

September 20, 2018



Mr.

Chief Executive Officer

Dear Mr. \_\_\_\_\_

As the leaders of coffee growers' associations that represent coffee growers from more than 30 countries, we write to you to express our deepest concern with the current situation in the coffee market that is generating a deep economic, social and potentially political crisis, and unrest amongst coffee producers all over the world.

As you are well aware, since 1990 coffee prices have been behaving in a way that is every day more and more damaging to farmers, to the point where in many countries they cannot even cover their production costs, let alone make a profit to make a decent livelihood for them and their families. (see attachments 1, 2 and 3).

Other effects of this situation are undocumented immigrants from Africa and Latin America illegally crossing borders to find a better future for themselves and their families, as well as the increase in illicit crops in some countries.

Some may argue that "the market is the market and it does what it has to do". For some products, that may be the case. However, in the case of coffee, where you have the livelihood of more than 25 million families at stake, many of which are facing a pauperization process that is taking them to a situation of misery, that is nothing short of inhumane. But also there is risk of abandoning coffee farms and constriction in supply, which is disadvantageous to the final consumer.

During the meeting of the First World Coffee Producers Forum in Colombia in July 2017, attended by more than 1,400 growers from 42 countries in Africa, Asia and Latin America and some industry representatives, it became very clear that the coffee value chain is one and its results are very positive as a whole.

However, a closer look makes it also very clear that some of the links are extremely profitable, while some others, in particular the farmers that produce the coffee, are doing so at a loss. The conclusion is obvious: this imbalance needs to be corrected and each and every link of the chain has to be profitable if we want to have a healthy and sustainable coffee industry. We are all co-responsible for the sustainability of the coffee industry, not only at the environmental and social levels, but at the economic one, that is, the livelihood of the farmers.

Consumers are also a key part of the value chain. They do not know the current situation because it has not been informed to them. This is the time to engage them globally to explain to them why coffee is at risk, not just for threats such as climate change but, in a more immediate way, the lack of economic sustainability of millions of coffee growers who are paid today less than 1/3 of the price of 1982 (see attachment 4). Poverty is the biggest predator of the environment and social fabric.

We acknowledge that some focalized efforts have been done by the industry to address issues such as environmental sustainability, climate change and social investment and we applaud them. However, we cannot delay actions to improve the income of coffee farmers anymore.

We hope that this letter will be the first step of a very serious discussion and joint actions between the industry and producers to find ways to guarantee economic sustainability of coffee growers by increasing their income and avoid the expansion of the social catastrophe that is brewing in many coffee countries. We hope that a delegation of the leaders of the coffee associations will be able to meet with you personally to explore such avenues of cooperation, for which purpose we will seek an appointment in the next few days.

Sincerely,



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**ENSELME GOUTHON, President**

ACRAM – Agence des Cafés Robusta d’Afrique et Madagascar  
Cameroun, Centrafrique, Côte d’Ivoire, Gabon, Madagascar, RDC, Togo



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**ISHAK K. LUKENGE, Chairman**

AFCA - African Fine Coffees Association  
Burundi, Cameroun, DR Congo, Ethiopia, Ghana, Kenya, Malawi, Rwanda, South Africa, Tanzania, Uganda,  
Zambia, Zimbabwe



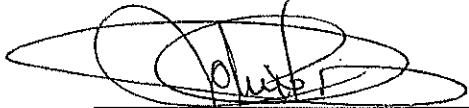
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**SAMUEL KAMAU, CEO**



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**VANUSIA NOGUEIRA, Executive Director**  
BSCA - Brazilian Specialty Coffees Association  
Board Member  
CNC – Conselho Nacional do Café



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**ROBERTO VELEZ, CEO**  
FNC - Federación Nacional de Cafeteros de Colombia



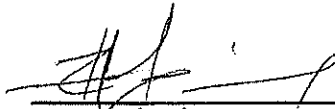
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**FREDERICK KAWUMA, Secretary General**  
IACO - Inter-African Coffee Organization  
Angola, Benin, Burundi, Cameroun, Centrafrique, Congo, DR Congo, Côte d'Ivoire, Ethiopia, Gabon, Ghana, Guinée, Guinée Equatoriale, Kenya, Liberia, Madagascar, Malawi, Nigeria, Rwanda, Sierra Leone, Tanzania, Togo, Uganda, Zambia, Zimbabwe



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**ANIL BHANDARI, Chairman**  
India Coffee Trust



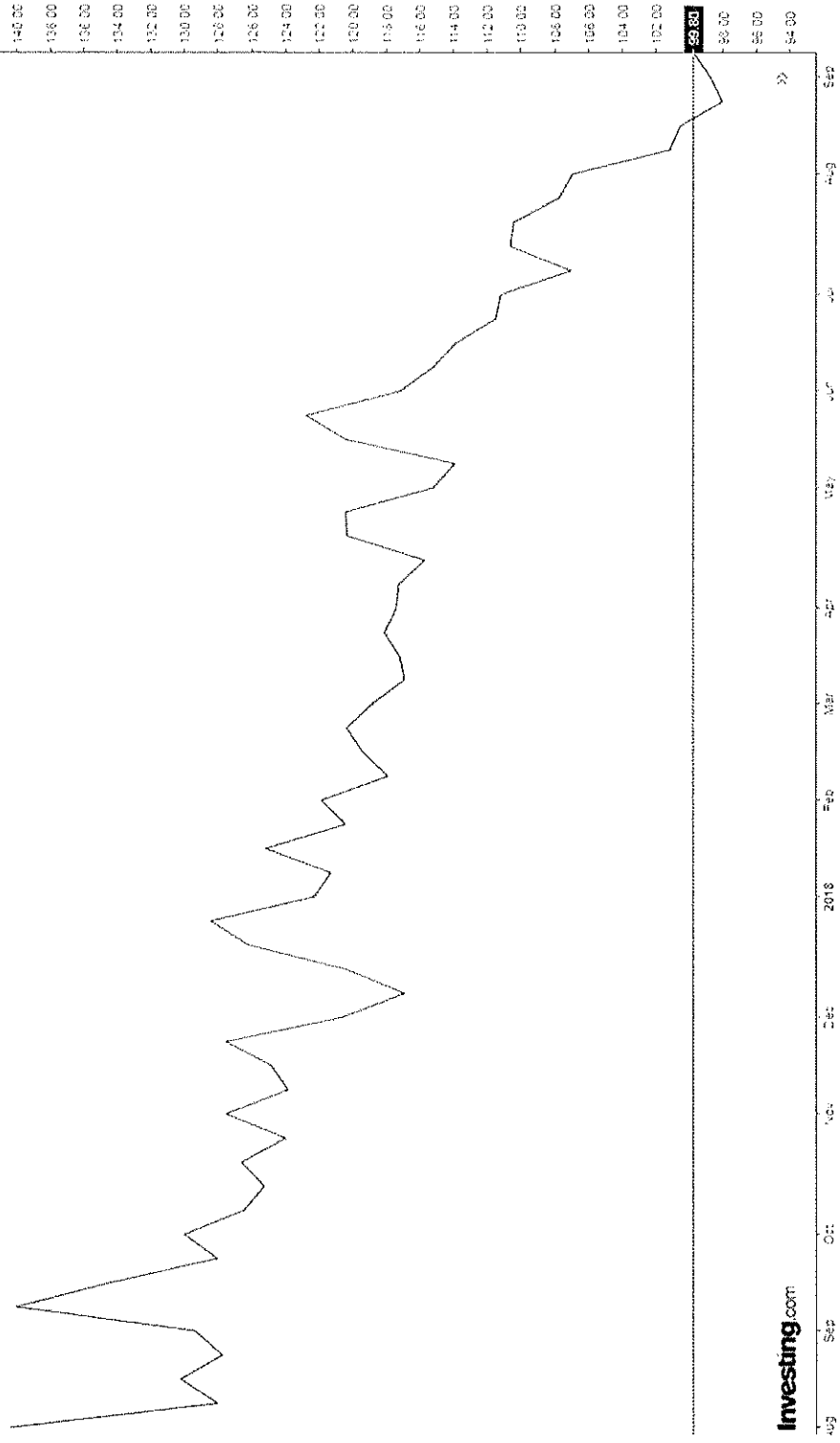
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**ING. RENÉ LEÓN, Executive Secretary**  
PROMECAFE  
México, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Panamá, Perú, República Dominicana, Jamaica

Copy to **JOSÉ DAUSTER SETTE, Executive Director ICO - International Coffee Organization**

# US Coffee C Future – Sep 2017/Sep 2018

US Coffee C Futures, W. (CFD) O 102.30 H 103.30 L 99.65 C 99.80

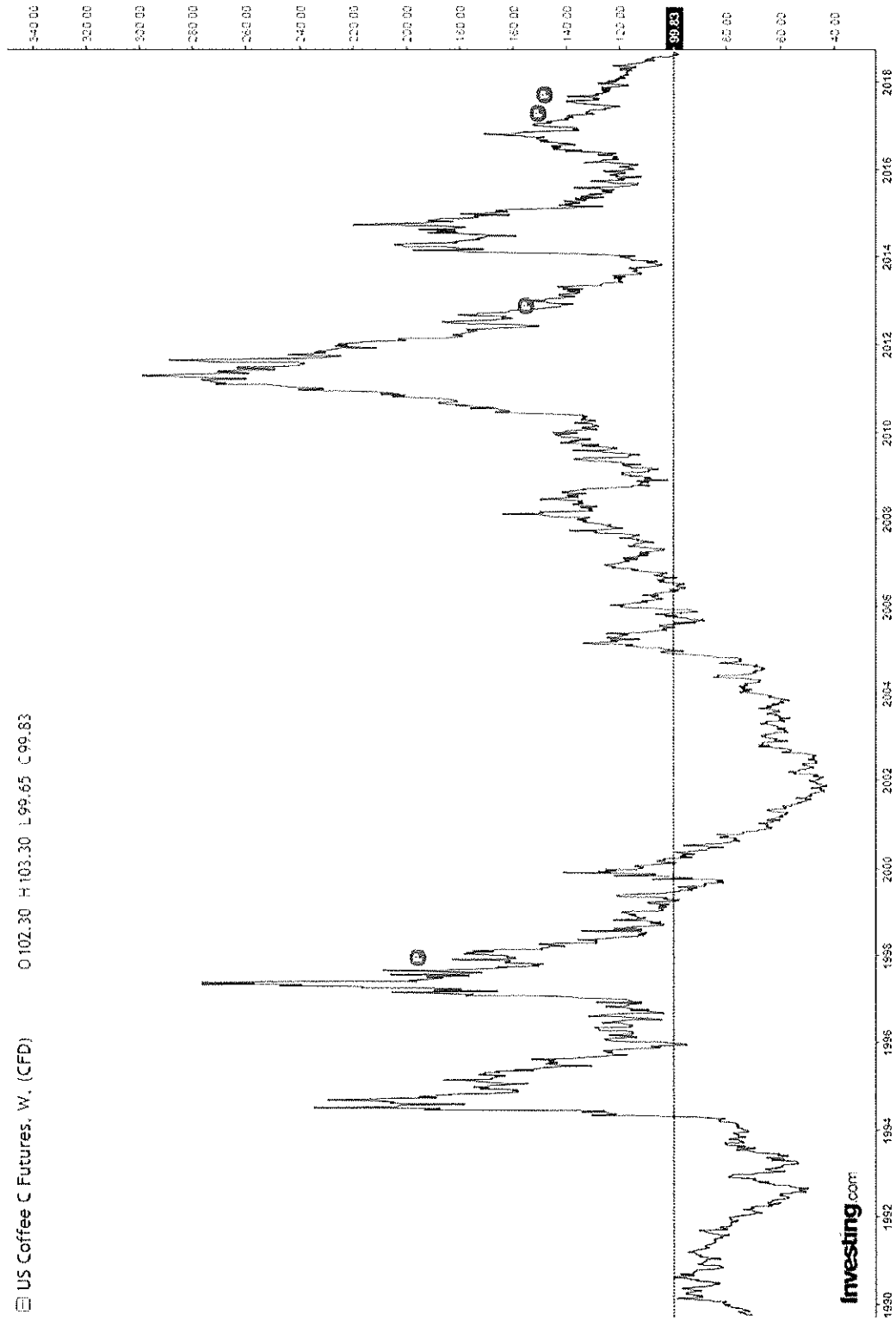


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# US Coffee C Future – 1990 - 2018

US Coffee C Futures, W. (CFD)

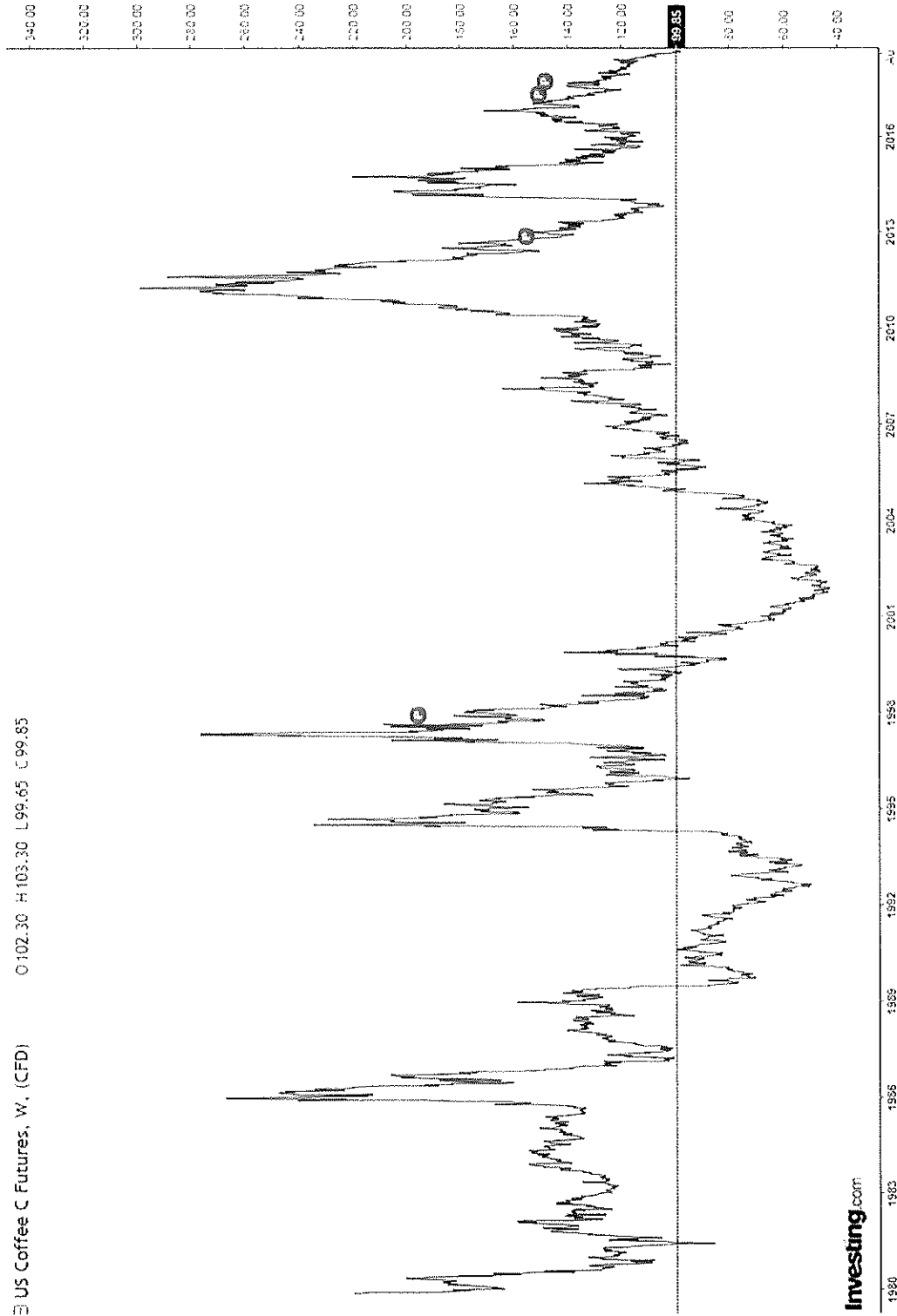
O 102.30 H 103.30 L 99.65 C 99.83



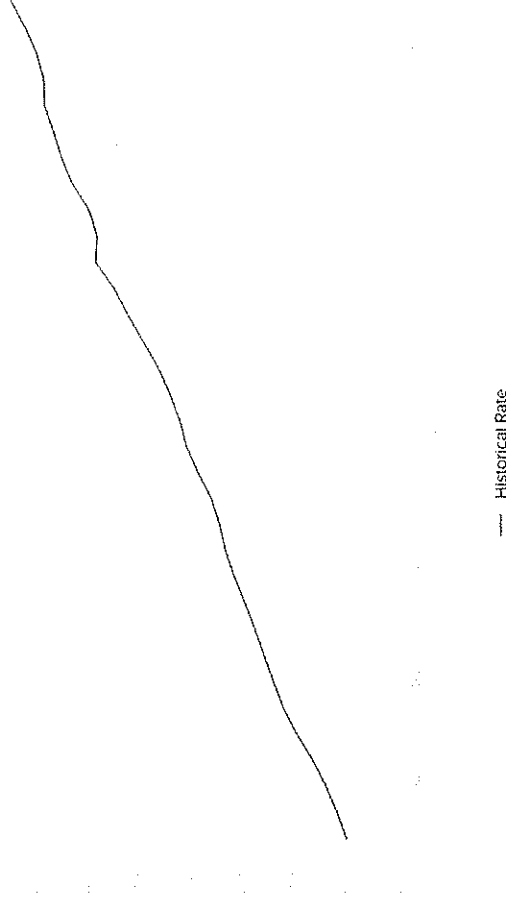
investing.com

# US Coffee C Future – 1980 - 2018

US Coffee C Futures, W. (CFD) O 102.30 H 103.30 L 99.65 C 99.85



- \$1.30 in 1982 is equivalent to \$3.41 in 2018. Today coffee price is around 1.00 usd/lb



- The price of the basic CJ-7 Jeep in 1982 was \$10,660, meaning, 8,200 pounds of coffee using a simple average of \$1.30 /lb
- The price of the basic Jeep Wrangler, as it is now called, is 27,495 pounds, that is, 24,118 pounds of coffee using the ICO composite indicator that averages \$1.13 in the 1Q of 2018.



**Price**