Outlook for the World Coffee Market

8th AFRICAN FINE COFFEE CONFERENCE & EXHIBITION

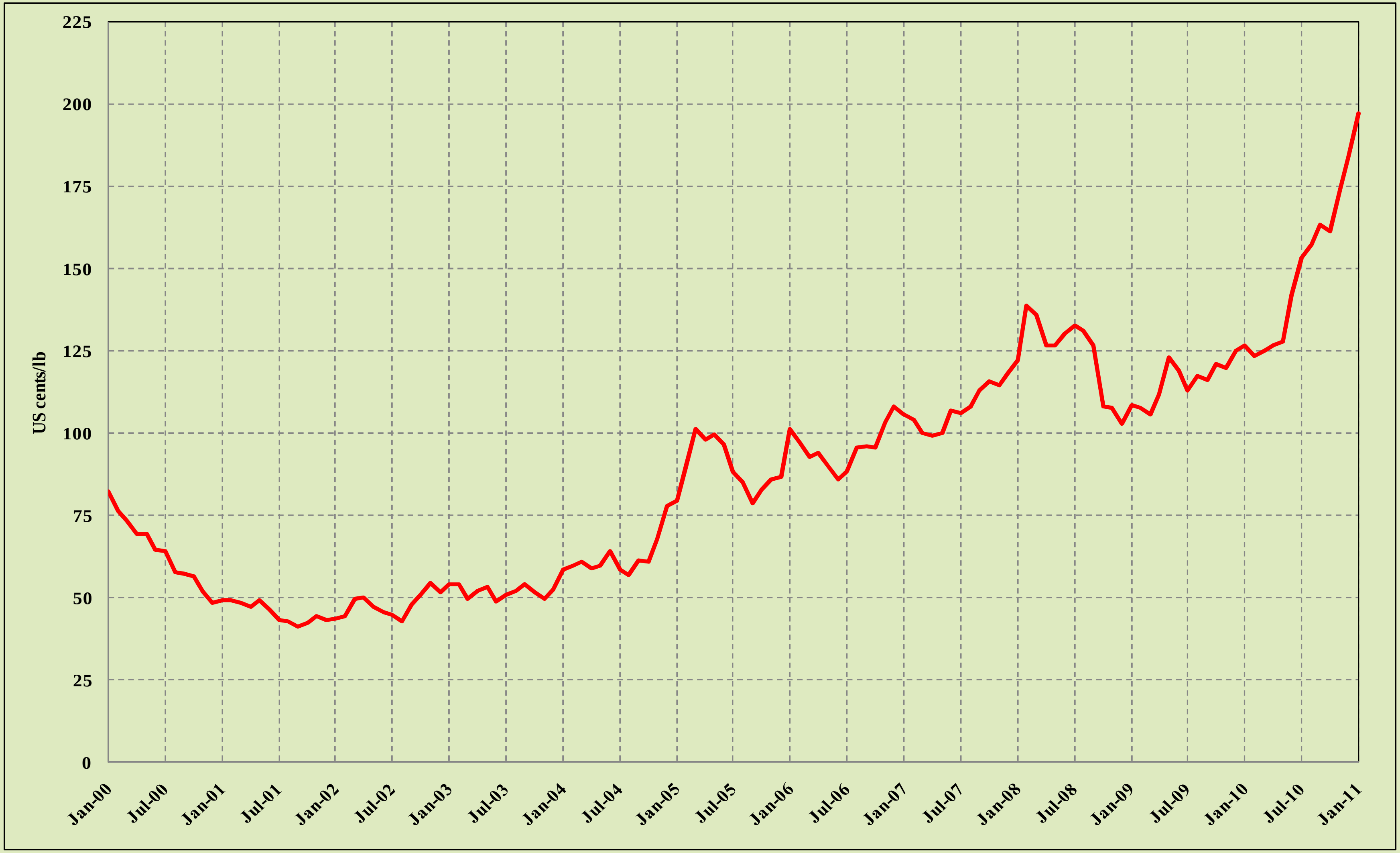
17 to 19 February 2011

Arusha, Tanzania

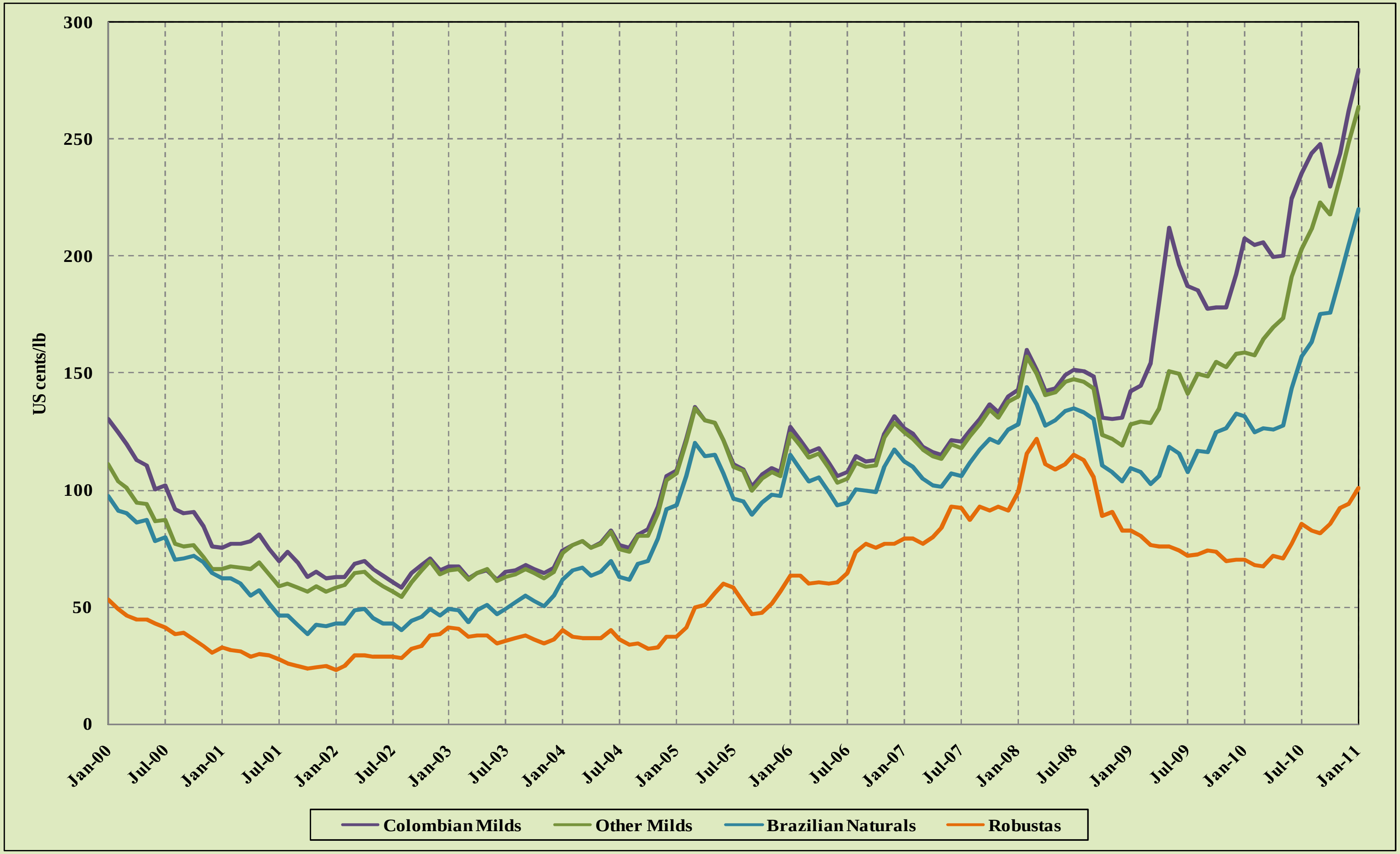
José Sette

Executive Director a.i.

ICO composite indicator price
Monthly: January 2000 to January 2011

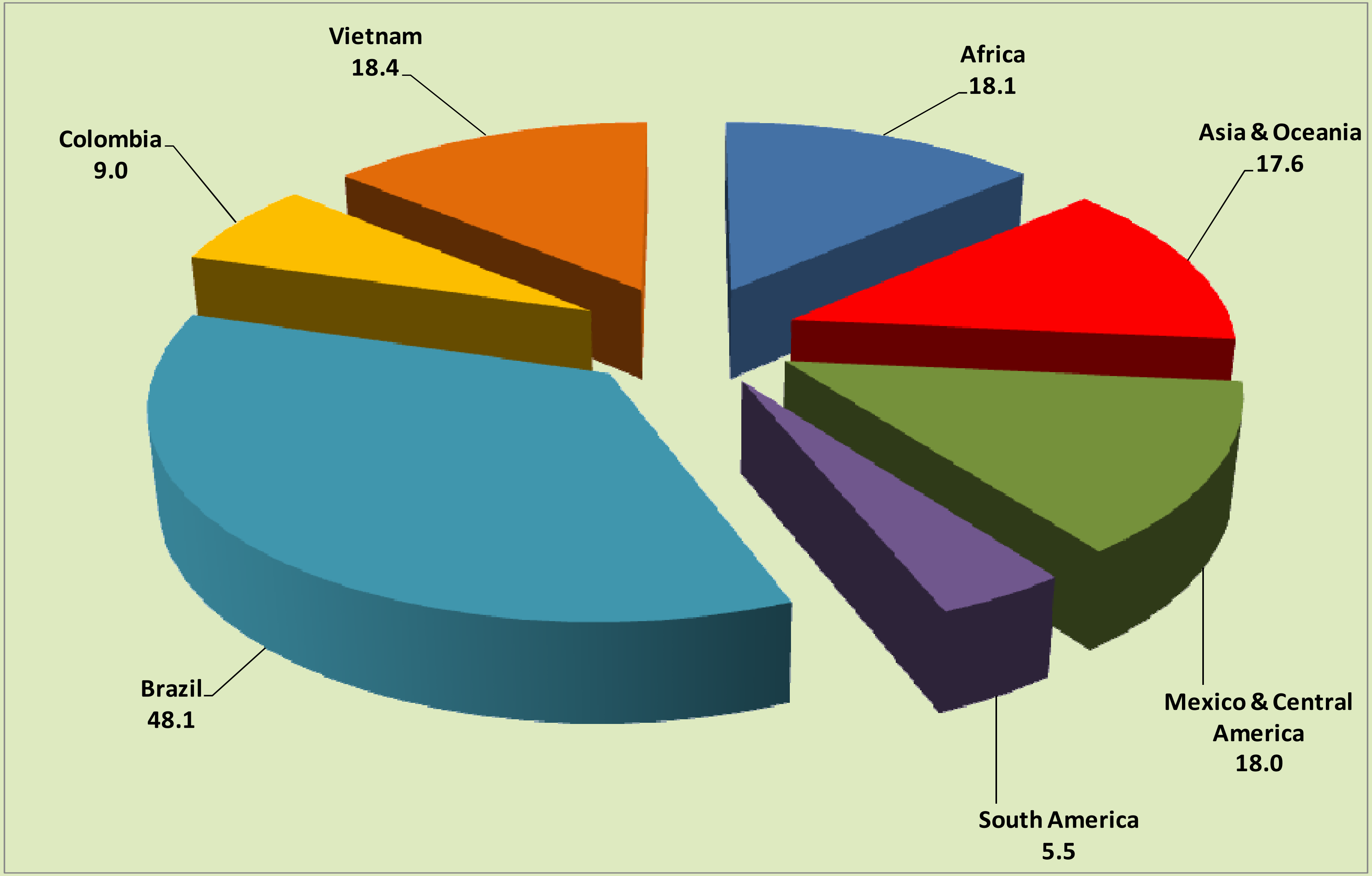


ICO group indicator prices
Monthly: January 2010 to January 2011

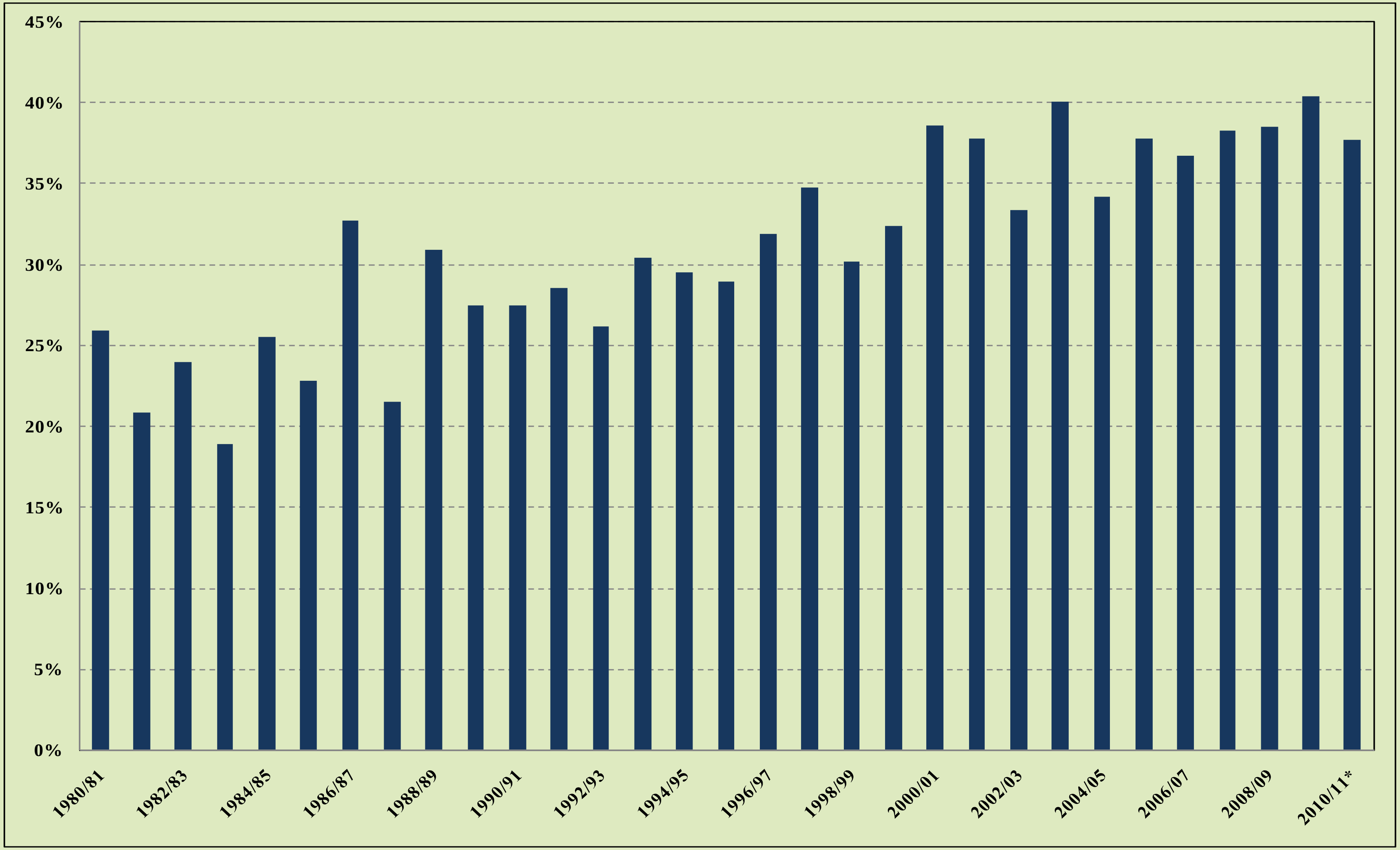


World Production
Crop years 2000/01 to 2010/11

Total production in 2010/11



Share of Robusta in world production
Crop year 1980/81 to 2010/11



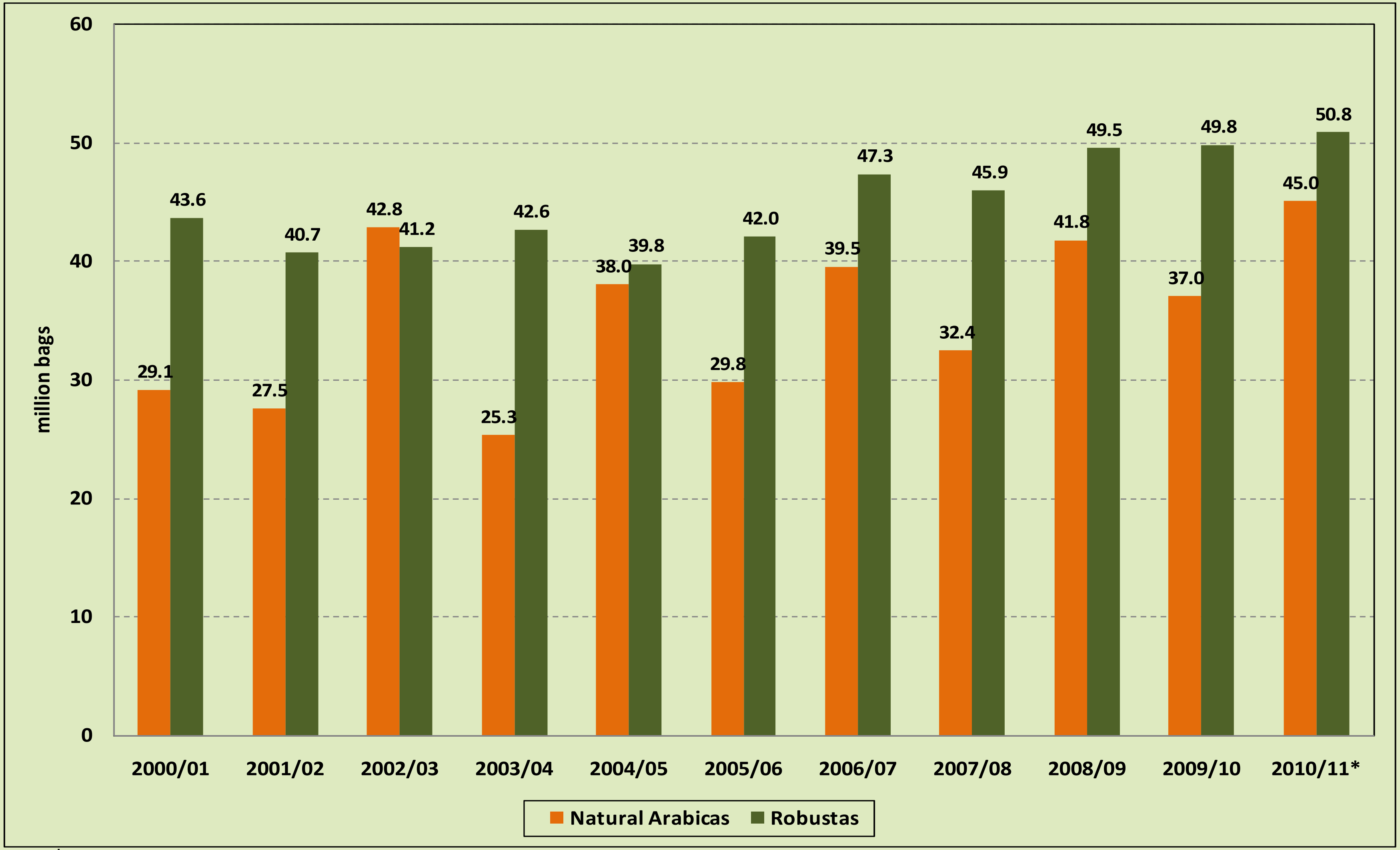
Production: 10 leading producers 2009/10
(Volume in 000 bags - % of world production)

	2009/10	2010/11	% change
Brazil	39 470	48 095	21.9%
Vietnam	18 200	18 433	1.3%
Indonesia	11 380	9 500	-16.5%
Colombia	8 098	9 000	11.1%
Ethiopia	6 931	7 450	7.5%
India	4 823	5 000	3.7%
Mexico	4 200	4 500	7.2%
Guatemala	3 835	4 000	4.3%
Honduras	3 575	3 850	7.7%
Uganda	2 797	3 200	14.4%

Production of Washed Arabicas
Crop years 2000/01 to 2010/11

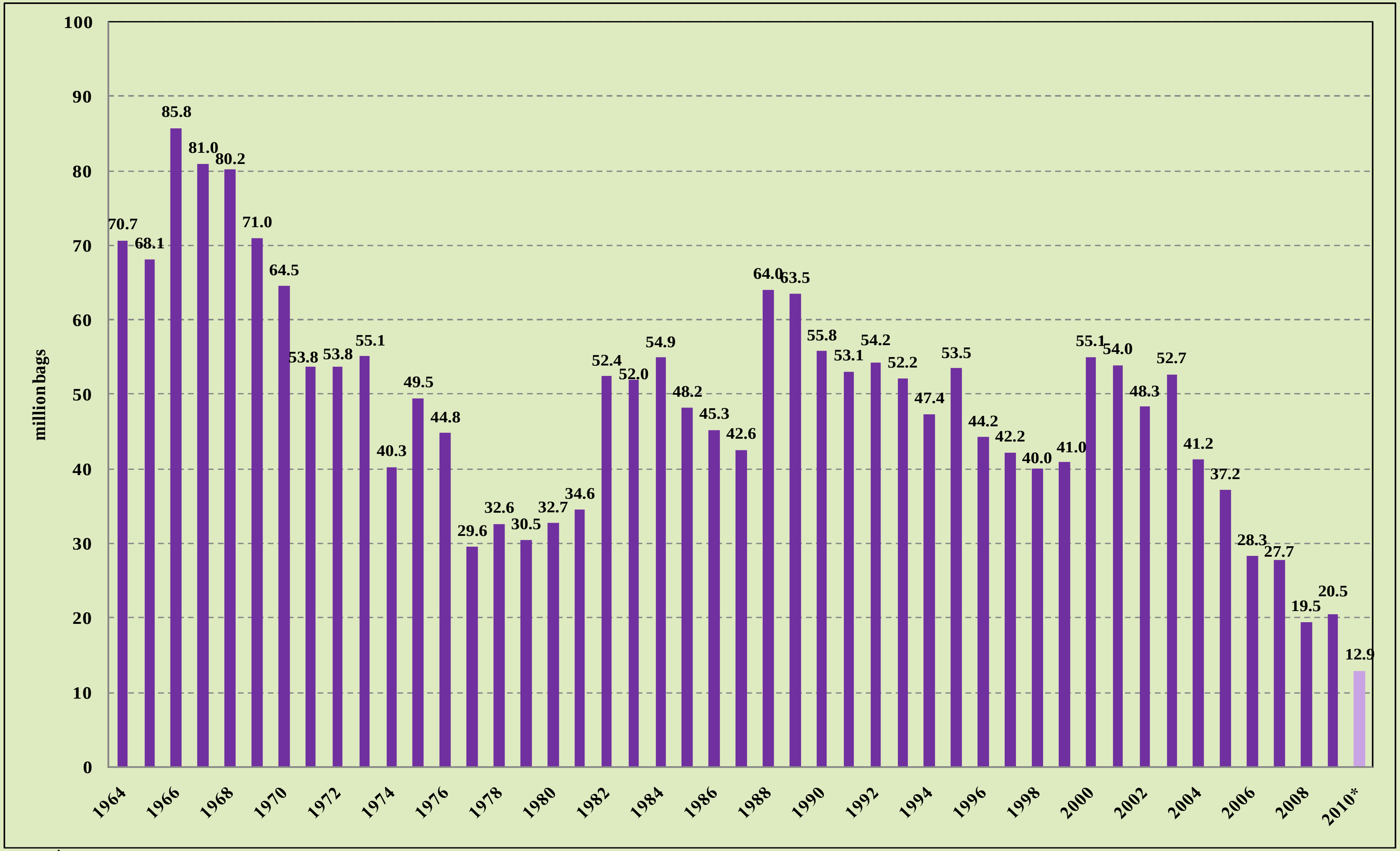
*Forecast

Production of Natural Arabicas and Robustas
Crop years 2000/01 to 2010/11



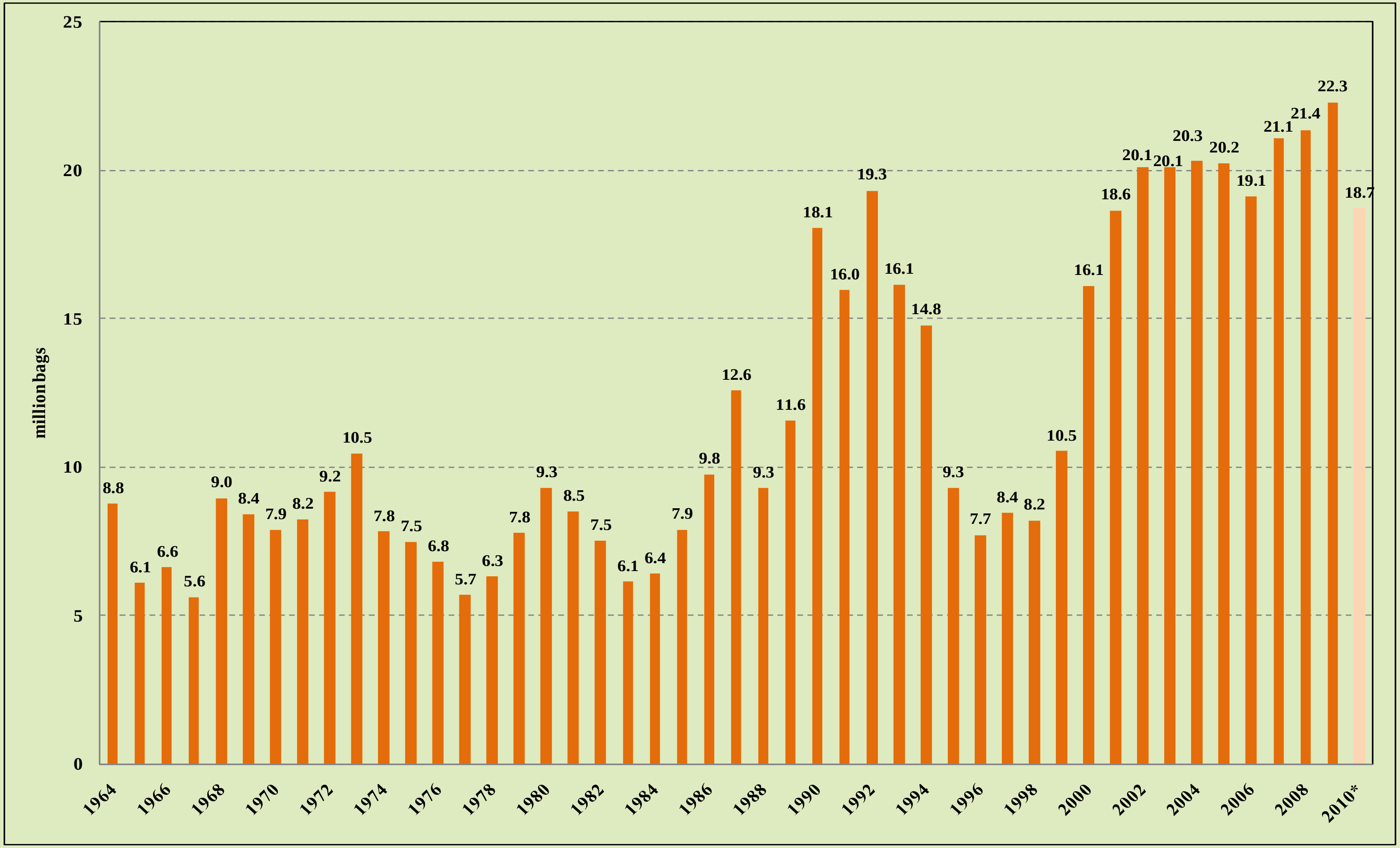
*Forecast

Opening stocks in exporting countries
Crop years 1964 to 2010



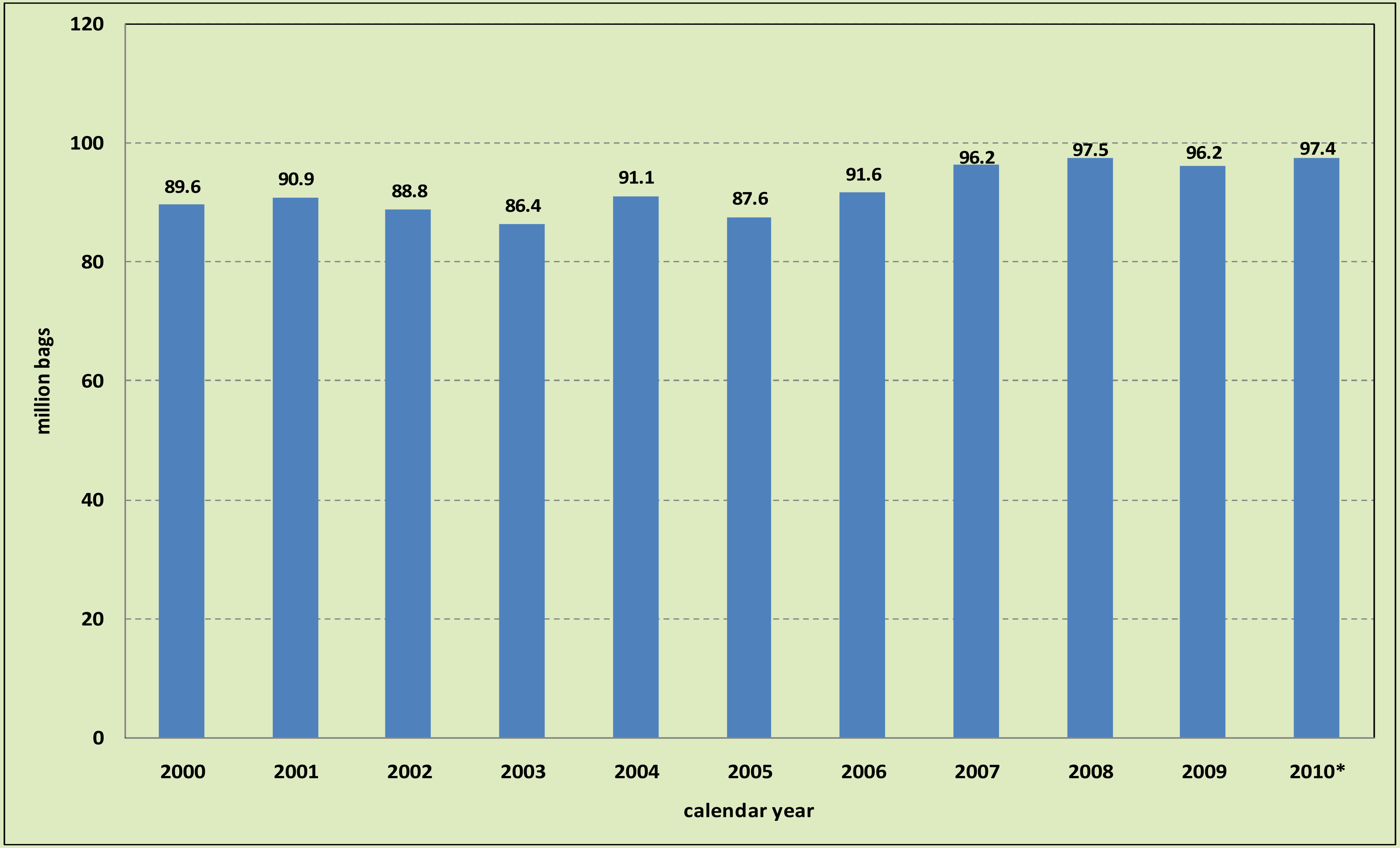
*Forecast

Inventories in importing countries
Calendar years 1964 to 2010



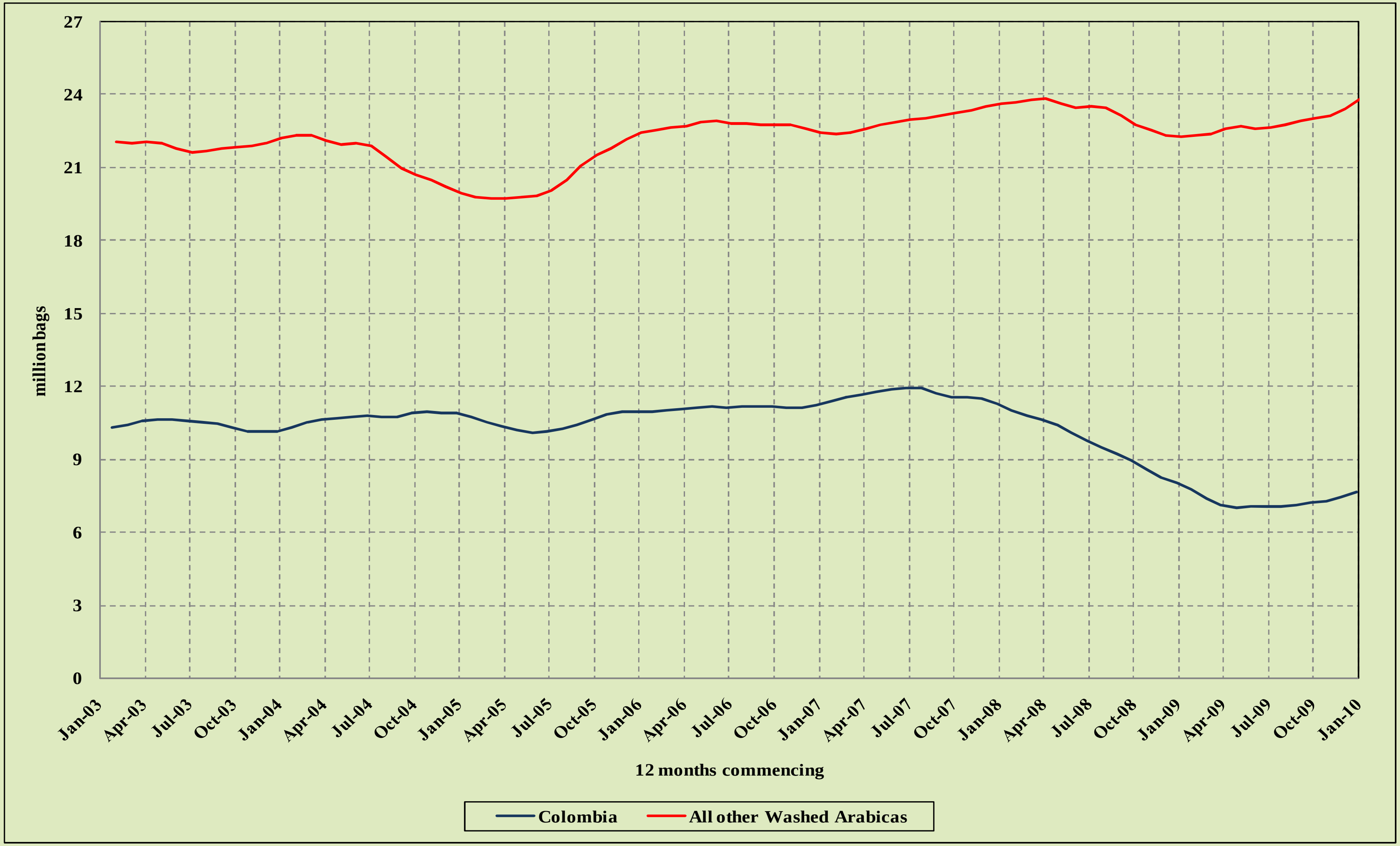
*Forecast

Total exports to all destinations
Calendar years 2000 to 2010

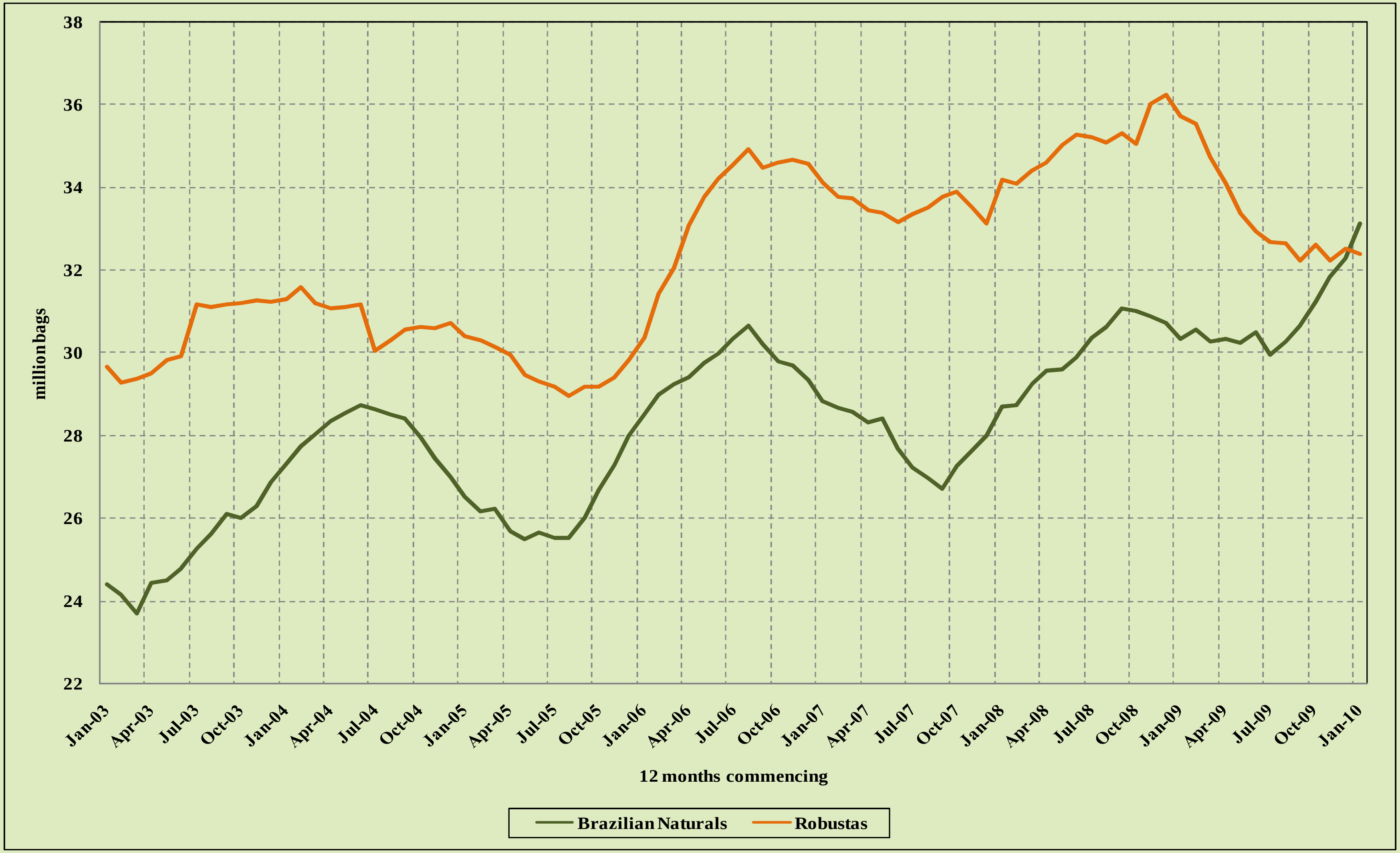


*Estimate

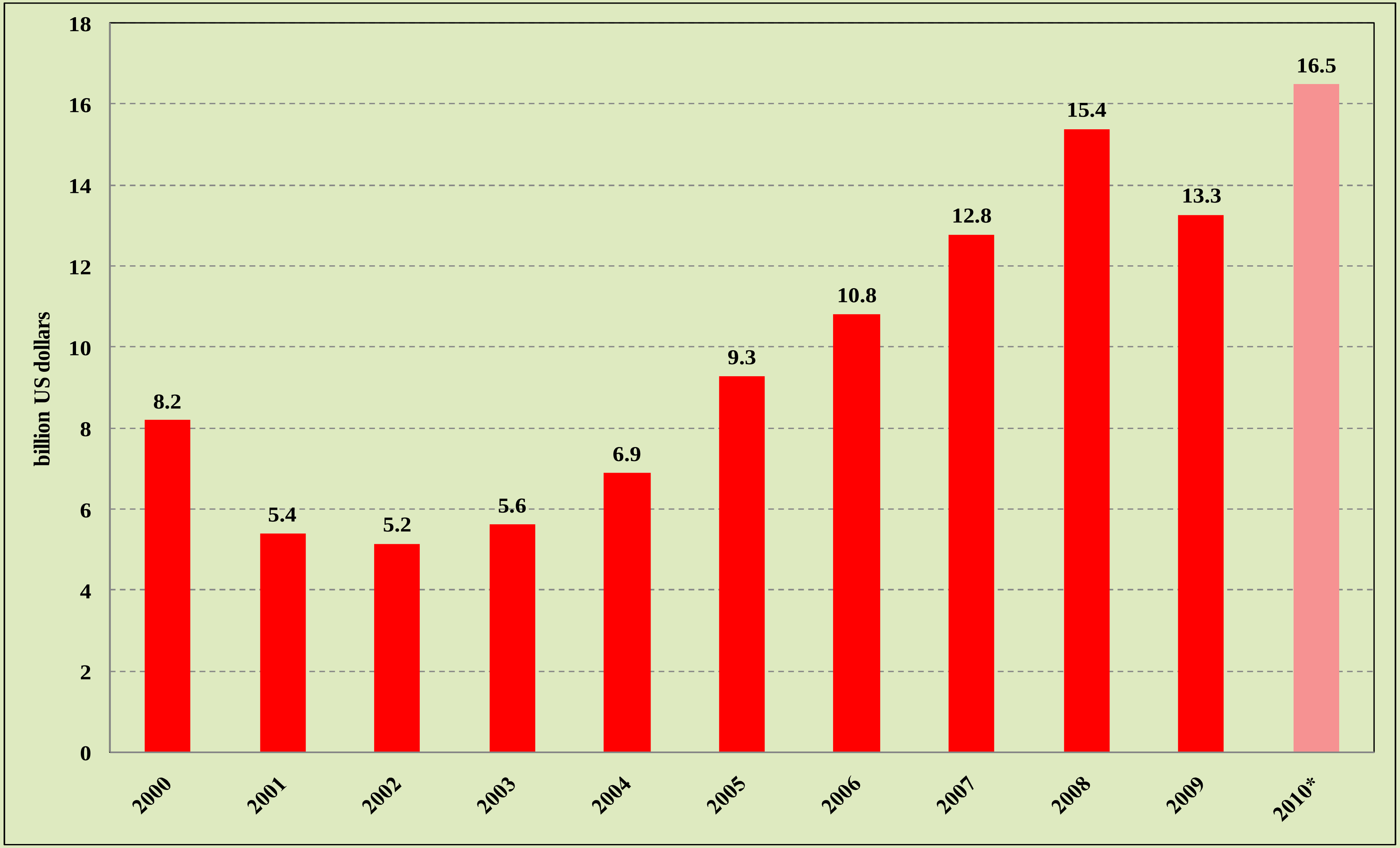
Exports to all destinations – cumulative 12 months
Washed Arabicas



Exports to all destinations – cumulative 12 months
Brazilian Naturals and Robustas



Value of coffee exports
Calendar years 2000 to 2010



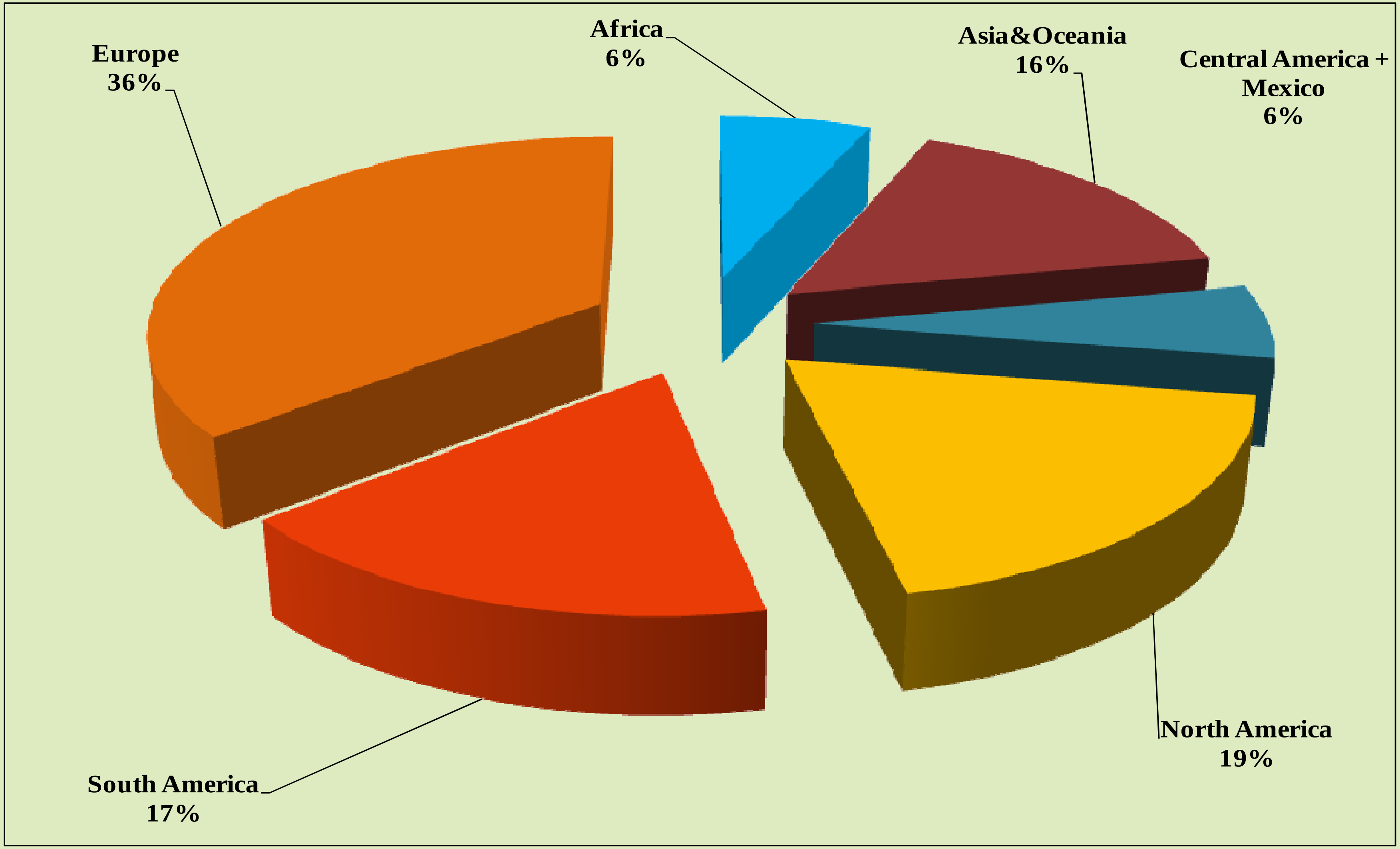
*Forecast

World consumption
Calendar years 2000 to 2009

*Forecast

World consumption in 2009

(share by continent)



Estimated consumption in 2009: 10 leading markets by volume

(million bags)	
USA	21.4
Brazil	18.8
Germany	8.9
Japan	7.1
Italy	5.8
France	5.7
Spain	3.4
Indonesia	3.3
United Kingdom	3.2
Russian Federation	3.1

World coffee consumption Comparison 2008 – 2009

(in thousand 60-kg bags)

	2008	2009*	Change (%)
Traditional markets	70 357	68 924	-2.0
Producing countries	37 814	38 967	3.0
Emerging markets	23 539	22 300	-5.3
WORLD TOTAL	131 710	130 191	-1.2

*Forecast

World coffee consumption
Evolution 2000 – 2009
(in thousand 60-kg bags)

	2000	2009*	Annual growth (%)
Traditional markets	64 879	68 924	0.7
Producing countries	26 385	38 967	4.4
Emerging markets	14 238	22 300	5.1
WORLD TOTAL	105 503	130 191	2.4

*Forecast

World Coffee Consumption: Traditional markets Evolution 2000 – 2009

(in thousand 60-kg bags)

	2000	2009*	Annual growth (%)
Total	**63 377**	**68 873**	**0.8**
European Union	**38 024**	**38 626**	**0.2**
Germany	***8 770***	***8 897***	***0.1***
Italy	***5 149***	***5 806***	***1.2***
France	***5 402***	***5 676***	***0.5***
Spain	***2 991***	***3 352***	***1.2***
United Kingdom	***2 342***	***3 220***	***3.2***
USA	**18 746**	**21 436**	**1.4**
Japan	**6 626**	**7 130**	**0.7**

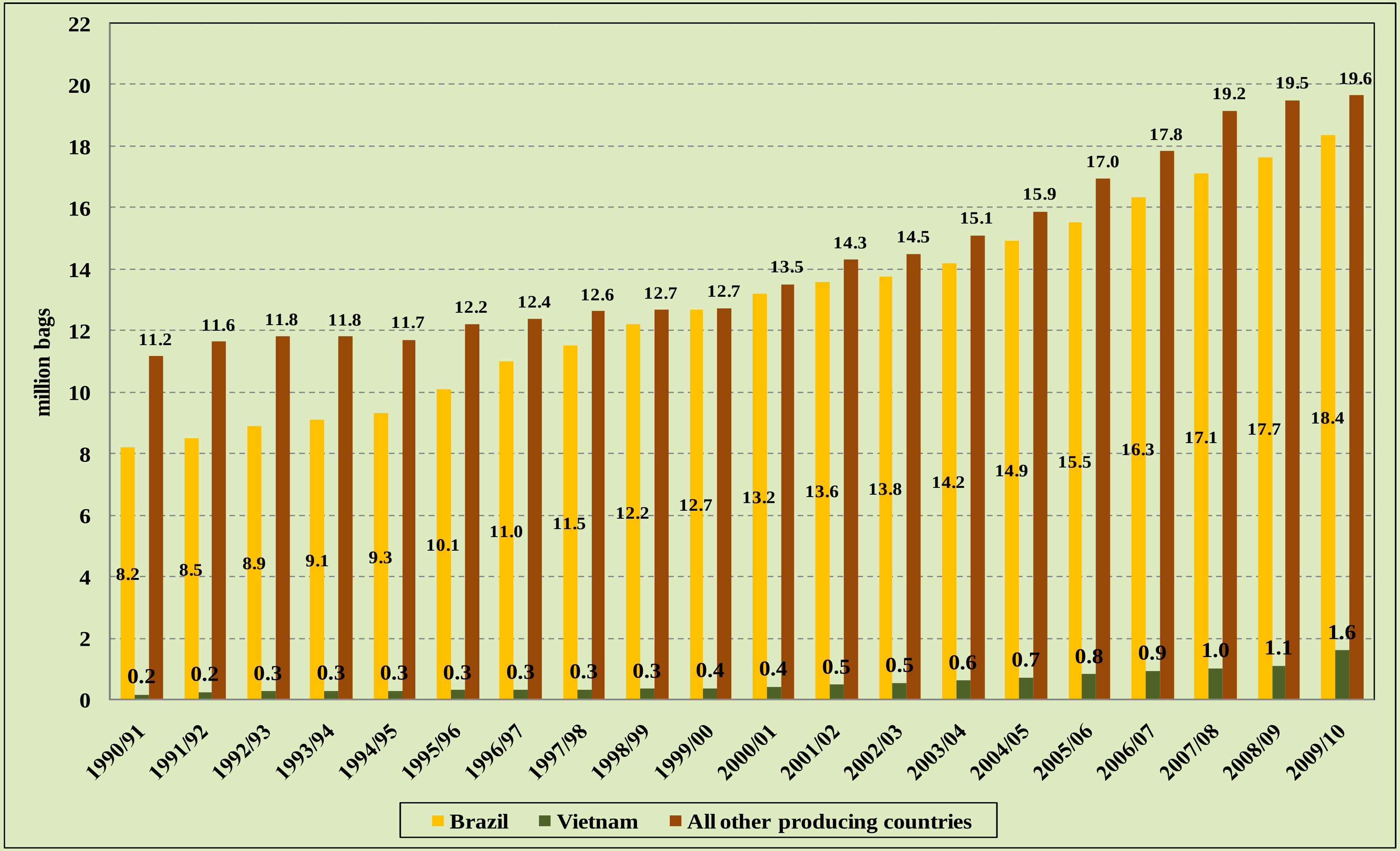
*Provisional

World coffee consumption: Producing countries
Evolution 2000 – 2009
(in thousand 60-kg bags)

	2000	2009*	Annual growth (%)
Total	26 385	38 967	4.4
Brazil	13 075	18 208	3.4
Indonesia	1 664	3 333	7.2
Ethiopia	1 938	3 089	5.3
Mexico	1 189	2 200	6.4
India	938	1 573	5.3
Others	7 581	10 564	3.8

*Provisional

Domestic consumption in exporting countries
Crop years 1990/91 to 2009/10



World coffee consumption: Emerging markets
Evolution 2000 – 2009
(in thousand 60-kg bags)

	2000	2009*	Annual growth (%)
Total	15 744	22 500	3.6
Russian Federation	1 863	3 131	5.3
Algeria	1 779	2 066	1.5
Korea, Rep. of	1 246	1 551	2.2
Ukraine	179	1 460	23.4
Australia	832	1 223	3.9
Turkey	291	521	6.0
Croatia	327	366	1.1
Tunisia	174	289	5.2

*Provisional

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.

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

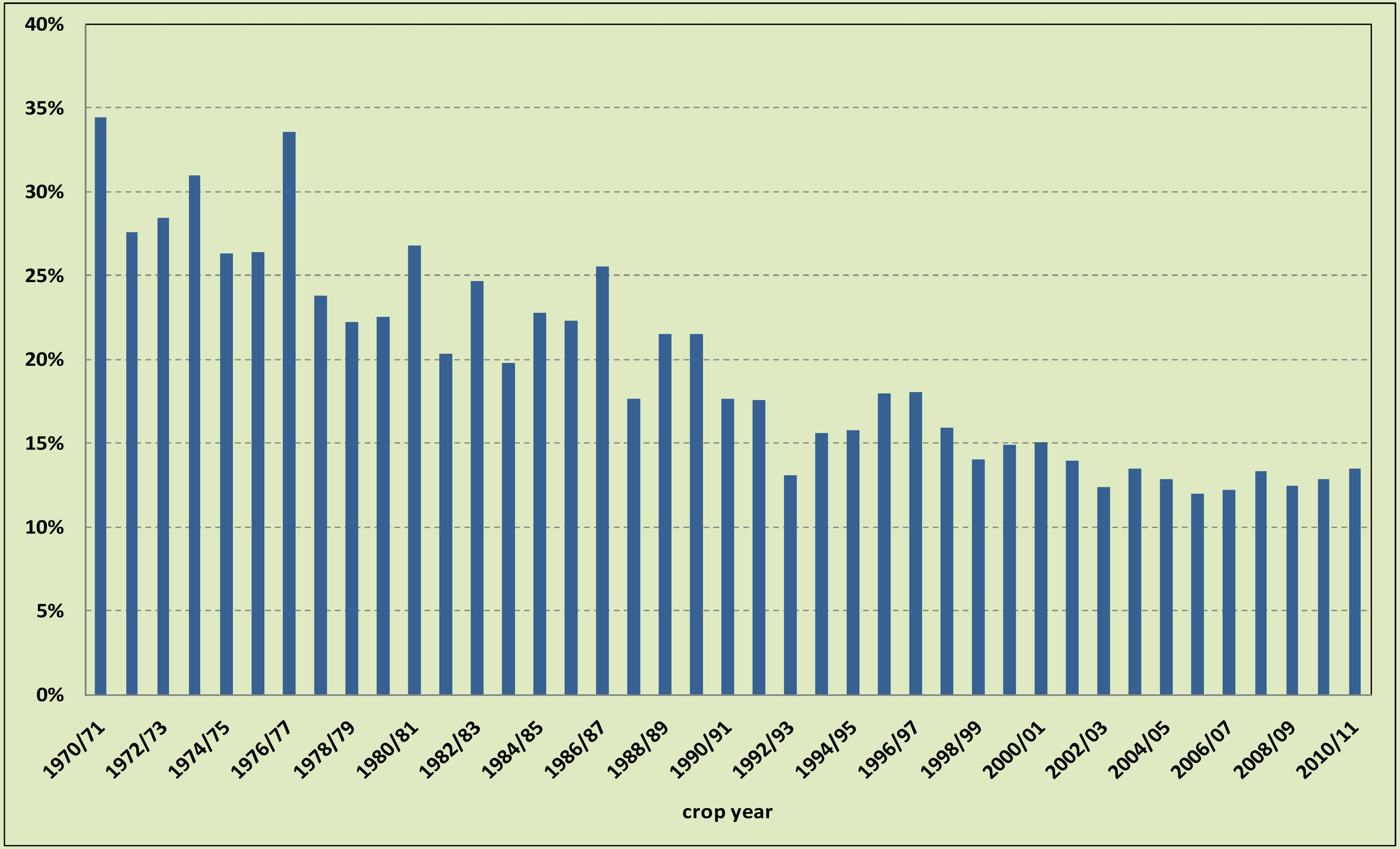
8. **Information and market transparency**
9. **Environmental sustainability**
   - ❑ Climate change: adaptation and mitigation strategies
   - ❑ Carbon and water footprint
   - ❑ Competing uses for land
10. **Social sustainability**
    - ❑ Empowering women
    - ❑ Aging farmers: Introduce programmes 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?

Share of Africa production in World Crop years 1970/71 to 2010/11



Ahsante sana!

www.ico.org