

# The Ethiopian Coffee



# Country Profile

- Geography: Located in the Horn of Africa,
- Population: in 93,877,025 (July 2013 est.)
- Land Area: 1,104,300 sq.km,
- Capital City: Addis Ababa,
- 9 Regional States and Addis Ababa and Diredawa Administration,
- Economy (2012 est.) Service 43%, Agriculture 46.4% and Industry 10.7 % of the country GDP

# Country Profile cntd....

- Main Exports: Coffee, Oilseeds, Khat, Flower, Gold, Pulses, Live Animals, meat, Leather and Leather Products.
- Exports: \$3.109 billion (2012 est.), \$ 3.029 billion (2011 est.)
- Export Partners(2012): China 13%, Germany 10.8%, Saudi Arabia 7.8%, US 7.9%, Belgium 7.7%.

# Country Profile cntd

- Main import commodities: food and live animals , petroleum and petroleum products , chemicals machineries motor vehicles, cereals, textiles.
- Imports : \$ 9.498 bill.(2012 est.), \$8.329 bill. (2011 est.)
- Imports partners (2012 est.): China 13.1%, Saudi Arabia 8.2%, India 5.5%, US 11%

# General Facts of Ethiopian Coffee

- Birth place of Arabica coffee trees, *Coffea arabica*.
- Coffee is vital to the cultural and socio-economic life of Ethiopia.
- Coffee sustains the livelihood for 15 million people in Ethiopia.
- Provides important income for casual labor, for many additional poor rural people.
- The Ethiopian Economy is highly dependent on coffee as it contributes more than 25% of the country's foreign exchange earnings. No other product wide avenue for inherent quality and high specificity.
- Organic by default.

# Coffee Production System in Ethiopia

- Forest Coffee,
- Semi-forest coffee,
- Garden coffee and plantation coffee



# Production comes from

- Morethan 64% Oromia,
- 35% from SNNP and, the remaining 1% from Gambela Regional State.



# Main coffee types by Quality and Place of Origin





# Coffee Types

- Yirgachaffee
- Harar
- Sidama
- Limmu
- Djimma
- Tepi Bebeka
- Lekempti



# Yirgachffee Origin

- Internationally Known and recognized as Yirgachffee Brand Name. grown coffee and has intense flavor known as *flora*. Has fine acidity and rich body. Many rosters are attracted to its fine and flavor and are willing to pay a premium price for it.

# Harar Origin

- Coffee with medium sized beans with greenish – yellow color, medium acidity and full body, and a distinctive **Mocha** flavor. Internationally known and recognized as Harar Trade Brand Name and highest premium coffee in the world.

# Sidama Origin

- Medium – sized bean, greenish-greyish in color. Due to balanced tastes and good flavor called **Sweet** coffee, has fine acidity and good body,. It is always blended for gourmet or specialty coffee.

# Limmu Origin

- Spicy and Winy flavor and attracts many roasters specially Europe and USA, has good acidity and body, washed Limmu is one of premium coffee, medium sized bean and greenish- bluish in color mostly round in shape.

# Djimma Origin

- Altitude heavy bodied cup with winy after test can be prepared as washed and sun dried.

# Tepi Origin

- Low acidity but better body, there are commercially important which is used for special blend.

# Bebeka Origin

- Low acidity but better body, Tyer are commercially important which is used for special blend.



# Lekempti Origin

- Medium-to-bold bean known for its fruity taste, has greenish-brownish in color with good acidity and body, there are many roasters who put its flavor in their blends, but it can also sold as an original gourmet or special original flavor.

# Coffee Quality control in Ethiopia

- Operational techniques and activities that are used to fulfill coffee quality requirements in the country vary at different levels i.e.
  - ❖ at farm gates and district level - by regions,
  - ❖ at regional level - by ECX and,
  - ❖ at central level - by MOA.

# Coffee Quality inspection for Arrival.

- **At farm gate level** cherry/pod appearance and foreign matter level are attributes for quality and carried out by regional Agricultural Offices.
- **At wereda level** moisture content and volume of green coffee defects/300gm are used as indicators. Regional Agricultural offices are responsible to accomplish the task.

# Coffee Quality insp. Cntd....

- **At regional/ECX level** internationally accepted attributes for analysis of both green coffee and liquor assessment are in place. ECX also exercises SCAA classification/protocol for high quality arrivals.
- **At central level-** Except SCAA protocol the technique is the same with ECX. Ministry of Agriculture is mandated Institution to accomplish the task.

# Export Coffee grading in the Ethiopian coffee industry



The main Export coffee grades, which are formulated by Ethiopian standards Authority together with all concerned stakeholders are illustrated below

<b>Washed</b>	<b>Natural/unwashed</b>	<b>Special types</b>
<b>Yirgacheffee grade 2</b>	<b>Jimma grade 4&amp;5</b>	<b>Blend of unwashed and washed</b>
<b>Sidamo grade 2</b>	<b>Lekempti grade 4&amp;5</b>	
<b>Limu grade2</b>	<b>Sidamo grade 4&amp;5</b>	
<b>Bebeka grade 2</b>	<b>Harar grade 4&amp;5</b>	
<b>Teppi grade 2 and,</b>		
<b>Lekempti grade 2</b>		

Export coffee grades and specifications: exportable coffee should fulfill the following parameters,

- bean size
- moisture content
- > 14 (should be above 90)
- < 11.5%

### **Raw inspection/Green bean Inspection**

- Shape & make
- Adour
- Color
- = Bold/thick & uniform
- = clean
- = bluish/ green/greenish

# Exportable coffee cntd.....

## Defect points

- 0---3
  - 4---12
  - 13---25
  - 26---45
  - 46---86
  - Overall green appearance
- grade 1
  - grade 2
  - grade 3
  - grade 4
  - grade 5
  - = uniform, attractive & clean.



# Cup quality analysis for all grades should be:

- Cleanliness
- Acidity
- Body
- Flavor
- Overall
- clean-2 cups defective
- medium- pointed
- medium-full
- medium- good
- medium-good



# Unique characters tics of all coffees/flavors

- Lekempti
- Sidamo
- Harar
- Yirga chefe
- Limmu
- Fruity
- Sweet
- Mocha
- Flora
- Winey

# Coffee Marketing in Ethiopia



The coffee marketing in Ethiopia accomplished in the following transaction chain.

# Coffee marketing cntd...

- Primary level coffee transaction centers(PLCTC)
- Ethiopian Commodity Exchange(ECX)
- International coffee market

# Primary Level Coffee Transaction Centers(PLCTC)

- It is a place where coffee farmers and suppliers transact coffee. They are located near to the coffee farms. Currently there are about 979 primary coffee marketing centers in the country.

# The Ethiopian Commodity Exchange (ECX)

- It is a secondary level where coffee transact in Ethiopia
- ECX is a national multi-commodity exchange that provides low-cost, secure marketplace services to benefit all agricultural market stakeholders and invites industry professionals to seek membership enabling them to participate in trading.

# ECX Promotes and enables

- Market integrity, by guaranteeing the product grade and quantity and Operating a system of daily clearing and settling of contracts.
- Market efficiency by operating a trading system where buyers and sellers can coordinate in a seamless way on the basis of standardized contracts.
- Market transparency by disseminating market information in real time to all market players.

# ECX cntd.....

- Currently ECX warehouses are located ar 8 different parts of the country.
- The centers are in DireDawa, Hawasa, Sodo, Bonga, Djimma, Bedele and Gimbi
- The coffee transact in Addis Ababa in open outcry.



# Main Export Destination

- In 2010/11 Ethiopia Exports coffee to 53 destination countries
- The total volume and value of coffee export 2010/11 was 196,117 ton and 841.65 million USD
- This volume and value of coffee export as compared to 2009/10 was increased by 13.9% and 59.3% respectively

# Main Export Destination cntd .....

- More than 120 Ethiopian coffee Exporters are participating in processing and exporting coffee to all destinations of the world
- Among these export companies 95% are private companies 5 are coffee growing farmers cooperative unions and two of them are government enterprises
- In 2010/11 the top five coffee export destinations for the country are Germany, Usa, Saudi Arabia, Belgium and Italy.

# Strength, Challenges and Wayforward



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# Strength/Opportunities in Ethiopia's coffee industry

- Government's commitment and favourable policy environment, and
- Diverse agro-ecology and climatic conditions or unique and distinct characters of coffee quality and genetic biodiversity
- Well established brand-positive image of the country as birth place of coffee and a strong local coffee culture.

# Strength cntd.....

- Volume/quality variant: high volumes of coffee in the country though there is a need work more on quality
- Potential for volume and quality expansion due to presence of adequate land and inexpensive labour,
- Efficient and effective domestic marketing system - ECX

# The Main Challenges in Ethiopian coffee industry

- Low productivity, low returns for farmers and poor agricultural practices
- Quality inconsistency
- Lack of access to capital in the face of ever increasing coffee prices including the fact that suppliers do not get sufficient access to loans
- Non existence of price risk management
- Long supply chain from farm to port of discharge

# Way forward in Ethiopian coffee industry

- Increasing production/productivity and consistent quality through use of appropriate technologies and improved post harvest technologies
- Traceability and transparency along the value chain
- Better international promotion of Ethiopian coffee

# Way forward cntd....

- Price risk management
- Access to capital both for coffee purchase(working capital) and long term investment,
- Provision of special support to commercial coffee farms to enhance productivity as expansion.