

TELEGRAM

Foreign Service of the
United States of America

INCOMING

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AMEMBASSY RIO

(INCO COFFEE)

SEP 13 11 48 AM '68

ACTION:
FAS-3

UNCLASSIFIED
Classification

Control: 15047

Recd: SEP 10, 1968
13:55

INFO: FM AMEMBASSY LONDON
 AMB TO RUEHC/SECSTATE WASHDC 5946
 DCM INFMURKLSLZ/AMEMBASSY LA PAZ 40
 NINECON RUESUA/AMEMBASSY RIO DE JANEIRO 183
 POL RUQSOK/AMEMBASSY BUJUMBURA 12
 USIS RUESBG/AMEMBASSY BOGOTA 90
 ECON RUESJO/AMEMBASSY SAN JOSE 25
 FIMATT RUESSD/AMEMBASSY SANTO DOMINGO 23
 E/COML RUESQI/AMEMBASSY QUITO 25
 ADDP- RUESAL/AMEMBASSY SAN SALVADOR 40
 BRAZ-2 RUQSDA/AMEMBASSY ADDIS ABABA 223
 RDG RUTAHN/AMEMBASSY ACCRA 276
 FILE RUESGT/AMEMBASSY GUATEMALA 80
 RUTARY/AMAFBASSY CONAKRY 49
 RQ SPRC VEMBASSY PORT AU PRINCE 10
 RUESTE/AMEMBASSY TEGUCIGALPA 19
 RUDSND/KUAMEMBASSY NEW DELHI 363
 RUMJBT/AMEMBASSY DJAKARTA 141
 RUESKN/AMEMBASSY KINGSTON 409
 RUDSVC/AMEMBASSY NAIROBI 462
 RUTAMA/AMEMBASSY MONROVIA 74
 RUESMO/AMEMBASSY MEXICO 108
 RUESMG/AMEMBASSY MANAGUA 19
 RUDSLC/AMEMBASSY LAGOS 530
 RUTAND/AMEMBASSY YACUNDE 42
 RUFJCX/AMEMBASSY BANGUI 14
 RUQ OCGAMEMBASSY KINSHASA 118
 RUFJCX/AMEMBASSY COTONOU 11
 RUFJCX/AMEMBASSY LPNREVILLE 11
 RUTAIJ/AMEMBASSY ABIDJAN 88
 RUFJCX/AMEMBASSY TANANARIVE 81
 RUFJCX/AMEMBASSY LOME 27
 RUESVA/AMEMBASSY PANAMA 13
 RUESAS/AMSPVBASSY ASUNCION 9
 RUESLM/AMEMBASSY LIMA 58
 RUDKLI/AMEMBASSY LISBON 255
 RUQSOJ/AMCONSUL KIGALI 17
 RUTAFN/AMEMBASSY FREETOWN 104
 RUDSVD/AMEMBASSY DAR ES SALAAM 215
 RUCLMKD/AMEMBASSY PORT OF SPAIN 88
 RUDSVK/AMEMBASSY KAMPALA 233
 RUESRS/AMEMBASSY CARACAS 59
 GTDKLIA/AMCONSUL LUANDA 20
 STATE GRNC
 BT
 UNCLAS LONDON 12477

ACTION COPY

ACTION TAKEN

SUBJ: COFFEE COUNCIL -0/5&0945 1795-S FOR 1968/69.

REF: LONDON'S 12443 CDVTLPSL)

AFTER MARATHON NEGOTIATION RUNNING ALMOST 24 HOURS BEGINNING SUNDAY PM COFFEE COUNCIL SESSION LATE NIGHT SEPTEMBER 9 AND EARLY HOURS FOLLOWING MORNING ADOPTED RESOLUTIONS (NOS. 179, 180 AND 181) ESTABLISHING FOLLOWING PROVISIONS FOR COFFEE EXPORT QUOTAS FOR COFFEE YEAR BEGINNING OCTOBER 1, 1968:

1. WORLD REQUIREMENTS ESTIMATED (RESOLUTION 180) AT BETWEEN 51.7 AND 53.2 MILLION BAGS (EXCLUSIVE OF DOMESTIC CONSUMPTION IN PRODUCING COUNTRIES). OF THIS, ESTIMATED 3.1 MILLION BAGS TO BE CONSUMED IN "NEW MARKET" COUNTRIES LISTED ANNEX B OF 1968 COFFEE AGREEMENT AND EXEMPT FROM QUOTA LIMITATIONS. FURTHER PORTION APPROXIMATELY 800,000 BAGS ESTIMATED TO BE SUPPLIED BY NON-MEMBER PRODUCING COUNTRIES FOR SHIPPED TO "METROPOLITAN" COUNTRIES (E.G. ANGOLA TO PORTUGAL).
2. INITIAL ANNUAL QUOTA FOR EXPORTING MEMBERS (RESOLUTION 181) SET AT 47.8 MILLION BAGS, DISTRIBUTED AMONG MEMBERS PRO-RATA IN ACCORDANCE BASIS QUOTAS LISTED ANNEX A OF 1968 AGREEMENT. THIS GLOBAL QUOTA (47.8 MILLION) SAME AS INITIAL TOTAL ADOPTED BEGINNING 1967/68 COFFEE YEAR, AND CONSIDERED BY CONSUMING MEMBERS (AND SOME EXPORTING MEMBERS) TOO LOW. FOR LATTER REASON, COUNCIL ALSO ESTABLISHED ADDITIONAL "RESERVE" QUOTA OF 1.5 MILLION BAGS, ALSO TO BE DISTRIBUTED ON PRO-RATA BASIS AMONG EXPORTING MEMBERS IN UP TO THREE SUCCESSIVE RELEASES DURING SECOND, THIRD AND FOURTH QUARTERS OF YEAR IN EVENT GENERAL LEVEL OF COFFEE PRICES, AS MEASURED BY A COMPOSITE DAILY AVERAGE PRICE, REACHES OR EXCEEDS 37.40 US CENTS PER POUND OVER PERIODS OF 15 MARKET DAYS EACH DURING THOSE QUARTERS. (COMPOSITE DAILY AVERAGE PRICE SEPTEMBER 9 WAS 37.34). RESULT THIS PROVISION WILL BE BRING TOTAL 1968/69 QUOTA TO APPROXIMATE LEVEL FINALLY REACHED 1967/68 (AS RESULT AUTOMATIC SELECTIVE INCREASES DUE TO PRICE RISES) IF PRICES REMAIN AT OR ABOVE RECENT LEVELS.
3. SYSTEM FOR AUTOMATIC ADJUSTMENT OF QUOTAS, SELECTIVELY BY MAJOR TYPE, IN RESPONSE PRICE RISE OR FALL BEYOND PRESCRIBED CEILING AND FLOOR PRICES (RESOLUTION 140-2), REMAINS BASICALLY SAME AS SYSTEM CURRENTLY IN EFFECT (RESOLUTION 140) EXCEPT THAT PRICE BRACKET FOR COLOMBIAN TYPE (COLOMBIA, KENYA AND TANZANIA) RAISED BY ONE HALF CENT AND PRICE BRACKET FOR ROBUSTA TYPE ADJUSTED BY RAISING CEILING ONE QUARTER CENT AND LEAVING FLOOR

