 percent per annum in their export earnings from coffee. Even though this is a higher rate than the average annual rate of increase in earnings from all primary commodities combined, other than petroleum, it reflects the acuteness of the need of the developing countries to diversify their economies and expand their non-primary commodity exports. Nonetheless, such an orderly and assured increase in the incomes of the countries largely dependent on coffee has far-reaching implications for the favorable growth of their economies. In this sense, the Coffee Agreement is a significant source of development finance. It may be added that every rise in coffee prices of one cent per pound f.o.b. basis means an increase of about $60 million a year in the total export earnings of the developing countries.

1/ The treatment of stocks has been a very delicate issue since the inception of the 1962 Agreement. In the early years of the Agreement, stocks held by countries were regarded a national secret. Gradually ground was broken and only recently the principle of international verification of stocks was accepted. This partly explains the reason for delay in adopting a meaningful stock policy.

2/ International Coffee Agreement, 1968: Article 27, Clause 2.

90. During the lengthy negotiations, the major importing and exporting countries always commanded sufficient votes (voting power is based on market shares) to dominate the outcome, but they did not take advantage of this power and went to great lengths to accommodate the viewpoints of the smaller exporting countries. This must be considered as a tribute to the will of the developing and the developed countries to find ways and means of reaching an understanding on an orderly growth in the coffee market. Expansion in value of exports being an important means of financing development, the International Coffee Agreement has set an example that has yet to be duplicated by any other important commodity in international trade.

INTERNATIONAL COFFEE AGREEMENT, 1968

ANNEX A

Basic Export Quotas 1/

(thousands of 60-kilo bags)

Brazil	20,926
Burundi 2/	233
Cameroon	1,000
Central African Republic	200
Colombia	7,000
Congo (Democratic Republic) 2/	1,000
Costa Rica	1,100
Dominican Republic	520
Ecuador	750
El Salvador	1,900
Ethiopia	1,494
Guatemala	1,800
Guinea (basic export quota to be established by the Council)	
Haiti	490
Honduras	425
India	423
Indonesia	1,357
Ivory Coast	3,073
Kenya	860
Malagasy Republic	910
Mexico	1,760
Nicaragua	550
Peru	740
Portugal	2,776
Rwanda 2/	150
Tanzania	700
Togo	200
Uganda	2,379
Venezuela 2/	325
Grand Total	55,041

1/ According to the provisions of Article 31 (1), the following exporting countries do not have a basic export quota and shall receive in coffee year 1968-69 export quotas of: Bolivia 50,000 bags; Congo (Brazzaville) 25,000 bags; Cuba 50,000 bags; Dahomey 33,000 bags; Gabon 25,000 bags; Ghana 51,000 bags; Jamaica 25,000 bags; Liberia 60,000 bags; Nigeria 52,000 bags; Panama 25,000 bags; Paraguay 70,000 bags; Sierra Leone 82,000 bags; Trinidad and Tobago 69,000 bags.

2/ Burundi, Congo (Democratic Republic), Cuba, Rwanda and Venezuela, after presentation to the Executive Board of acceptable evidence of an exportable production larger than 233,000; 1,000,000; 50,000; 150,000 and 325,000 bags respectively shall each be granted an annual export entitlement not exceeding the annual export entitlement it would receive with a basic quota of 350,000; 1,300,000; 200,000; 260,000 and 475,000 bags respectively. In no event, however, shall the increases allowed to these countries be taken into account for the purpose of calculating the distribution of votes.

INTERNATIONAL COFFEE AGREEMENT, 1968

ANNEX B

Non-quota countries of destination referred to in Article 40, Chapter VII

The geographical areas which are non-quota countries for the purposes of this Agreement are:

Bahrain
Botswana
Ceylon
China (Taiwan)
China (Mainland)
Hungary
Iran
Iraq
Japan
Korea, Republic of
Kuwait
Lesotho
Malawi
Muscat and Oman
North Korea
Poland
Qatar
Romania
Saudi Arabia
Somalia
South Africa, Republic of
Southern Rhodesia
South-West Africa
Sudan
Swaziland
Thailand
Trucial Oman
Union of Soviet Socialist Republics
Zambia

Note: The abbreviated names above are intended to be of purely geographical significance and to convey no political implications whatsoever.

LIST OF STATISTICAL TABLES

Table 1: COFFEE PRICE MOVEMENTS

(US cents/lb., Spot New York)

	Colombia Mams	Guatemala Prime Washed	Brazil Santos 4	Angolan Ambriz 2AA
1950	53.25	51.37 1/	50.52	41.53
1951	58.74	58.58	54.20	47.56
1952	57.01	57.05	54.04	46.17
1953	59.82	56.85	57.93	49.22
1954	80.02	77.24 2/	78.71	63.02
1955	64.57	60.28	57.09	45.23
1956	73.97	68.48	58.10	38.35
1957	63.94	62.94	56.92	40.22
1958	52.34	49.81	48.41	40.25
1959	45.22	42.62	36.97	30.60
1960	44.89	41.33	36.60	25.27
1961	43.62	37.55	36.01	19.93
1962	40.77	35.83	33.96	21.55
1963	39.55	35.40	34.11	28.73
1964	48.80	47.16	46.66	36.38
1965	48.49	45.51	44.71	31.59
1966	47.43	42.25	40.83	33.98
1967	41.94	39.23	37.82	33.83
1968 3/	42.36	39.69	37.43	34.70

1/ Good Washed.

2/ Mexican Prime Washed.

3/ January-June.

Source: Pan American Coffee Bureau, New York.

Table 2: ESTIMATED WORLD SUPPLY AND DISTRIBUTION OF GREEN COFFEE

(thousand 60-kilo bags)

Marketing Year	Beginning Carry-over	Production	Total Supply	Net Exports	Domestic 1/ Distribution	Ending Carry-over
1947-48	13,050	34,618	47,668	30,848	8,292	8,528
1948-49	8,528	39,095	47,623	32,266	9,330	6,027
1949-50	6,027	37,615	43,642	31,205	8,304	4,133
1950-51	4,133	38,164	42,297	31,593	8,163	2,541
1951-52	2,541	38,530	41,071	32,152	7,646	1,273
1952-53	1,273	41,513	42,786	32,939	8,236	1,611
1953-54	1,611	43,996	45,607	33,458	9,656	2,493
1954-55	2,493	42,188	44,681	29,219	8,266	7,196
1955-56	7,196	50,348	57,544	38,296	6,731	12,517
1956-57	12,517	45,420	57,937	36,203	10,778	10,956
1957-58	10,956	55,009	65,965	37,340	8,779	19,846
1958-59	19,846	61,665	81,511	38,977	9,664	32,870
1959-60	32,870	78,919	111,789	42,351	12,498	56,940
1960-61	56,940	65,768	122,708	44,220	12,954	62,534 2/
1961-62	62,534	72,043	134,577	45,361	13,768	68,448 3/
1962-63	68,448	67,387	139,835	47,909	13,971	66,655 4/
1963-64	66,655	70,998	137,653	49,263	14,097	74,293
1964-65	74,293	50,613	124,906	42,797	14,735	67,374
1965-66	67,374	81,604	148,978	52,794	15,265	80,919
1966-67	80,919	60,642	141,561	50,018	16,074	75,469
1967-68	75,469	67,777	143,246	53,000	16,865	73,381

Note: In recent years some of the carry-over stocks were not of exportable quality.

1/ Domestic distribution in producing countries.

2/ Stocks reduced by 3 million bags which were allocated for industrial use in Brazil.

3/ Stocks reduced by 7 million bags which were destroyed in Brazil in mid-1961.

4/ Stocks reduced by 7.3 million bags due to revision in IBC stocks.

Source: United States Department of Agriculture, Foreign Agricultural Service, "Coffee" (FCOF 2-68), April 1968, as revised.

Table 3: WORLD EXPORTABLE PRODUCTION OF COFFEE BY MAJOR COUNTRIES
(thousand 60-kilo bags)

	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68
Latin America								
Brazil	22,000	28,000	20,000	21,200	3,000	30,200	12,000	14,745
Colombia	7,000	6,800	6,500	7,200	6,500	7,000	6,350	6,600
Costa Rica	1,050	1,025	930	980	700	895	1,080	1,140
Dominican Republic	375	450	420	540	520	455	340	465
Ecuador	500	650	630	525	470	845	780	975
El Salvador	1,350	1,800	1,540	1,885	1,935	1,690	1,825	2,160
Guatemala	1,300	1,500	1,700	1,580	1,420	1,835	1,450	1,575
Haiti	275	525	425	365	385	405	290	320
Honduras	225	290	335	320	370	375	250	390
Mexico	1,450	1,500	1,250	1,855	1,550	1,800	1,350	1,550
Nicaragua	443	395	460	405	525	410	420	490
Peru	415	570	605	630	640	690	700	650
Africa								
Angola	2,700	2,750	3,050	2,750	3,045	2,740	3,240	3,140
Burundi	390 1/	390 1/	105	245	195	195	235	310
Cameroon	660	820	805	775	840	1,170	970	1,070
Congo (D.R.)	850	850	1,050	1,050	900	925	850	850
Ethiopia	960	1,100	1,150	1,250	1,300	1,170	1,385	1,380
Ivory Coast	3,150	1,600	3,300	4,300	3,325	4,500	2,145	4,245
Kenya	545	505	615	720	640	855	915	680
Malagasy Republic	840	700	900	735	950	725	795	815
Rwanda	1/	1/	80	140	170	170	150	180
Tanzania	485	390	455	530	585	645	975	725
Uganda	1,895	1,933	2,930	2,885	2,440	2,585	2,435	2,460
Asia and Oceania								
India	550	315	365	620	460	465	700	540
Indonesia	1,600	1,650	2,080	1,600	1,450	1,850	1,490	2,130
Others	1,800	1,770	1,740	1,820	1,560	1,649	1,388	1,714
World	52,810	58,280	53,420	56,900	35,880	66,244	44,508	51,299

1/ Rwanda-Burundi. Source: USDA, "World Agricultural Production and Trade", March 1965-68, June 1964.
Note: Exportable production is defined as total harvested production minus estimated domestic consumption.

Table 4: INITIAL AND FINAL QUOTAS INTERNATIONAL COFFEE AGREEMENT, 1962

(Thousand 60-kilo bags)

Exporting Country	1962-63 Initial	1962-63 Final	1963-64 Initial	1963-64 Final	1964-65 Initial	1964-65 Final	1965-66 Initial	1965-66 Final	1966-67 Initial	1966-67 Final	1967-68 Initial	1967-68 Final 1/
Colombian Milds												
Colombia	5,951	5,951	5,951	6,243	6,172	5,620	5,669	5,669	5,782	5,421	5,902	6,344
Kenya	512 2/*	512 2/*	512 2/*	528*	530*	483*	487*	487*	744*	698	760	817
Tanzania	431	431	431	452	447	407	411	436	469	401	441	508
Subtotal	6,894	6,894	6,894	7,223	7,149	6,510	6,567	6,592	6,995	6,520	7,103	7,669
Other Milds												
Burundi	411 3/	411 3/	411 3/	424 3/	257	269	271	271	276	259	282	322
Costa Rica	941	941	941	971	975	888	896	896	914	855	933	932
Cuba	198	198	198	204	205	187	189	189	192	180	196	196
Dom. Rep.	505	505	505	530	436	525	298	419	449	393	458	458
Ecuador	546	546	546	573	567	516	521	546	589	577	554	554
El Salvador	1,415	1,415	1,415	1,685	1,468	1,561	1,348	1,461	1,600	1,318	1,633	1,613
Guatemala	1,331	1,331	1,331	1,511	1,380	1,257	1,268	1,336	1,428	1,234	1,395	1,455
Haiti	499*	499*	499*	515*	431*	393	396	411	434	386	443	443
Honduras	282*	282*	282*	334*	293*	266*	269*	269*	404*	379	412	413
India	356	356	356	374	370	314	339	364	396	396	363	373
Jamaica										25	12	12
Mexico	1,494	1,494	1,494	1,567	1,549	1,411	1,423	1,423	1,451	1,355	1,444	1,444
Nicaragua	415	415	415	435	430	455	331	429	473	396	471	471
Panama	26	26	26	27	27	25	25	25	26	25	24	24
Peru	574	574	574	642	595	496	547	555	619	536	617	617
Rwanda	4/	4/	4/	4/	257	199	200	200	204	192	209	209
Venezuela	470*	470*	470*	485	488	444	448	448	457	429	466	466
Subtotal	9,463	9,463	9,463	10,277	9,728	9,206	8,769	9,242	9,912	8,935	9,912	10,002
Unwashed Arabicas												
Bolivia	20*	20*	20*	20*	21*	25*	25*	25*	26*	25*	49	49
Brazil	17,820	17,820	17,820	18,693	18,480	16,828	16,976	16,976	17,312	16,937	17,672	17,672
Ethiopia	1,010*	1,010*	1,010*	1,037*	1,206*	1,098	1,108	1,164	1,205	1,181	1,230	1,230
Paraguay											69	69
Subtotal	18,850	18,850	18,850	19,750	19,707	17,951	18,109	18,165	18,543	18,143	19,020	19,020
Robustas												
Congo (D.R.)	940	940	940	987	975	1,066	1,075	1,075	1,096	1,152	1,129	1,242
Ghana				44	44	40	41	46	47	48	43	47
Guinea											194	209
Indonesia	1,164	1,164	1,164	1,221	1,207	1,100	1,109	1,109	1,131	1,155	1,024	1,248
Liberia										60	60	66
Nigeria	18	18	18	25	25	25	25	42	42	43	38	42
OAMCAF	4,259	4,259	4,259	4,778	4,417		4,057	4,357	4,552	4,706	4,686	5,155
Portugal	2,167	2,167	2,167	2,393	2,247	2,045	2,064	2,214	2,384	2,542	2,492	2,741
Sierra Leone	64*	64*	64*	66*	68*	61	62	61	80	66	82	90
Trin. and Tob.	44	44	44	65	45	61	42	67	67	71	69	76
Uganda	1,869	1,869	1,869	2,260	1,938	1,765	1,780	1,915	2,013	2,112	2,072	2,279
Subtotal	10,525	10,525	10,525	11,839	10,966	10,183	10,255	10,886	11,412	11,955	11,889	13,195
Total	45,732	45,732	45,732	49,089	47,550	43,850	43,700	44,885	46,862	45,553	47,924	49,886

* Signatory non-member.

1/ As on July 15, 1968. 2/ Excludes shipments to the U.K. 3/ Includes Rwanda. 4/ Included in Burundi.

Source: International Coffee Organization.

Table 5: EXPORTS OF ICO MEMBERS TO QUOTA AND NON-QUOTA MARKETS

(thousand 60-kilo bags)

Exporting Country	1962/63 Quota Markets	1962/63 Annex B Markets	1962/63 Total	1963/64 Quota Markets	1963/64 Annex B Markets	1963/64 Total	1964/65 Quota Markets	1964/65 Annex B Markets	1964/65 Total	1965/66 Quota Markets	1965/66 Annex B Markets	1965/66 Total	1966/67 Quota Markets	1966/67 Annex B Markets	1966/67 Total
Colombian Milds															
Colombia	5,952	104	6,056	6,229	82	6,311	5,612	131	5,743	5,669	195	5,864	5,421	213	5,634
Kenya	452 1/	83 1/	535 1/	587 1/	72 1/	659 1/	615	50	665	845	66	911	697	127	824
Tanzania	427	27	454	448	34	482	407	98	505	652	188	840	432	273	704
Subtotal	6,831	214	7,045	7,264	188	7,452	6,634	279	6,913	7,166	449	7,615	6,550	612	7,162
Other Milds															
Burundi	183 2/	0	183 2/	424 2/	0	424 2/	233	0	233	247	*	247	259	0	259
Costa Rica	901	*	901	920	1	921	702	*	702	895	9	904	859	142	1,001
Cuba	22	8	30	0	0	0	0	0	0	0	0	0	75	0	75
Dominican Republic	423	0	423	536	0	536	522	0	522	420	13	433	362	0	362
Ecuador	494	4	498	436	0	436	708	2	710	660	86	746	576	315	891
El Salvador	1,415	116	1,531	1,684	35	1,719	1,561	41	1,602	1,573	23	1,596	2,097	21	2,118
Guatemala	1,750	12	1,762	1,505	9	1,514	1,257	40	1,297	1,723	306	2,029	1,234	18	1,252
Haiti	427	0	427	363	*	363	381	2	383	407	*	407	283	*	283
Honduras	334	0	334	318	0	318	406	0	406	383	0	383	351	*	351
India	358	60	418	397	134	531	304	157	461	262	133	395	365	201	566
Jamaica													9	0	9
Mexico	1,225	7	1,232	1,567	14	1,581	1,410	18	1,428	1,423	168	1,591	1,339	34	1,373
Nicaragua	479	0	479	437	0	437	455	*	454	463	0	463	396	0	396
Panama	12	0	12	26	0	26	17	0	17	36	0	36	24	0	24
Peru	717	1	718	688	*	688	555	*	555	556	12	568	536	49	585
Rwanda	3/	3/	3/	3/	3/	3/	161	0	161	147	0	147	187	0	187
Venezuela	369	0	369	395	0	395	258	0	258	311	0	311	333	0	333
Subtotal	9,109	208	9,317	9,696	193	9,889	8,930	260	9,190	9,506	750	10,256	9,284	780	10,064
Unwashed Arabicas															
Bolivia	18	0	18	37	1	38	18	1	19	55	0	55	100	1	100
Brazil	17,795	694	18,489	16,283	741	17,024	12,503	512	13,015	16,976	637	17,613	16,670	570	17,240
Ethiopia	1,039	104	1,143	1,187	74	1,261	1,092	151	1,243	1,002	74	1,076	1,191	83	1,273
Subtotal	18,852	798	19,650	17,507	816	18,323	13,613	664	14,277	18,033	711	18,744	17,960	653	18,613
Robustas															
Congo (D.R.)	1,083	0	1,083	633	0	633	710	0	710	599	0	599	700	0	700
Ghana				81 4/	0	81 4/	45	0	45	102	3	105	52	0	52
Indonesia	1,358	22	1,380	1,160	113	1,273	1,146	202	1,348	1,362	255	1,617			
Liberia													69	2	71
Nigeria	10	0	10	87	*	89	9	0	9	119	2	121	30	*	30
OAMCAF	4,279	90	4,369	5,329	275	5,604	4,215	358	4,573	4,352	1,000	5,351	4,696	473	5,169
Portugal	2,202	81	2,283	2,394	8	2,402	2,043	58	2,101	2,214	97	2,311	2,500	616	3,117
Sierra Leone	65	1	66	67	19	86	62	7	69	175	1	176	49	*	49
Trinidad & Tobago	59	*	59	62	*	62	59	0	59	38	0	38	45	0	45
Uganda	2,166	268	2,434	2,194	342	2,536	1,771	384	2,155	1,914	936	2,850	2,114	518	2,632
Subtotal	11,222	462	11,684	12,009	757	12,766	10,060	1,009	11,069	10,874	2,294	13,168	10,255	1,610	11,865
TOTAL	46,014	1,682	47,696	46,476	1,954	48,430	39,237	2,212	41,449	45,579	4,204	49,783	44,049	3,656	47,705

* Less than 500 bags.
1/ Excludes shipment to U.K. up to December 31, 1963.
2/ Includes Rwanda.
3/ Included in Burundi; estimated exports were 75,000 bags in 1962-63 and 128,000 bags in 1963-64.
4/ Partial figures. Total exports in 1963-64 were 93,000 bags; breakdown of exports to quota and Annex B markets is not available.

Note: Totals may not always add up due to rounding.

Source: International Coffee Organization

Table 6 : COMPARISON OF BASIC COFFEE QUOTAS UNDER THE 1968 AGREEMENT AND: I. BASIC QUOTAS UNDER THE 1962 AGREEMENT
II. 1967/68 INITIAL EFFECTIVE QUOTAS

	1968 Agreement Basic Quotas		I: 1962 Agreement Basic Quotas			II: 1967/68 Initial Effective Quotas			% Change under the 1968 Agreement from:	
	1,000 Bags	Percent	1,000 Bags	Percent	Adjusted to 55,041,000 Bags	1,000 Bags	Percent	Adjusted to 55,041,000 Bags	1962 Basic Quotas (1) - (5) / (5)	1967/68 Effective Quotas (1) - (8) / (8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Brazil	20,926	38.019	18,000	39.088	21,514	17,672	37.603	20,697	-2.73	1.11
Burundi	233	0.423	288	0.625	344	282	0.600	330	-32.27	-29.39
Colombia	7,000	12.718	6,011	13.053	7,185	5,902	12.559	6,912	-2.57	1.27
Congo (Dem. Rep. of)	1,000	1.817	1,140	2.476	1,363	1,129	2.402	1,322	-26.63	-24.36
Costa Rica	1,100	1.999	950	2.063	1,135	933	1.985	1,093	-3.03	0.64
Dominican Rep.	520	0.945	425	0.923	508	458	0.975	537	2.36	-3.17
Ecuador	750	1.363	552	1.199	660	554	1.179	649	13.64	15.56
El Salvador	1,900	3.452	1,430	3.105	1,709	1,613	3.432	1,889	11.18	0.58
Ethiopia	1,494	2.714	1,175	2.551	1,404	1,230	2.617	1,440	6.41	3.75
Guatemala	1,800	3.270	1,344	2.919	1,607	1,395	2.968	1,634	12.01	10.16
Haiti	490	0.890	420	0.912	502	443	0.943	519	-2.39	-5.59
Honduras	425	0.772	285	0.619	341	412	0.877	483	24.63	-12.01
India	423	0.769	360	0.782	430	363	0.772	425	-1.63	-0.47
Indonesia	1,357	2.465	1,174	2.549	1,403	1,024	2.179	1,199	-3.28	13.18
Kenya	860	1.562	517	1.123	618	760	1.617	890	39.16	-3.37
Mexico	1,760	3.198	1,509	3.277	1,804	1,444	3.073	1,691	-2.44	4.08
Nicaragua	550	0.999	419	0.910	501	471	1.002	552	9.78	-0.36
OAMCAF	(5,383)	(9.779)	(4,236)	(9.199)	(5,063)	4,614 2/	9.818	5,404	(6.32)	-0.39
Cameroon	1,000	1.817	763	1.657	912	1/	1/	1/	9.65	1/
Central Afri. Rep.	200	0.363	150	0.326	179	1/	1/	1/	11.73	1/
Ivory Coast	3,073	5.583	2,324	5.047	2,778	1/	1/	1/	10.62	1/
Malagasy Republic	910	1.653	829	1.800	991	1/	1/	1/	-8.17	1/
Togo	200	0.363	170	0.369	203	1/	1/	1/	-1.48	1/
Peru	740	1.344	580	1.259	693	617	1.313	723	6.78	2.35
Portugal	2,776	5.044	2,224	4.830	2,658	2,492	5.303	2,919	4.44	-4.90
Rwanda	150	0.273	212	0.460	253	209	0.445	245	-40.71	-38.78
Tanzania	700	1.272	436	0.947	521	441	0.938	516	34.36	35.66
Uganda	2,379	4.322	1,888	4.100	2,257	2,072	4.409	2,427	5.41	-1.98
Venezuela	325	0.591	475	1.031	568	466	0.991	545	-42.78	-40.37
Total	55,041	100.000	46,050	100.000	55,041	46,996	100.000	55,042	-	-

1/ Included in OAMCAF total.

2/ Excludes estimated quotas for Congo (Brazzaville), Dahomey and Gabon.

Source: Basic data from ICO.

Table 7: COMPARISON OF EXPORT ENTITLEMENTS (OF COUNTRIES WITHOUT BASIC QUOTAS) UNDER THE 1968 AGREEMENT WITH THEIR PREVIOUS QUOTAS

(thousand 60-kilo bags)

	1962 Agreement Basic Quotas	1967/68 Initial Effective Quotas	1968 Agreement Export Entitlements for 1968/69
	(1)	(2)	(3)
Countries without basic export quotas under the 1968 Agreement			
Bolivia	50	49	50
Congo (Brazzaville)	11 1/	3/	25
Cuba	200	196	50
Dahomey	37 1/	3/	33
Gabon	18 1/	3/	25
Ghana	43	43	51
Jamaica	(25) 2/	12	25
Liberia	54	60	60
Nigeria	44	38	52
Panama	26	24	25
Paraguay	70	4/	70
Sierra Leone	65	82	82
Trinidad & Tobago	44	69	69
Total	687		617

1/ Tentative allocation under the overall OAMCAF quota.
2/ Exports up to 25,000 bags were not subject to quota in the 1962 Agreement.
3/ Part of overall OAMCAF quota; separate figures not available.
4/ Accession approved in 1967/68 but Paraguay has not yet ratified the Agreement.

Source: Basic data from ICO.

Table 8: EXPORTS OF COFFEE FROM THE DEVELOPING COUNTRIES[1/]

	Quantity ('000 metric tons)	Value (million US $)	Three-Year Moving Average (million US $)
1950	1,760	1,690	
1951	1,916	2,060	1,967
1952	1,945	2,150	2,197
1953	2,082	2,380	2,337
1954	1,773	2,480	2,360
1955	2,061	2,220	2,377
1956	2,319	2,430	2,303
1957	2,210	2,260	2,233
1958	2,188	2,010	2,054
1959	2,634	1,893	1,919
1960	2,589	1,853	1,846
1961	2,675	1,793	1,823
1962	2,812	1,822	1,855
1963	3,050	1,951	2,029
1964	2,796	2,315	2,141
1965	2,705	2,157	2,268
1966*	3,023	2,331	2,235
1967*	(3,057)	(2,217)	

1/ Data exclude re-exports; include green equivalent of processed coffee.

* Provisional; three-year moving average includes estimate for 1967.

Sources: Working Paper No. 3 on Commodity Stabilization, "Exports of Major Commodities from the Developing Countries, 1953-65." Pan American Coffee Bureau, Annual Coffee Statistics, 1967.

Table 9: WORLD EXPORTS OF COFFEE BY MAJOR EXPORTING COUNTRIES[1/]

	1960		1961		1962		1963		1964		1965		1966[2/]	
	Thousand Metric Tons	Million US $	Thousand Metric Tons	Million US $	Thousand Metric Tons	Million US $	Thousand Metric Tons	Million US $	Thousand Metric Tons	Million US $	Thousand Metric Tons	Million US $	Thousand Metric Tons	Million US $
Latin America														
Brazil	1,009.1	712.7	1,018.2	710.4	982.6	642.7	1,170.8	748.3	896.8	759.7	808.9	706.6	1,009.9	764.0
Colombia	356.3	332.3	339.1	307.8	393.7	332.0	367.9	303.0	384.7	394.2	338.1	343.9	333.9	328.3
Costa Rica	46.7	43.9	52.0	43.3	57.4	48.4	54.6	46.0	51.1	48.0	48.3	46.6	54.9	52.6
Dominican Republic	29.2	22.6	20.1	14.4	29.3	19.9	27.5	18.5	34.4	30.5	24.6	21.1	25.3	21.0
Ecuador	31.3	22.0	22.9	14.3	32.9	21.0	29.5	18.3	24.7	21.2	47.6	38.2	43.2	32.2
El Salvador	89.5	76.7	86.6	70.2	104.6	75.7	101.1	74.6	109.3	92.9	99.9	95.6	95.8	91.0
Guatemala	79.9	74.6	79.0	67.1	82.4	67.1	98.2	77.1	76.6	72.3	95.5	92.2	109.2	100.1
Haiti	23.7	17.3	20.1	13.5	30.8	20.7	23.4	16.0	22.8	19.4	22.7	19.3	21.0	17.3
Honduras	15.5	11.8	12.6	9.0	15.9	11.4	20.5	14.2	19.0	16.9	24.9	22.2	23.0	19.9
Mexico	83.6	62.1	92.8	63.1	94.6	64.1	67.9	44.0	103.6	86.7	80.5	65.6	95.2	73.6
Nicaragua	21.8	19.2	21.0	17.4	20.6	15.4	24.1	17.5	23.3	21.1	28.2	26.4	23.2	21.8
Peru	26.4	18.5	34.0	22.8	37.4	24.2	40.1	25.6	42.3	37.0	34.6	29.0	35.4	28.5
Venezuela	24.7	22.0	24.6	22.7	19.4	18.8	23.7	23.4	20.0	15.0	18.2	13.7	18.4	13.8
Africa														
Angola	87.2	44.0	118.2	48.7	156.9	64.2	137.9	66.2	138.8	99.5	159.2	93.5	156.4	106.4
Cameroon	30.5	18.7	35.5	20.8	38.1	21.1	44.0	26.1	50.1	37.7	48.3	31.8	72.7	
Congo (Democratic Rep.)	58.4	30.0	33.9	14.0	33.1	13.9	49.5	17.3	37.5	23.6	25.8	14.9	35.1	22.1
Ethiopia	51.3	38.0	56.0	37.8	62.6	43.4	66.4	44.6	70.3	63.6	82.0	75.2	73.6	62.3
Ivory Coast	147.6	75.7	154.7	82.3	144.8	78.4	182.1	99.1	204.3	128.5	185.7	104.9	181.5	122.5
Kenya	28.3	28.8	32.7	29.8	31.0	29.7	37.4	30.9	42.4	43.2	38.5	39.5	54.5	51.6
Malagasy Republic	40.2	23.6	39.8	22.5	56.0	30.1	44.4	23.8	38.0	24.6	50.1	28.9	45.7	30.8
Tanzania	25.6	20.5	25.0	19.0	26.1	18.4	26.5	19.2	33.5	30.9	28.4	24.1	51.2	42.4
Togo	4.4	2.6	10.2	5.0	11.5	5.8	6.2	3.2	16.1	10.2	10.7	5.5	13.2	7.9
Uganda	118.7	47.6	104.8	39.1	133.0	56.5	147.6	76.1	139.7	99.1	157.8	85.2	167.3	97.4
Asia														
India	16.5	14.0	32.0	20.0	21.2	16.6	23.6	17.0	31.6	29.0	24.7	23.5	24.1	22.4
Indonesia	41.2	13.7	67.0	13.8	58.6	12.5	80.9	19.8	62.4	27.0	108.2	31.5	100.3	49.8
Singapore[3/]	27.5	12.9	57.8	18.1	53.6	20.1	71.2	31.4	13.0	9.5	14.6	9.3	32.7	19.9
Others	130.0	96.3	134.5	92.6	137.2	96.7	130.8	90.3	169.1	132.7	157.8	129.6		
WORLD	2,645.1	1,902.1	2,725.1	1,839.5	2,865.3	1,868.8	3,097.8	1,991.5	2,855.4	2,374.0	2,763.8	2,217.8	3,086.0	2,395.6

1/ Includes re-exports.
2/ Preliminary.
3/ 1960 includes Malaysia.

Sources: FAO, "Trade Yearbook," 1966 and 1967; FAO, "Monthly Bulletin of Agricultural Economics & Statistics," December 1967; USDA, "Coffee," FCOF 2-68, April 1968.

Table 10: WORLD IMPORTS OF COFFEE BY MAJOR COUNTRIES

	1960		1961		1962		1963		1964		1965		1966	
	Thousand Metric Tons	Million US $	Thousand Metric Tons	Million US $	Thousand Metric Tons	Million US $	Thousand Metric Tons	Million US $	Thousand Metric Tons	Million US $	Thousand Metric Tons	Million US $	Thousand Metric Tons	Million US $
Europe														
Austria	12.2	10.9	13.1	11.2	13.5	11.3	15.1	12.7	17.1	16.2	16.9	17.6	17.5	18.1
Belgium-Luxembourg	66.5	48.4	61.9	42.8	57.3	40.6	57.5	41.3	66.3	59.1	67.6	62.8	57.0	53.3
Denmark	41.9	32.0	43.7	32.2	45.7	32.1	53.0	36.7	48.4	43.1	49.5	45.5	53.2	46.5
Finland	34.1	25.2	38.5	28.8	39.5	30.2	42.0	32.0	47.5	46.1	40.2	42.3	45.9	46.9
France	198.0	141.5	198.6	136.8	209.3	143.9	219.2	144.6	231.0	191.7	217.1	161.7	228.2	181.5
Germany (Federal Republic)	199.4	200.4	212.4	209.[illegible]	234.4	213.1	237.6	206.0	256.6	246.4	275.9	285.4	279.9	282.5
Greece	7.7	5.5	7.9	5.1	8.[illegible]	5.4	9.4	6.0	9.8	8.1	10.0	9.0	10.4	8.8
Italy	99.3	70.8	105.3	66.1	112.0	67.5	116.9	72.5	119.6	86.6	120.5	96.0	123.9	96.7
Netherlands	55.4	42.2	69.4	48.7	64.4	44.7	76.0	52.6	83.4	74.0	83.3	75.1	85.8	79.1
Norway	29.2	24.4	27.2	22.1	31.2	23.8	33.8	25.5	33.3	31.4	28.9	29.4	34.8	33.8
Portugal	11.2	5.5	12.6	5.5	12.2	5.0	13.3	6.4	10.9	7.1	13.2	7.4	13.2	8.2
Spain	15.8	13.3	16.4	13.3	22.3	16.2	31.8	23.1	39.3	34.3	43.1	42.2	49.2	46.5
Sweden	73.5	62.6	77.9	65.2	83.9	66.2	86.8	66.[illegible]	91.5	87.6	91.9	93.7	96.7	95.0
Switzerland	29.9	25.4	32.4	25.7	30.5	23.4	34.4	26.8	36.1	32.3	44.3	39.5	40.7	37.8
United Kingdom	54.9	35.1	58.7	35.6	49.3	40.3	76.5	48.1	78.2	65.9	58.3	41.4	81.6	62.9
Yugoslavia	9.2	7.5	9.6	7.3	10.3	8.7	17.8	14.2	15.7	15.1	17.6	16.7	24.7	21.1
Sino-Soviet Bloc														
Czechoslovakia	8.0	6.0	13.9	1[illegible]	[illegible]	6.6	11.5	8.6	11.0	9.7	10.3	8.5	10.7	9.5
Germany (Democratic Republic)	23.2	18.5	27.1	19.[illegible]	29.[illegible]	21.3	34.4	25.7	36.5	32.2	35.8	29.6	37.4	29.2
Hungary	3.3	2.9	3.3	2.4	[illegible]	4.0	6.9	5.3	11.0	9.9	12.6	9.7	13.5	9.6
Poland	3.9	3.2	4.2	3.3	7.2	5.6	8.9	6.5	11.0	9.5	15.4	11.8	19.5	14.4
U.S.S.R.	19.1	14.2	29.7	20.5	22.5	15.7	29.7	19.4	30.3	27.5	30.9	29.0	28.3	25.5
North and South America														
Canada	60.5	49.9	68.0	52.[illegible]	74.7	53.4	78.3	56.1	75.8	71.2	76.7	69.1	71.4	62.9
United States	1,324.7	1,004.0	1,347.2	964.0	1,475.6	989.[illegible]	1,433.0	959.9	1,372.9	1,200.3	1,280.3	1,060.6	1,325.6	1,068.9
Argentina	27.6	16.7	35.0	20.0	29.2	17.3	29.1	17.5	31.5	26.4	30.0	25.7	37.4	30.1
Asia														
Hong Kong	3.4	2.0	6.0	3.0	4.9	2.2	7.3	3.4	17.2	7.8	14.5	6.2	29.3	10.7
Japan	10.8	8.9	15.2	10.7	15.4	10.1	17.4	11.[illegible]	21.9	15.3	18.7	14.0	46.2	29.2
Africa														
Algeria	30.5	19.6	27.2	16.6	27.7	18.9	22.4	12.9	33.9	25.4	34.7	25.0	32.5	17.0
S. Africa	11.6	6.3	11.1	5.5	12.4	5.7	18.8	9.1	10.1	6.6	10.1	6.9	12.8	7.8
Sudan	6.5	2.8	9.4	3.4	[illegible]	3.1	12.0	5.2	11.2	5.3	9.5	3.8	14.0	5.5
Oceania														
Australia	10.2	7.3	11.7	7.[illegible]	[illegible]	[illegible]	10.9	7.[illegible]	13.9	9.9	14.6	11.2	14.0	10.9
Others	108.7	58.0	137.7	54.0	135.8	71.1	151.6	72.8	85.2	61.2	93.2	60.2	140.6	96.1
WORLD TOTAL	2,590.2	1,971.0	2,732.3	1,948.9	2,938.3	1,982.9	2,993.3	2,033.8	2,958.1	2,563.2	2,865.6	2,437.0	3,075.9	2,546.0

Sources: FAO, "Trade Yearbook," 1966 and 1967.
FAO, "Monthly Bulletin of Agricultural Economics and Statistics," December 1967.

Table 11: SOLUBLE COFFEE EXPORTS FROM SELECTED COUNTRIES

(60 kg. bags, green equivalent)

	1963	1964	1965	1966	1967
Brazil	1,368	2,051	14,901	198,649	591,566
Colombia	5,915	5,250	n.a.	n.a.	
Costa Rica	1,540	350	110	10	
Ecuador	190	65	n.a.	n.a.	
El Salvador	14,865	16,835	16,175	26,265	
Guatemala	23,805	25,450	595	26,070	
Mexico	49,465	50,420	1,620	25,575	
Nicaragua	15,577	65,265	46,790	26,540	
Ivory Coast 1/	n.a.	23,185	n.a.	n.a.	
Canada	88,150	45,600	36,250	25,750	
U.S.A.	328,681	337,576	274,709	172,302	147,060
Austria	2,900	2,850	4,900	2,500	
Belgium & Luxembourg	6,300	6,750	7,600	22,300	
Denmark	16,300	17,300	21,050	22,100	
France	21,400	12,850	13,500	20,200	
Germany, F.R.	31,450	54,250	30,850	63,850	
Italy	-	-	-	750	
Netherlands	58,600	74,650	77,800	85,600	
Portugal	-	5,050	3,750	11,200	
Spain	6,500	8,650	5,950	4,650	
Switzerland	4,900	2,950	3,400	2,850	
U.K.	76,700	71,800	83,300	75,450	
Australia	n.a.	n.a.	n.a.	16,800	

1/ Includes small amounts of instant tea.

Note: Converted to green equivalent (1 bag soluble = 3 bags green coffee).

n.a. = not available.

Source: UN World Trade Annual (various issues; SITC 071.3) and National Trade Statistics.

Table 12: SHARE OF COFFEE IN EXPORT EARNINGS OF SELECTED COUNTRIES

	1960/62 Average	1965
Brazil	53	44
Colombia	68	59
Costa Rica	53	42
Dominican Republic	12	16
Ecuador	14	20
El Salvador	60	51
Guatemala	60	49
Haiti	48	55
Honduras	15	17
Mexico	9	7
Nicaragua	29	18
Angola	38	47
Cameroon	20	22
Central African Republic	27	15
Congo (D.R.)	9 1/	5
Dahomey	6	3
Ethiopia	54	66
Guinea	11	10 2/
Ivory Coast	46	38
Kenya	29	30
Madagascar	31	32
Rwanda	(58	52
Burundi	(	71
Tanzania	14	14
Togo	27	20
Uganda	43	48

1/ 1963-64 average.

2/ Fiscal year Oct. 1965-Sept. 1966.

Source: Computed from U.N. "Yearbook of International Trade Statistics" (various issues); IMF International Financial Statistics, National sources and IBRD Reports.

Table 13: PER CAPITA IMPORTS OF GREEN COFFEE INTO SELECTED COUNTRIES

(in pounds)

	1960	1961	1962	1963	1964	1965	1966	1967
Traditional Markets*								
United States	15.7	15.9	15.9	15.5	15.2	14.5	14.8	14.2
Canada	7.3	8.1	8.7	9.0	8.5	8.5	7.7	8.7
Netherlands	10.6	13.2	11.9	13.9	15.1	14.8	15.1	16.5
Belgium-Luxembourg	15.6	14.4	12.8	12.8	14.7	15.2	12.1	13.8
Germany (F.R.)	8.2	8.3	9.1	9.4	9.8	10.7	10.7	10.5
France	10.1	9.7	9.8	10.1	10.5	9.8	10.1	9.7
Italy	4.4	4.6	5.0	5.1	5.2	5.1	5.2	6.1
Sweden	21.6	22.9	24.4	25.1	26.3	26.2	27.4	28.4
Denmark	20.3	20.8	21.7	24.9	22.6	22.9	24.5	24.4
Finland	16.9	17.4	19.0	20.2	22.9	19.3	21.9	23.6
Norway	17.8	16.5	18.6	20.2	19.8	17.1	20.3	20.6
Switzerland	12.4	13.2	12.6	13.1	13.9	16.3	14.8	13.2
Austria	3.8	3.8	4.2	4.6	5.3	5.1	5.3	5.7
Spain	1.2	1.9	1.7	2.7	2.9	3.4	3.8	3.5
United Kingdom	2.3	2.3	2.7	3.1	3.2	2.4	3.3	3.2
Portugal	0.8	3.0	3.0	3.2	2.6	3.1	3.2	3.0
Greece	2.0	2.0	2.3	2.4	2.5	2.1	2.6	2.7
Germany (D.R.)	2.4	2.4	3.5	3.5	3.9	5.0	5.2	4.9
Yugoslavia	1.1	1.0	1.2	1.6	1.8	2.0	3.1	3.6
Czechoslovakia	0.8	1.7	1.4	1.7	1.9	1.6	1.6	1.9
Israel	3.9	3.4	4.7	5.1	6.3	4.3	5.0	5.7
Hong Kong	2.4	4.1	3.2	4.6	10.3	8.6	17.3	4.5
Argentina	2.9	3.7	3.0	3.0	3.1	3.0	3.9	3.3
Australia	2.4	2.4	2.5	2.4	2.4	2.8	3.1	3.4
New Zealand	1.8	1.9	2.4	2.4	3.2	2.6	3.3	2.7
Algeria	6.0	5.1	5.5	4.8	7.0	3.0	2.8	3.0
Chile	2.7	1.8	1.1	3.0	1.9	2.3	2.3	2.5
Jordan	1.8	1.8	1.8	2.1	2.1	2.0	2.0	2.0
Morocco	1.6	1.4	1.5	1.9	2.4	1.5	1.4	1.8
Tunisia	1.4	1.3	1.2	1.2	1.0	1.0	.7	1.4
New Markets*								
Hungary	0.7	0.5	0.8	1.2	1.9	2.8	2.9	3.0
South Africa	1.7	1.5	1.6	1.7	1.3	1.3	1.5	1.5
Poland	0.3	0.4	0.5	0.7	0.8	1.1	1.4	1.9
Sudan	1.2	1.7	1.4	2.1	1.9	1.6	2.2	1.1
Japan	0.2	0.4	0.4	0.5	0.5	0.5	1.0	0.9
Thailand	0.5	0.4	0.4	0.1	0.4	0.3	0.4	0.5
U.S.S.R.	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3

* Traditional and New Markets as defined under the International Coffee Agreement, 1968.

Source: Pan American Coffee Bureau: Annual Coffee Statistics 1966 and FAO Trade Yearbook 1966 (Population data from the United Nations).

Table 14: INTERNATIONAL COFFEE AGREEMENT, 1962
LIST OF MEMBERS, AS OF JUNE 1968

Exporting Members		Importing Members	
Bolivia		Argentina	
Brazil		Australia	
Burundi		including:	Papua, New Guinea
Cameroon		Austria	
Central African Republic		Belgium	
Colombia		including:	Luxembourg
Congo (B)		Canada	
Congo (D.R.)		Cyprus	
Costa Rica		Czechoslovakia	
Cuba		Denmark	
Dahomey		Federal Republic of Germany	
Dominican Republic		Finland	
Ecuador		France	
El Salvador		including:	French Guiana, Guadeloupe, Martinique, Reunion, Comores, New Caledonia, Polynesia, French Coast of Somalia
Ethiopia			
Gabon			
Ghana			
Guatemala			
Guinea			
Haiti		Israel	
Honduras		Italy	
India		Japan	
Indonesia		Netherlands	
Ivory Coast		New Zealand	
Jamaica		including:	Cook Islands, Niue Island, Tekelau Islands
Kenya			
Liberia			
Malagasy Republic		Norway	
Mexico		Spain	
Nicaragua		Sweden	
Nigeria		Switzerland	
Panama		Tunisia	
Paraguay		U.S.S.R.	
Peru		United Kingdom	
Portugal		including:	Hong Kong
including:	Metropolitan Portugal, the Azores and Madeira, Cape Verde Archipelago, Portuguese Guinea, Archipelago of São Tomé and Príncipe, Angola, Mozambique, Macao, Timor	United States of America	
Rwanda			
Sierra Leone			
Tanzania			
Togo			
Trinidad and Tobago			
Uganda			
Venezuela			

Source: International Coffee Organization.