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CANADA TO SIGN INTERNATIONAL COFFEE AGREEMENT 1983

The Honourable Allan J. MacEachen, Deputy Prime Minister and Secretary of State for External Affairs, and the Honourable Gerald Regan, Minister of State (International Trade), announced today Canada's decision to sign the recently renewed International Coffee Agreement.

Four International Coffee Agreements have been implemented since 1962 in attempts to reduce instability in world markets. Canada has been a member of all four agreements. The latest agreement was negotiated in 1976. Its economic provisions did not come into effect until 1980, because of the rise in prices following the Brazilian frost of 1975. The 1983 Agreement is essentially an extension of the 1976 Agreement. It includes a number of improvements to ensure discipline in maintaining prices within an agreed price range, now set at US \$1.20 to \$1.40 per pound.

Coffee production is labour intensive and is limited almost exclusively to developing countries. There are two main types of coffee -- arabica and robusta. The largest producers of arabica coffees are the South and Central American countries, particularly Brazil and Colombia. Robusta coffees are produced in West and Central Africa and several Asian countries, notably Indonesia. Industrialized countries account for over sixty percent of world consumption. World exports of coffee beans and products during 1980, the latest year for which complete figures are available, amounted to about \$13,000,000,000, ranking second only to exports of petroleum in terms of developing country exports.

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