Outlook for the World Coffee Market

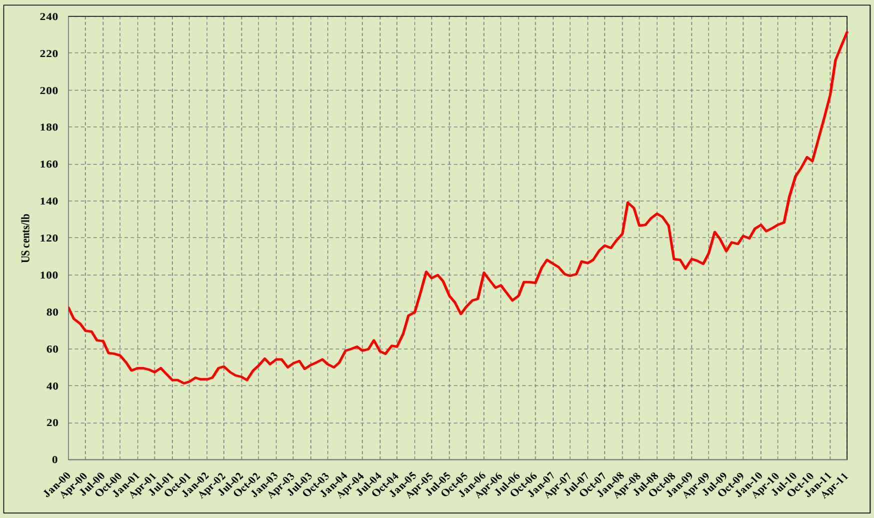
Annual General Assembly

Koninklijk Verbond van Koffiebranders
Union Royale des Torréfacteurs de Café

23 May 2011

José Sette
Executive Director a.i.

ICO composite indicator price
Monthly averages: January 1990 to April 2011
in current terms



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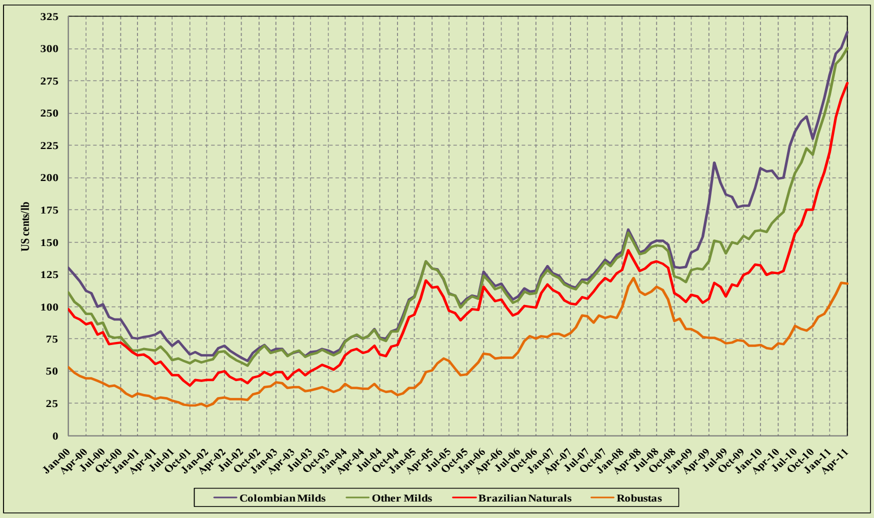
ICO group indicator prices
Monthly: January 1990 to April 2011
in current terms



ICO composite and group indicator prices historical comparison
US cents per pound

	April 2011	Last monthly average when price was higher		Highest monthly average ever recorded	
ICO Composite	231.24	243.06	June 1977	314.96	April 1977
Colombian Milds	312.95	318.50	May 1997	320.78	April 1977
Other Milds	300.12	317.68	April 1977	317.68	April 1977
Brazilian Naturals	273.40	280.24	May 1986	369.00	April 1977
Robustas	117.37	118.13	March 2011	312.24	April 1977

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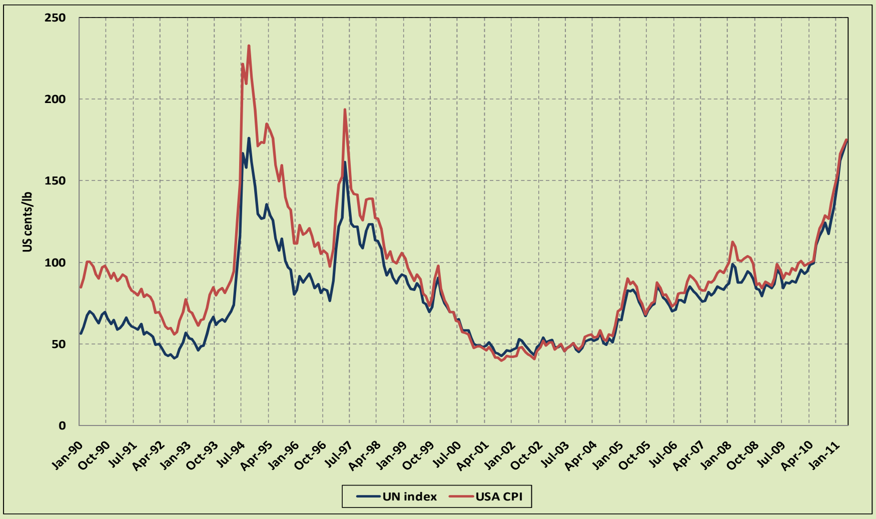
ICO composite indicator price (deflated)
Monthly averages: January 1990 to April 2011
in constant Apr-Jun 2000 terms



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Exports by group and by type of coffee
October to March (000 bags)

	2009/10	2010/11	% change
TOTAL	45 847	52 921	15.4
by group of coffee			
Colombian Milds	4 238	5 604	32.2
Other Milds	9 944	12 091	21.6
Brazilian Naturals	15 649	17 993	15.0
Robustas	16 015	17 233	7.6
by type of coffee			
Arabicas	29 831	35 688	19.6
Robustas	16 015	17 233	7.6

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Exports by the top 10 exporting countries October to March (000 bags)

	2009/10	2010/11	% change
TOTAL	45 847	52 921	15.4
Brazil	15 381	18 291	18.9
Vietnam	7 681	8 575	11.6
Colombia	3 646	4 987	36.8
India	1 749	2 895	65.5
Indonesia	3 563	2 645	-25.8
Honduras	1 572	2 074	31.9
Peru	1 313	1 680	27.9
Ethiopia	706	1 441	104.0
Guatemala	1 485	1 432	-3.6
Uganda	1 451	1 325	-8.7

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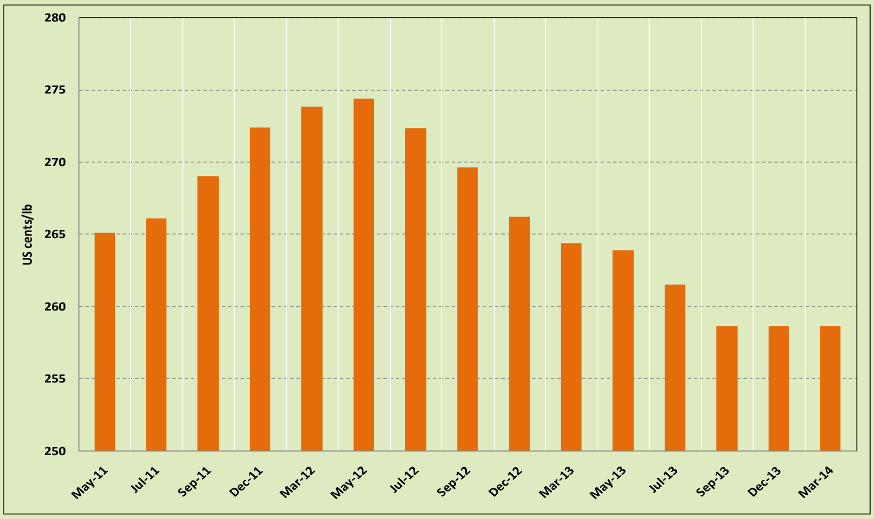
New York ICE futures settlement prices 1st to 15th position on 17 May 2011



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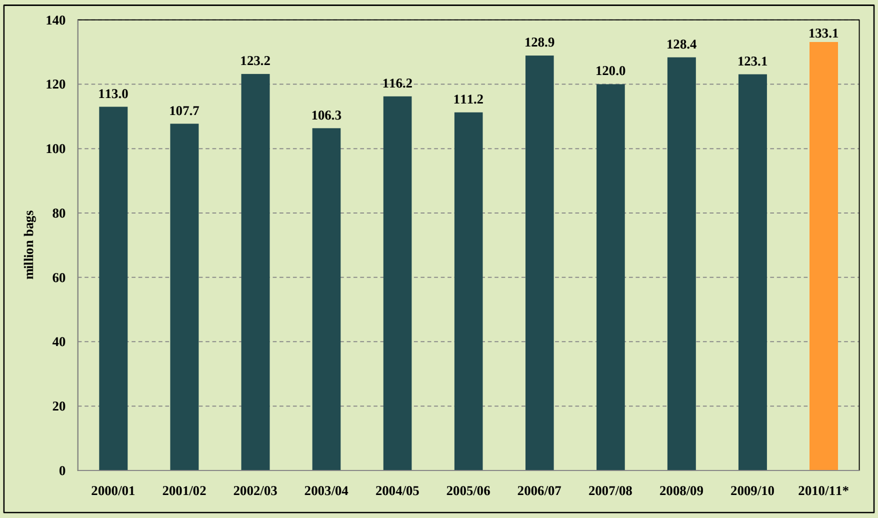
World Production
Crop years 2000/01 to 2010/11

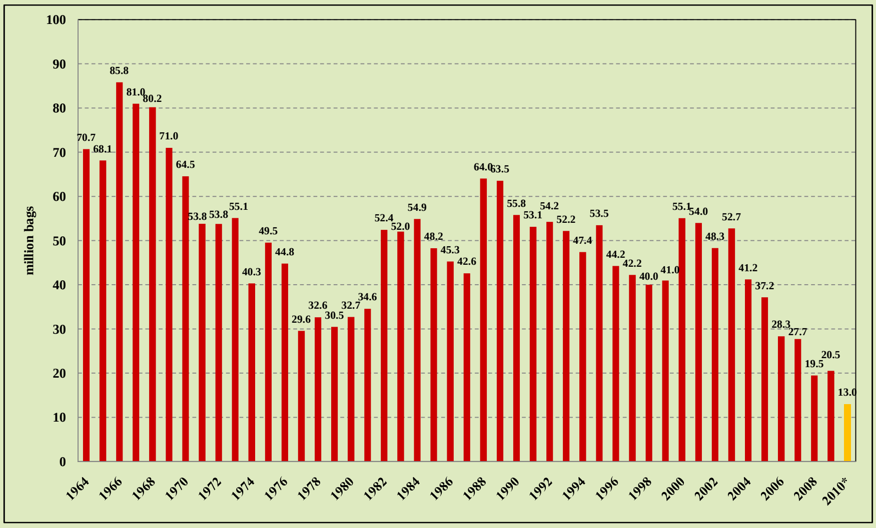


*Estimated

Production: 10 leading producers
(Volume in 000 bags - % of world production)

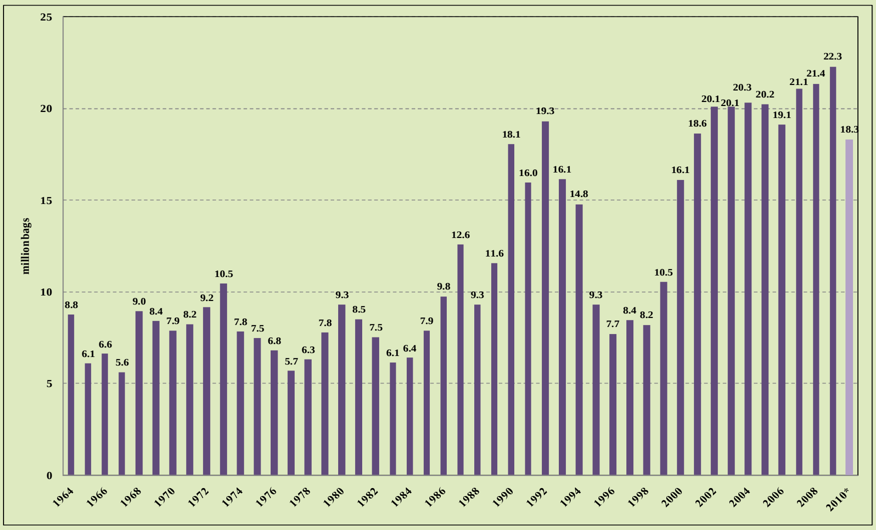
	2009/10	2010/11	% change
Brazil	39 470	48 095	21.9%
Vietnam	18 200	18 500	1.6%
Colombia	8 098	9 200	13.6%
Indonesia	11 380	8 500	-25.3%
Ethiopia	6 931	7 450	7.5%
India	4 823	4 733	-1.8%
Mexico	4 200	4 400	4.8%
Guatemala	3 835	4 000	4.3%
Honduras	3 575	3 830	7.1%
Uganda	2 797	3 100	10.8%

Opening stocks in exporting countries
Crop years 1964 to 2010



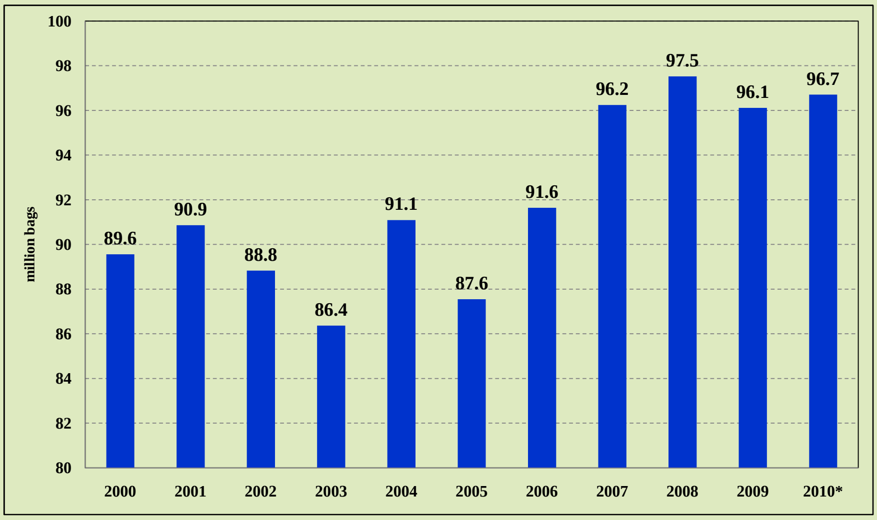
*Preliminary

Inventories in importing countries
Calendar years 1964 to 2010



*Preliminary

Total exports to all destinations
Calendar years 2000 to 2010



*Preliminary

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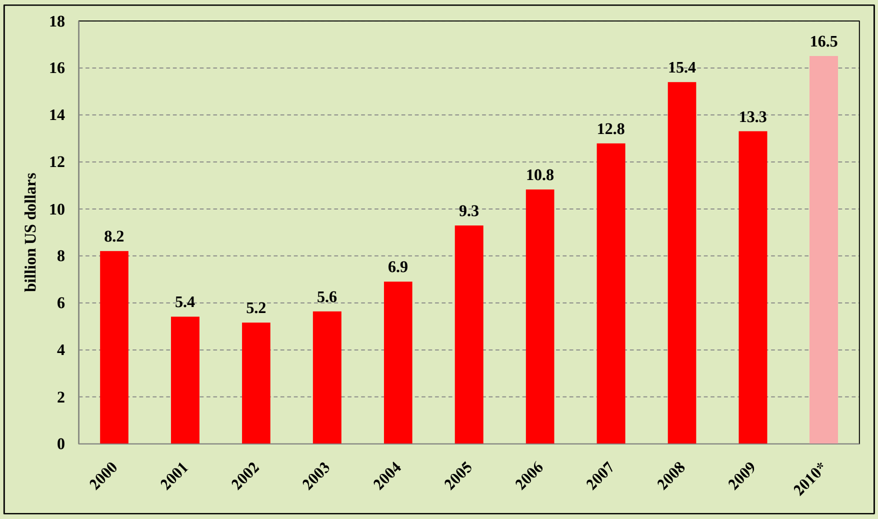
Value of coffee exports
Calendar years 2000 to 2010



*Estimated

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World Coffee Conference

Guatemala, 26-28 February 2010

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Challenges: The way forward 1

1. **Economic and policy environment**: infrastructure; interest rates; exchange rates; and labour costs.
2. **Basic and applied research**: mapping of the coffee genome; conservation of genetic diversity and biodiversity; methods to manage pests and diseases; development of new varieties that are resistant to pests and diseases as well as better adapted to climate change; increases in yields; improvement in coffee quality; alternative uses of coffee byproducts; reduction in the use of water in cultivation and post-harvest processing; measurement of carbon and water footprint; and food safety.

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Challenges: The way forward 2

3. **Capacity-building** and strengthening of institutions and support services
4. **Good agricultural practices**: better fertility; erosion control; harvesting techniques; mechanization; integrated pest management; post-harvest processing
5. **Diversification and multi-functionality**: reduce excessive dependence on single product; seek complementary sources of income, such as other crops, livestock and ecotourism.

Challenges: The way forward 3

6. **Finance and risk management**: favourable credit conditions; financing for stocks, renewal of plantations, infrastructure and inputs; microfinance; protection (hedges) against price volatility; and weather risk insurance.
7. **Value addition**:
   - ❑ Diferentiation (for example, by quality, certification or verification prgrammes, geographical indications, trademarks and other initiatives)
   - ❑ Industrialization

Challenges: The way forward 4

8. **Information and market transparency**
9. **Environmental sustainability**
   - ❑ Climate change: adaptation and mitigation strategies
   - ❑ Carbon and water footprint
   - ❑ Competing uses for land
10. **Social sustainability**
    - ❑ Empowering women
    - ❑ Aging farmers: Introduce programmes targeted to attracting young growers to coffee cultivation and stimulating youth entrepreneurship and involvement in sustainability programmes

Challenges: The way forward 5

11. **Economic sustainability**
    - ❑ Price levels prevailing on the coffee market in recent years have been insufficient to off-set rising costs and encourage the necessary investment in the expansion of production to meet steadily growing demand.
    - ❑ What will be effect of rising prices in recent months?

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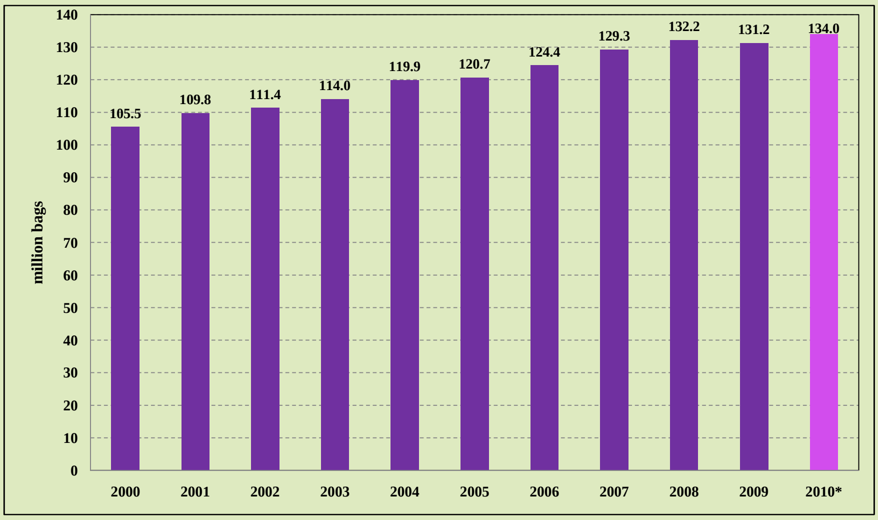
World consumption
Calendar years 2000 to 2009



*Estimated

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Estimated consumption:
10 leading markets by volume

	2009	2010*	% change
	million bags		
World total	131.2	134.0	2.1
USA	21.4	21.8	1.6
Brazil	18.2	18.9	4.1
Germany	8.9	9.3	4.4
Japan	7.1	7.2	0.7
France	5.7	5.9	4.0
Italy	5.8	5.8	-0.4
Russian Federation	3.1	3.7	16.9
Canada	3.3	3.6	8.9
Spain	3.4	3.2	-3.6
United Kingdom	3.2	3.1	-3.3

*Estimated

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World coffee consumption
Evolution 2000 – 2010

(in thousand bags)

	2000	2010*	Change (2010)-(2000) Volume	%	Period growth rate (%)
Traditional markets	63 367	70 837	7 470	26.2%	1.1
Producing countries	26 385	40 280	13 895	48.8%	4.3
Emerging markets	15 750	22 883	7 133	25.0%	3.8
World total	105 502	134 000	28 498		2.4

*Estimated

World Coffee Consumption: Traditional markets
Evolution 2000 – 2010

(in thousand 60-kg bags)

	2000	2010*	Growth rate (%)
European Union	*38 024*	*40 069*	*0.5*
Belgium	1 133	871	-2.6
Germany	8 770	9 292	0.6
France	5 402	5 902	0.9
Italy	5 149	5 781	1.2
Spain	2 991	3 231	0.8
United Kingdom	2 342	3 115	2.9
Japan	6 626	7 181	0.8
USA	18 746	21 784	1.5

*Estimated

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World coffee consumption: Producing countries Evolution 2000 – 2010

(in thousand 60-kg bags)

	2000	2010*	Growth rate (%)
Total	26 385	40 283	+4.3
Brazil	13 075	18 945	+3.8
Indonesia	1 664	3 333	+7.2
Ethiopia	1 938	3 253	+5.3
Mexico	1 189	2 239	+6.5
India	938	1 400	+4.1
Others	7 581	11 113	+3.9

*Estimated

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World coffee consumption: Emerging markets Evolution 2000 – 2010*

(in thousand 60-kg bags)

	2000	2010*	Growth rate (%)
Total	15 750	22 883	+3.8
Russian Federation	1 863	3 661	+7.0
Algeria	1 779	1 850	+1.2
Korea, Republic of	1 246	1 666	+3.0
Ukraine	179	1 485	+23.6
Australia	832	1 370	+5.1
South Africa	368	553	+4.2

*Estimated

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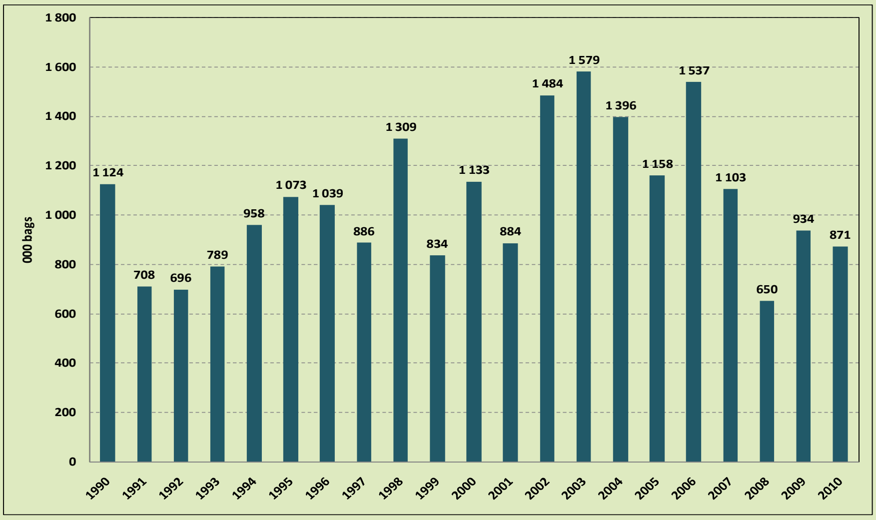
Belgium: consumption of all forms of coffee
Calendar years 1990 to 2010



Belgium: imports, re-exports and net imports
Calendar years 2005 to 2010

	Imports	Re-exports	Net imports
	(000 bags)		
2005	4 063	2 905	1 158
2006	4 605	3 067	1 537
2007	4 014	2 911	1 103
2008	6 792	6 142	650
2009	5 916	4 981	934
2010	5 924	5 053	871

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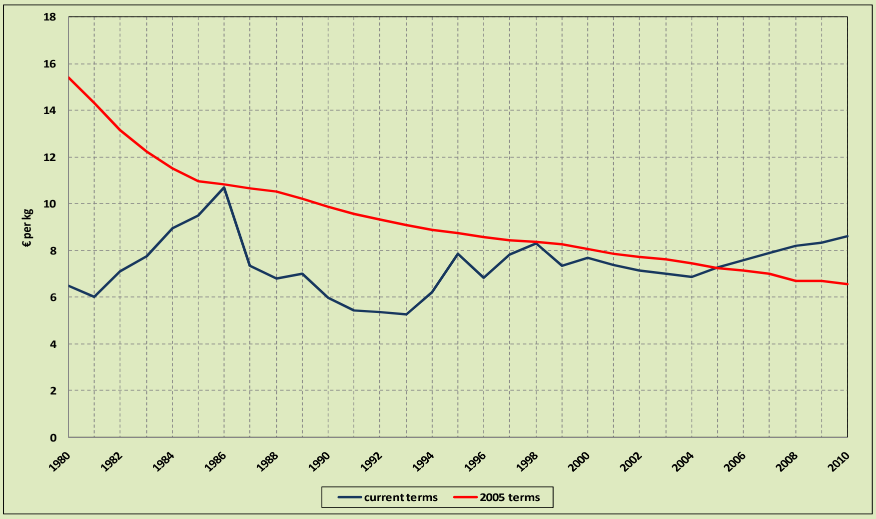
Belgium: retail prices of roasted coffee
Current and constant 2005 terms



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Per capita consumption (in kg) in selected countries in 2010

	2010
Finland	12.16
Denmark	9.46
Norway	9.30
Switzerland	8.02
Sweden	7.92
Germany	6.78
Canada	6.41
Brazil	5.87
Italy	5.79
France	5.68
Belgium	4.91
USA	4.15
Japan	3.39
Russian Federation	1.56

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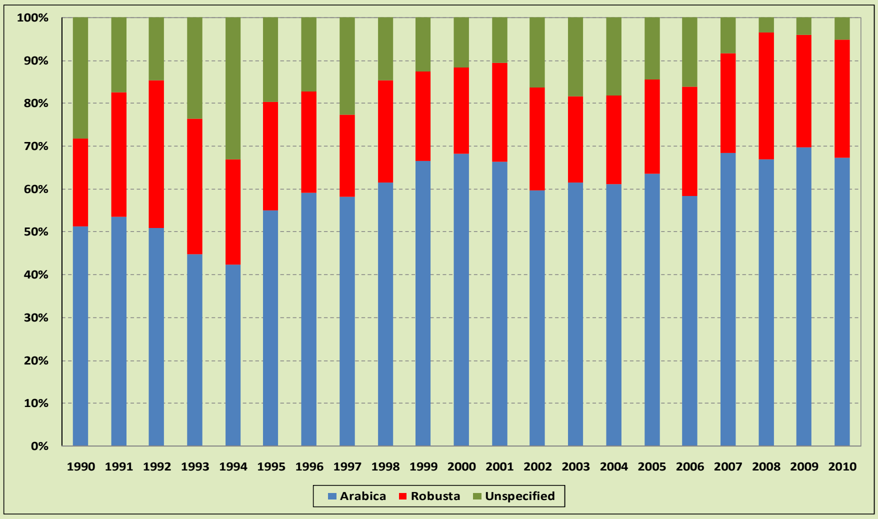
Belgium: imports of green coffee by origin and by type* in 2010

	Arabica	Robusta	Volume (60-kg bags)	share
Brazil	95%	5%	1 444 444	27.7%
Vietnam	0	100%	839 327	16.1%
Honduras	100%	0%	522 815	10.0%
Peru	100%	0%	367 074	7.0%
Uganda	37%	63%	223 642	4.3%
Germany	unspecified		192 223	3.7%
Colombia	100%	0%	182 593	3.5%
Indonesia	46%	54%	143 791	2.8%
Ethiopia	100%	0%	135 034	2.6%
Mexico	100%	0%	131 009	2.5%
Guatemala	100%	0%	121 563	2.3%
Nicaragua	100%	0%	106 354	2.0%
Others	unspecified		797 583	15.3%
Total			5 207 450	100%

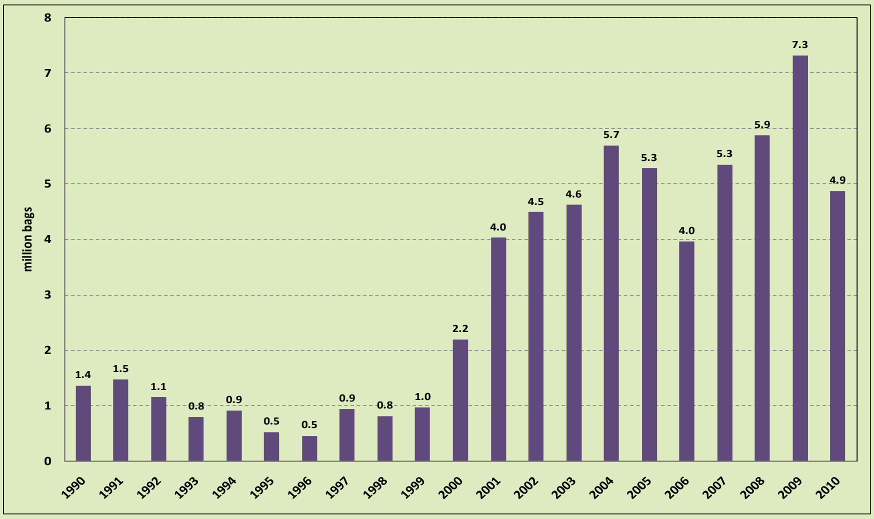
*Based on declared exports

Belgium: % imports of green coffee by type* Calendar years 1990 to 2010



*Based on declared exports

Belgium: inventories of green coffee as at 31 December



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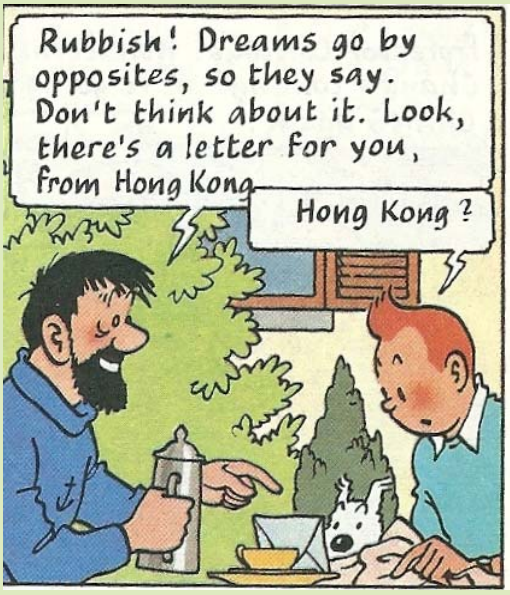

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Thank you
Merci beaucoup
Heel erg bedankt

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