

MORE FROM THE CUP

BETTER RETURNS FOR EAST AFRICAN COFFEE PRODUCERS



International
Trade
Centre

TRADE IMPACT
FOR GOOD

More from the cup

Better returns for East African coffee
producers

About the paper

East Africa produces some of the world's most valuable specialty coffees, yet only a small share of profits go to coffee producers. Using case studies from Africa and beyond, the report explores how to get better prices for green coffee beans, learn about branding and develop business partnerships in international markets.

Direct trade from origin, also feasible through e-auctions, can result in better average prices for green beans. Roasted coffee offers significantly higher margins, but may not be practical to export. New alternatives exist for contract roasting, packaging and outsourced marketing, to transform green beans into branded coffee close to the customer.

Comments to this paper are welcome. Conclusions will be part of a forthcoming new edition of the ITC Coffee Guide.

Publisher: International Trade Centre

Title: More from the cup: Better returns for East African coffee producers

Publication date and place: Geneva, February 2020

Page count: 49

Language: English

ITC Document Number: DEI-20.3.E

Citation: International Trade Centre (2020). *More from the cup: Better returns for East African coffee producers*. ITC, Geneva.

For more information, contact: James Howe (howe@intracen.org)

ITC encourages the reprinting and translation of its publications to achieve wider dissemination. Short extracts of this paper may be freely reproduced, with due acknowledgement of the source. Permission should be requested for more extensive reproduction or translation. A copy of the reprinted or translated material should be sent to ITC.

Digital image(s) on the cover: © Shutterstock

© International Trade Centre (ITC)

ITC is the joint agency of the World Trade Organization and the United Nations.

Foreword

Coffee is one of the world's most popular beverages. More than 2.6 billion cups of coffee are consumed every day and over 120 million people live off the coffee value chain worldwide. From fields to factories, from beans to baristas – coffee has moved from a simple commodity to a movement.

The dark side of the coffee business however, is that some of those farmers who grow the crop, the women who harvest the beans and those who pack the more than 140 million bags of coffee produced each year, are not benefiting from the large profits generated at the top of the value chain.

Coffee commodity prices reached new lows in 2019 (before recovering slightly) and the pain was felt in the low prices paid to producers. The cost-efficient producing countries of South-East Asia or South America, which focus on bulk production, absorbed the drop in prices to some degree. But in East Africa, a region renowned for the variety and quality of its specialty coffees, smaller-scale production and higher costs meant that low commodity prices resulted in losses or unsustainably low earnings for farmers.

Looking at the international value chain that delivers the '\$5 cup of coffee', less than 1% of the price remains in the hands of the men and women who cultivated the crop. Almost all value is created after the farm gate. Even allowing for the expected returns of the retailer, enough value should be generated to allow farmers a greater share of the global earnings.

Fair trade initiatives seek to do this by taking into account the cost of production and establishing generous benchmarks for the purchase price of raw coffee. But what if groups of farmers could be supported in adding value to their crop – not just selling the 'green beans', but by roasting and packaging their coffee, even selling it under their own brands? This is a priority for policymakers in East Africa who are working on initiatives to promote roasting facilities and encourage local coffee consumption.

This report examines these initiatives and seeks to go further. Can we learn lessons from farmer-owned coffees marketed internationally? Is it possible to contract with foreign partners to transform the product and market it on behalf of the farmers? Does the changing nature of coffee consumption and new service models and distribution channels open up new potential for coffee producers to earn more money for their work, escape poverty and eventually thrive from higher value added?

Historically, East Africa has had very few convincing success stories of farmer groups integrating into developed country consumer-level retail; Central and South America are only now beginning to show some success with these models. This publication recommends reimagining the experience of East African farmers and illustrating the profit potential of retail sales in developed countries, while highlighting the risks and need for long-term strategy and investment.



Dorothy Tembo

Acting Executive Director
International Trade Centre

Acknowledgements

Bridget Carrington, International Consultant, wrote this paper under the supervision of James Howe, Senior Adviser, ITC. Nick Watson, Programme Officer, ITC, made additional contributions.

Thanks are offered to industry stakeholders and the farmers and entrepreneurs who were willing to tell their stories and provide case studies. Special thanks, in this regard, go to Carlos Brando, Jorge Cuevas, Darrin Daniel, Emilio Lopez Diaz, Stean Fasol, Johannes Keil, Angelique Karekezi, Adam McLean, Matthew Mills, Eva Muthuuri, Alan Newman, Benjamin Nkurunziza, Jonathan Reed, Ric Rhinehart, Scott Russell, Menno Simmons, Klaus Thomsen, Chad Trewick and Samantha Veide.

The following reviewed the paper in its final stages – Ric Rhinehart, former chief executive of Specialty Coffee Association, Kim Elena Ionescu, chief sustainability and knowledge development officer at Specialty Coffee Association, Lindsey Bolger, former senior vice president of coffee at Keurig Trading, and Chad Trewick, consultant at Reciprocafe.

Thanks to Natalie Domeisen and Evelyn Seltier of ITC, who oversaw the editing and production process; Jennifer Freedman, who edited the report; and Serge Adeagbo and Franco Iacovino of ITC, who provided graphic and printing support.

Contents

About the paper	ii
Foreword	iii
Acknowledgements	iv
Acronyms	vii
Executive summary	viii
CHAPTER 1 WORLD COFFEE MARKET	1
World coffee trade: Concentrating market power among multinationals	2
The coffee value chain: A small share for producers	4
Changing preferences: Specialty coffee has high growth potential	5
Consumption in producing countries starts to generate demand	7
Coffee farmers face a variety of challenges	7
CHAPTER 2 SPECIALTY COFFEE MARKET	10
The sector is just starting to invest in sustainability	10
Specialty coffees are positioned on stories and values tied to their origins	11
Higher value chain models for green and roasted specialty coffee	12
Direct trade	12
Coffee auctions	12
Contract farming	12
E-commerce platforms	12
CHAPTER 3 EAST AFRICAN COFFEE MARKET	13
Challenges of productivity and profitability in East Africa	13
'Premiumization' of African coffee	14
Country-by-country overview	15
Ethiopia	15
Kenya	15
United Republic of Tanzania	15
Rwanda	16
Uganda	16
Burundi	17
CHAPTER 4 BUSINESS MODELS FOR FUTURE SUCCESS	18
Direct trade models – green coffee	18
E-commerce models – e-auctions and online sales	18

Online sales of green coffee	18
E-auctions for green coffee	19
Online sales of roasted coffee	19
Value addition model 1 – selling roasted coffee locally and in coffee shops	20
Value addition model 2 – selling roasted coffee from origin	21
Value addition model 3 – selling coffee that the consuming country roasts	23
CHAPTER 5 CASE STUDIES	24
Direct trade from origin	24
The Coffee Collective	24
Ndaroini Cooperative Society	25
Muchomba Coffee Farm	25
Stean's Beans	26
E-commerce	27
E-auctions	27
E-commerce for roasted coffee	28
Roasting in origin and selling domestically	28
Ya Coffee	28
Question Coffee	29
Roasting in origin and selling internationally	29
Eva's Coffee	29
Rwanda Farmers Coffee Company	30
CaféRwa	30
Rwashoscco and Angelique's Finest	30
Roasting and selling coffee in a consuming country	32
Topeca Coffee Roasters	32
Pachamama Coffee Cooperative	33
The profit potential of outsourced coffee value addition in target markets	34
CHAPTER 6 THE WAY FORWARD	36

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_22837

