

Coffee In Europe

Brazilian Frost Giving Coffee Importers Chills

Coffee Trade Prepares For Additional Drop in Imports As Prices Escalate In Wake of July Frost In Parana, Brazil

THE coffee trade people in Europe were finding the going pretty rough. Most of them were hoping for a break and looking back on "the good old days" of the 1960's.

The period of constantly increasing imports figures and relentlessly rising consumption appeared to be behind them—but maybe not.

Then came July 8th—and the frost in Parana, Brazil!

The green coffee man's hash was settled—and the roaster's along with it.

Today many anticipate further declines in imports—after a disappointing year for many of them.

And the ICO Council meetings in London, with the united producers apparently prepared to do some reckless gambling with the European trade left without any weapon at all.

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Several that appeared in newspapers in Continental Europe were interesting, but raised questions of proper translation and interpretation. They are worthy of further review.

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Francois Le Chevalier, President of Jacques Louis-Delamare S.A., of Le Havre, France, writes in his firm's "Coffee Report—May-September 1972," that by the end of the 1972-73 coffee year, world coffee stocks will represent no more than five months' consumption and the crop for 1973-74 will once again be deficient due to the recent Brazilian frost.

"Fiscal pressure in most coffee

producing countries," Mr. Le Chevalier contends, "under guise of protection of the small planter and of price stabilization, has promoted coffee as a major element of national economy and thereby enables the governments to influence on a more or less long term the volume of production."

Being invested with such discretionary power, he asks, will the representatives of the producing countries be able to come to an understanding among themselves upon a basis of valorisation of coffee prices?

A Political Symbol

Mr. Le Chevalier appears to be skeptical. Coffee has become more of a political symbol than an economic one, he says.

"Political decisions are like the fruit of a tree: some fruit ripens on the branches of frozen trees while the buds of some vigorous trees never ripen!"

And Robin Reeves, the widely respected Commodities Editor of the *Financial Times* of London, anticipated the approaching stalemate in the ICO Council meetings, and attempted on August 24th to review the conflict's issues, how it all arose, and some conjectures on where it might all end.

The producer countries have become completely disenchanted with the International Coffee Agreement, Mr. Reeves believes. He notes that the Agreement was set up to stabilize prices and resolve problems of over-production.

Mr. Reeves shares the widely held opinion that the Geneva came as a great surprise to the coffee world—producers and consumers alike—since there had been indications of intense friction between the African producers and the Brazilians. He believes a showdown must still be realized in that area, and it would have been better for both sides if it had taken place under cover of an agreement with consumer countries as equal partners.

'Tourist Coffee' Problem

He points out that the present Agreement with consumers involved came about because the producers never lived up to the terms of their own agreements, and had flooded the consuming countries with "tourist coffee" in their efforts to ship out their coffee at any price rather than stockpile surplus supplies.