



Analysis of Key Export Markets for **Ethiopian Coffee** Roasters and Exporters of Roasted Coffee



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ABSTRACT

Coffee exports play an important role in Ethiopia's economy, but international markets pose several challenges to coffee exporters from producing countries such as Ethiopia. These exporters face difficulties in diversifying their exports from green beans to roasted coffee, which would add value to their products. One of their main challenges is to identify key destination markets for their roasted coffee and understand how to access them. Examining the conditions of access to these markets of interest would thus help strengthen the export capacity of Ethiopian roasters. From this perspective, this report analyses consumer preferences, trends, distribution channels, logistics and transportation options for selected potential roasted coffee markets, namely the European Union, Saudi Arabia, South Africa, China and the Republic of Korea. The report also reviews good practices of interest for Ethiopian authorities, focusing on policies implemented by the Colombian government and that country's coffee roasters, who have successfully managed to expand Colombian exports of roasted coffee in recent years. Recommendations are provided to facilitate access of Ethiopian roasters to these five top destination markets.

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1. Introduction

This study is part of the support provided by the United Nations Conference on Trade and Development (UNCTAD) to the Ethiopian government and the Ethiopian Coffee and Tea Authority to develop policy recommendations to foster the country's coffee-roasting industry in terms of access to international markets.

Developing an export-oriented industry for roasted coffee is the next frontier in terms of sustainable industrialization, professionalization and value addition of the coffee sector in producing countries such as Ethiopia. Enhancing this industry is one of the ways to counter the position of producing countries as suppliers of raw materials with low value addition and high susceptibility to international price fluctuations. In short, it is a strategy for coffee-producing countries to move up the value chain.

However, international markets pose several challenges to exporters of roasted coffee from producing countries such as Ethiopia, including:

- Roasted coffee quality is associated with its freshness after roasting, thus coffee is often roasted in proximity to the markets where it is distributed, notably in the specialty coffee segment, where it can be consumed within a few days or weeks. Coffees that are roasted at origin have a (perceived) lower level of freshness.
- Branding and promotional activities in destination markets are expensive and complex processes that require heavy investments and strong partnerships with local actors.
- As is true with other consumer products, marketing roasted coffees on the retail market incurs product introduction costs such as listing and promotional fees, and also requires compliance with standard requirements related to quality (consistency), food safety and sustainability.
- Retailers keep stocks to a minimum, sometimes just a few pallets. This requires that suppliers of roasted coffee have very cost-efficient distribution systems. That often means working through local distributors in destination markets that are willing to include those items in their product offerings or having local representation/subsidiaries in destination markets.
- The international coffee market has few importers dedicated exclusively to roasted coffee, in contrast to the green coffee market, which has established players and market channels. Therefore, roasters in producing countries do not have a clear point of access into export markets and must find alternative business opportunities and partnerships.
- Roasters in producing countries will compete directly with the established coffee-blending and roasting industry consisting of local roasters and brands that have good access to, and understanding of, consumer preferences and distribution channels.
- Several countries levy import duties on roasted coffee from third countries to protect their own industry, although bilateral, regional and multilateral trade agreements have reduced such duties in recent years (Hamdan-Livramento et al. 2018).

Given the international market context, this study has the following objectives:

1. Present an analysis of the potential demand for Ethiopian roasted coffee in emerging markets worldwide. The focus on emerging economies is mainly due to their high

market-growth potential and a presumed lower entry point when compared to more consolidated developed economies.

2. Review the “best business practices” developed by roasted coffee exporters in other coffee-producing countries, focusing on Colombia.
3. Present key recommendations to public and private stakeholders involved in the roasted coffee export value chain in Ethiopia.

To meet these objectives, the study first describes the methodology and criteria used to select the main markets for Ethiopia’s roasted coffee exports in different regions of the world. The selection criteria are based on the combination of trade flows and are adjusted according to additional data that indicate the attractiveness of the target markets.

This report explores five different markets: the European Union (with a focus on the EU-15 countries, especially the Netherlands),¹ Saudi Arabia, South Africa, China and the Republic of Korea. Although the study mainly focuses on emerging economies, the European Union was selected as a benchmark market.

The selected markets are explored across different areas, highlighting (1) market trends and consumer preferences, (2) roasted coffee imports, (3) trade channels and transportation, (4) legislative requirements and tariffs on imports, and (5) main events and interesting resources.

The analysis of individual markets is followed by a review and analysis of Colombia’s best practices in its roasted coffee sector. This section presents key statistics related to Colombia’s coffee industry, followed by an analysis of successful practices at the institutional and commercial levels in relation to roasted coffee. A detailed description of best practices is provided with reference to specific legal documents, policies, organizations, events and successful company examples.

Finally, the report provides conclusions and recommendations stemming from the analysis of international markets and Colombia’s best practices. The recommendations target both public and private stakeholders involved in Ethiopia’s roasted coffee industry. They are meant to inform decision-making regarding changes within this industry and to contribute to fostering the growth of Ethiopia’s roasted coffee exports as a vehicle to achieve further value addition of coffee, enhanced employment and income for sector stakeholders, and better positioning of Ethiopia in the international coffee market.

2. Methodology

2.1 Main selection criteria

The starting point in identifying prospective international markets for Ethiopian exporters of roasted coffee consists of an analysis using pre-defined criteria related to trade flows.

The market for coffees “roasted at origin” (i.e., in coffee-producing countries) is limited worldwide. Roasted coffee is a finished consumer product, and this market has a more complex structure and dynamic than that for green coffee. Given the complexity of the roasted coffee market, the methodology chosen for the analysis in this report combines

¹ The EU-15 are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

different criteria to provide market indications for different countries as prospective markets for Ethiopia's roasted coffee. The pre-defined criteria are linked to positive attributes (opportunities) in the destination markets related to their position as:

- Destinations for Ethiopia's green coffee: This criterion serves as an indicator of whether specific markets have commercial relationships with Ethiopian exporters of green coffee. Even though green coffee and roasted coffee follow different trade channels, this criterion can reveal whether a market and its stakeholders (i.e., including consumers) are familiar with the Ethiopian varieties and the Ethiopian coffee sector. This criterion can also indicate future opportunities to use logistical channels that have been established (e.g., consolidating containers with both green and roasted coffees directed to export markets).
- Destinations for roasted coffee supplies (worldwide): This criterion indicates whether a market already imports roasted coffees, which points toward an existing and sizeable market, as well as market players active in this sector.
- Destinations for Ethiopia's roasted coffee: This criterion is directly related to existing channels and business relations between Ethiopian roasters and buyers in the specific destination markets. It outlines the main current markets for Ethiopian roasted coffee and also identifies potential opportunities to expand further into such markets and use the existing network.

Together, these criteria indicate the attractiveness level of different export destinations for Ethiopian roasted coffee from a quantitative point of view. The different criteria were applied to all economies worldwide, resulting from data collected from the International Trade Centre (ITC) Trade Map for 2013 to 2017.² The extended period was used to ensure that these trade flows were consistently sustained in the last five years, and not linked to one-off trade flows or specific consignments.

2.2 Ranking of countries

The data for different countries were calculated as an average over the 2013–2017 period for all three criteria. The paragraphs that follow explain the methodology used to handle the data.

The original values for all criteria were normalized so as to standardize the data sets. The normalized values for the three criteria were added together and expressed as the final scores for each destination market. The destination markets were ranked according to their final scores. The higher the final score value, the higher the ranking.

The top 50 countries were segmented into regions to facilitate an equal selection of five target markets for in-depth analysis: Europe, North America (excluding Mexico), Latin America and the Caribbean, Asia, the Middle East and Africa, and Oceania. To refine the country selection by region and for the regions where this was relevant, the following data were also consulted:

- Coffee consumption: Apparent consumption using data from the International Coffee Organization (ICO),³ in combination with the ITC Trademap, United States Department of Agriculture (2021) and the FAOSTAT database of the Food and Agriculture Organization of the United Nations.⁴ Market size is calculated on the basis of green bean equivalent (i.e., not specifically for roasted coffee), but gives an approximate indication of a market's size.

² The ITC Trade Map is available at <https://www.trademap.org> (accessed 14 October 2021).

³ <http://www.ico.org> (accessed 14 October 2021).

⁴ <http://www.fao.org/faostat/en> (accessed 14 October 2021).

- Coffee consumption per capita: This figure is no longer provided by the ICO, thus per capita consumption in each country was calculated manually using ICO's methodology (apparent consumption in kg/population size). Complementary population size data were obtained from the Central Intelligence Agency Factbook.⁵
- Business climate: This criterion indicates the business climate in each destination market in order to identify the current virtues and risks in doing business in those markets. The business climate of a country may indicate, for example, an easiness to establish reliable and long-term contracts and to set up business connections and/or subsidiaries in such destination markets. This criterion was developed using the ranking in the World Bank's Ease of Doing Business Index, which is based on 10 indicators describing the business climate in specific countries.⁶

3. Results and country selection by region

3.1 Global results

As a result of the methodology applied, developed markets (i.e., non-emerging markets) such as those in Europe and North America registered consistently good performances in the combination of the three pre-established criteria (table 1).

In Asia and the Middle East, the top three countries in each region were as follows:

- Middle East: Saudi Arabia (1), United Arab Emirates (2), Israel (3)
- Asia: Japan (1), Republic of Korea (2), China (3)

In Africa, the best-performing country was South Africa, followed by Sudan, followed at a distance by Djibouti and Somalia.

In Oceania, Australia was the best-performing country, followed by New Zealand. In Latin America, only Brazil was among the 50 promising markets for Ethiopia's roasted coffee exports.

A selection of the top emerging markets in Asia, the Middle East and Africa includes Japan, Republic of Korea, China [Asia]; Saudi Arabia, United Arab Emirates [Middle East]; and South Africa and Sudan [Africa]. These markets are analysed in more detail in the next section, leading to final recommendations regarding their selection for in-depth analysis. Europe is also analysed as a benchmark market.

⁵ <https://www.cia.gov/the-world-factbook/> (accessed 14 October 2021).

⁶ <https://www.doingbusiness.org> (accessed 14 October 2021).

Table 1. Summarized results of statistical analysis and market selection

| Destination markets | Criterion 1. Green coffee exports (Ethiopia), average 2013-2017 | | Criterion 2. Roasted coffee imports (world), average 2013-2017 | | Criterion 3. Roasted coffee exports (Ethiopia), average 2013-2017 | | Total | World Bank, Ease of Doing Business Index, 2018 | Coffee consumption, 2017/2018 | | Per capita consumption 2017/2018 |
|----------------------|---|------------|--|------------|---|------------|-----------|--|-------------------------------|---------|----------------------------------|
| | Value | Normalized | Value | Normalized | Value | Normalized | | | Value | Value | |
| Unit | Thousands of United States dollars | - | Thousands of United States dollars | - | Thousands of United States dollars | - | - | Ranking from 1-190 | 1,000 60-kg bags | Tons | Kg/year |
| Saudi Arabia | 121,558 | 0.8439842 | 14,312 | 0.0082628 | 1.0 | 0.0087413 | 0.860988 | 92 | 1,497 | 89,820 | 3.14 |
| United Arab Emirates | 3,236 | 0.0224663 | 46,199 | 0.0266717 | 15 | 0.1276224 | 0.1767604 | 11 | 166 | 9,945 | 1.64 |
| Israel | 3,191 | 0.0221539 | 53,359 | 0.0308053 | 2.0 | 0.0174825 | 0.0704417 | 49 | 701 | 42,060 | 5.07 |
| Japan | 72,496 | 0.5033417 | 94,541 | 0.0545806 | 4.8 | 0.0419580 | 0.5998803 | 39 | 7,750 | 465,000 | 3.68 |
| Republic of Korea | 34,241 | 0.2377396 | 117,120 | 0.0676154 | 3.4 | 0.0297203 | 0.3350753 | 5 | 2,735 | 164,100 | 3.21 |
| China | 4,635 | 0.0321782 | 136,838 | 0.0789993 | 17 | 0.1468532 | 0.2580307 | 46 | 3,825 | 229,500 | 0.17 |
| South Africa | 3,102 | 0.0215387 | 24,945 | 0.0144015 | 20 | 0.1713287 | 0.2072689 | 82 | 606 | 36,360 | 0.66 |
| Sudan | 23,174 | 0.1608995 | 4.0 | 0.0000023 | 4.6 | 0.0402098 | 0.2011116 | 162 | 305 | 18,273 | 0.49 |
| Netherlands | 5,758 | 0.0399795 | 500,465 | 0.28892816 | 366 | 1.0000000 | 1.3289076 | 36 | 1,500 | 90,000 | 5.27 |

Recommendations regarding in-depth analysis:

| Colour | Action |
|--------|---|
| | Select |
| | "Waiting list" |
| | Do not select or select with reservations |
| | Select for benchmarking analysis |

Source: Prepared by the author.

3.2 Results by region and recommendations

3.2.1 *Middle East*

Saudi Arabia, United Arab Emirates and Israel are the highest-scoring markets in the Middle East and could all be considered potential markets for Ethiopia's roasted coffee exports to the Middle East. Saudi Arabia was selected for further analysis due to its market scale and close commercial ties with Ethiopia concerning the coffee sector. The United Arab Emirates and Israel are also recommended for further analysis in future interventions.

3.2.2 *Asia*

The highest-ranking countries in Asia are Japan, the Republic of Korea and China, all presenting interesting prospects for Ethiopian exporters of roasted coffee. The Republic of Korea and China were the two countries in Asia selected for further analysis, as both have strong potential as emerging coffee markets. Having scored high in all attributes, Japan is also recommended for further analysis in future interventions. However, it was not selected in the framework of this study because it is a more mature and consolidated market, while the focus of the study is on emerging economies.

3.2.3 *Africa*

In Africa, South Africa is the highest-ranking market using either methodology, followed at a certain distance by Sudan. South Africa has a sizeable market in terms of its apparent consumption (36,360 tons), but it has relatively low per capita coffee consumption (0.7 kg/year). Sudan's apparent consumption is calculated at a lower 18,273 tons, and per capita consumption of 0.49kg/year.

South Africa was the only country selected within the African continent for further analysis, since it combines the necessary attributes to be considered a potential market for Ethiopia's roasted coffee exports. Not only does the country have existing coffee trade relations with Ethiopia, but it also presents a scalable coffee market and a relatively stable economic environment that allows for businesses to prosper.

3.2.4 *Europe*

Several European countries, most notably those in the EU-15 sub-region, score well among potential worldwide destinations for Ethiopia's roasted coffee exports. Germany, the Netherlands and France have the best performances according to the methodology applied. Other well-performing countries are Belgium, the United Kingdom, Italy and Sweden.

According to ITC Trade Map data, the Netherlands is the main market for Ethiopia's roasted coffee exports (average 2013–2017 data), though substantial trade flows are only registered as of 2016. The Netherlands is followed by Germany, which registered smaller but consistently growing imports over the period 2013–2017.

This survey mainly focuses on emerging economies, but the European Union was also selected for further analysis as a benchmark for other global markets, including regarding its existing business models and best practices. At the country level, the Netherlands can be specifically selected to showcase these elements, since it is the largest single market for Ethiopia's roasted coffee at present.

4. Market profiles

The individual market profiles explore in-depth characteristics of each of the markets selected for their potential as markets for Ethiopia's roasted coffee exports (European Union, Saudi Arabia, South Africa, China and the Republic of Korea). The profiles examine the following:

1. Market trends and consumer preferences: This section highlights the main developments in the (specialty) coffee sector in the specific countries, indicating the main drivers of change and the main characteristics that shape the coffee-drinking culture. It also gives an indication of the image and acceptance of Ethiopian coffee specifically, to the extent that information is available for each market. In general, this section can be used to profile each market in terms of marketing and promotional strategies, looking at elements that can appeal to buyers and consumers.

2. Roasted coffee imports: This section is based on trade figures downloaded through the ITC Trade Map using HS code 0901.21 (roasted coffee, not decaffeinated) and disaggregated by supplying country. The data presented distinguish different origins in order to identify the main competitors for each market, specifically highlighting the main suppliers from coffee-producing countries. Such data also serve as an indication of market size/share for coffees that are "roasted at origin," which can be used to indicate current market demand in each market as well as scalability potential.

3. Trade channels and transportation: For each of the selected markets, the general structure of roasted coffee distribution is described and illustrated with examples, focusing as much as possible on imported coffees and coffees that are roasted at origin. This section highlights successful/referential business models from existing suppliers in each market, which could inspire future strategies for Ethiopian exporters. In addition, it presents a few exemplary products from each market that could serve as benchmarks in terms of pricing, segment and marketing. Another important aspect of this section concerns the transportation options from Ethiopia to each of the selected markets, looking at both air and sea freight options. Since product freshness and quality preservation is a main concern when transporting (specialty) roasted coffee, this discussion attempts to present figures (in terms of distance, shipment times and costing) to help exporters weigh the feasibility of these different means of transportation.

4. Legislative requirements and tariffs on imports: This section addresses the main requirements of each market in terms of specific legislative documents and standards. It analyses the general food law structure in each country and refers to provisions on such topics as contaminants and residues, labelling and packaging. It also addresses the import tariffs for roasted coffee in each of the selected markets. Complying with a market's legislative requirements is the baseline for successful market access, thus this section can be used by Ethiopian exporters as a compliance guideline for a target market.

5. Main events and interesting resources: Each selected market presents a number of events, trade fairs and other industry resources that can be used by Ethiopian exporters and other industry stakeholders to get market exposure, find buyers, or learn more about a country's coffee market

4.1 Market profile – European Union

4.1.1 Market trends and consumer preferences

The consumption of higher-quality coffees consisting of higher-valued specialty Arabica beans is growing at a fast pace in Europe (CBI 2020). The growth of this market segment is visible in the proliferation of small-scale roasters and specialty coffee brands in recent years. Additional evidence is the growing number of coffee bars and chains in Europe; specialty coffee shops registered the fastest growth in the restaurant category in 2016, increasing by 9.1 per cent over the previous year (Friend 2016).

A growing number of European consumers, most notably in north-western Europe, are prepared to pay higher prices for coffees with high cupping scores (above 80 points)⁷ and that highlight single origins and tell a special story. Retail prices (per kilogram) for specialty coffees often exceed €30 (~US\$34), and can reach as much as €150 (~US\$168) for coffees such as Panama Geisha and Jamaica Blue Mountain.⁸

Given the maturity of the European market and the different coffee-drinking traditions in specific countries, consumer preferences vary widely. One of the most significant variables is the degree/darkness of roasting preferred by consumers. Consumers in southern European countries traditionally prefer darker roasting containing Robusta, whereas northern European consumers favour a lighter roasting and milder coffees.⁹ However, lighter roasters are generally preferred within the specialty segment across Europe due to the use higher-quality Arabica beans with fewer defects.

Europe has market segments and consumer interest in a wide variety of coffee origins. Ethiopia's position as a notable producer of specialty coffee is well recognized in Europe, and the country is often described as the birthplace of coffee. As highlighted by specialty coffee trader Nordic Approach (Norway), Ethiopian coffees are used in different kinds of preparations across Europe, from drip and pour-overs to espressos.¹⁰ Dutch organic coffee trader Trabocca also describes the flavours of Ethiopian coffees, ranging from fruity/winey to high acidity and floral notes, pointing out that most Ethiopian coffees are consumed in Europe as blends but are also available as single varieties for so-called purists.¹¹

Regarding opportunities for coffees that are roasted at origin, the European market shows a mixed scenario. On the one hand, the specialty market is pushing towards freshness, local roasting and carbon footprint reduction. On the other hand, there are movements in Europe that have historically tried to address trade imbalances between coffee-producing and coffee-consuming countries. These movements have generated discussions on fair pricing and profit-sharing across the value chain, thus attracting a small group of consumers who are interested in supporting local emerging economies (CBI 2016).

Several of the roasted-at-origin coffee brands currently available on the European market follow the idea of “beyond fair trade.” For example, Moyee (Ethiopia/the Netherlands) attributes its business model to the concepts proposed by the Fair Chain Foundation;¹² Moema (Brazil/Germany) highlights its Direct Fair Trade principles;¹³ and Solino

⁷ The cupping score is based on a calculation of the coffee's primary attributes, with its defects subtracted. Coffees with scores above 80 are considered “specialty.” This methodology is recommended by the Specialty Coffee Association to assess the quality of the coffee. See <https://sca.coffee/research/protocols-best-practices> (accessed 14 October 14).

⁸ See the CBI website at <https://www.cbi.eu/market-information/coffee/channels-segments> (accessed 14 October 14).

⁹ Ibid.

¹⁰ <https://nordicapproach.no/ethiopia> (accessed 14 October 14).

¹¹ <https://www.trabocca.com/our-coffees/ethiopia> (accessed 14 October 14).

¹² <http://fairchain.org> (accessed 14 October 14).

¹³ <https://www.moema-espresso.com/direct-fair-trade> (accessed 14 October 2021).

(Ethiopia/Germany) describes its Trade not Aid approach and its 100 per cent Made in Ethiopia coffees. Ethical trading company Gepa (Germany) recently introduced the collection #mehrWertFürAlle (“Added Value for All”), consisting of three coffees roasted in the country of origin: Guatemala, Honduras and Rwanda.¹⁴

Based on these movements in the European market, some organizations have also taken on the mission to promote and market products fully produced in origin countries, including coffees. Examples are the French Agency for the Valorisation of Agricultural Products (AVPA),¹⁵ which organizes a yearly contest for coffees roasted at origin, and the Irish non-profit organization Proudly Made in Africa,¹⁶ which promotes high-quality products fully made in Africa.

Coffees that are roasted at origin remain a very small niche market, but they are finding a few opportunities within the vast European market.

4.1.2 *Roasted coffee imports*

According to ITC Trade Map data, total roasted coffee imports (HS code 0901.21) by the EU-15 amounted to US\$5.5 million in 2017, having increased at an average annual rate of 5 per cent since 2013.

Intra-European imports account for 99 per cent of total EU-15 imports, with the largest suppliers in 2017 being Switzerland (27 per cent of total imports), Germany (17 per cent), France (14 per cent), Italy (13 per cent) and the Netherlands (10 per cent).

The largest supplier outside of Europe is the United States, which roasts and exports coffee produced elsewhere. In 2017, EU-15 imports from the United States amounted to US\$21 million, which accounted for 0.4 per cent of total imports.

EU-15 imports of roasted coffee from coffee-producing countries (i.e., roasted-at-origin) amounted to US\$19 million in 2017, which accounted for 0.3 per cent of total EU-15 roasted coffee imports.

As shown in figure 1, Brazil was the largest supplier of roasted coffee to the EU-15 sourced in coffee-producing countries in 2017, with average annual growth of 2 per cent since 2013. EU-15 imports from Brazil amounted to nearly US\$6 million (0.1 per cent of total EU-15 imports),¹⁷ mainly by the United Kingdom, and to a smaller extent Italy and Germany.

Other coffee-producing countries like Kenya, Colombia, Viet Nam, Honduras, Peru and Mexico had larger roasted coffee exports to the EU-15 than Ethiopia. EU-15 imports from Ethiopia amounted to US\$1.2 million in 2017.¹⁸ The main importers of roasted coffee from Ethiopia in the EU-15 were the Netherlands and Germany. The Netherlands is the European base of the Ethiopian brand Moyee, and Germany is the European base of the Ethiopian brand Solino Coffee.

¹⁴ <https://www.gepa.de/gepa/themenspecials/mehr-wertschoepfung/geroestet-im-ursprungsland.html> (accessed 14 October 2021).

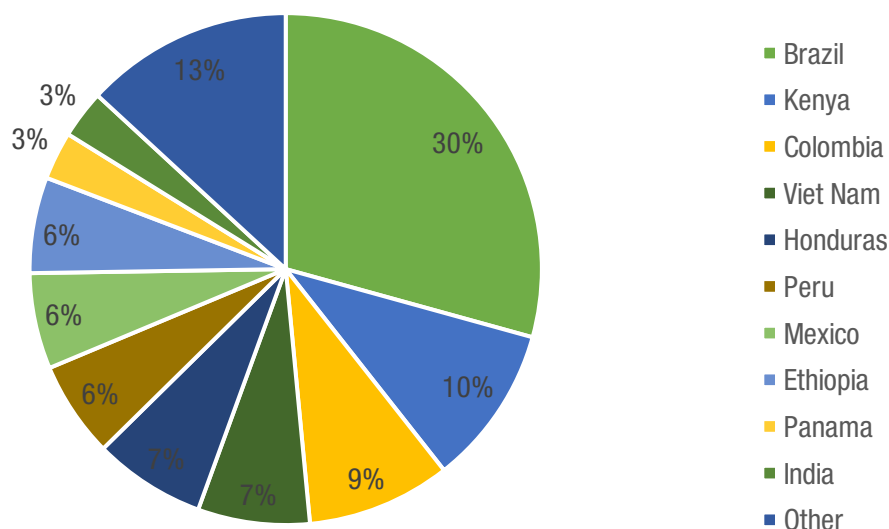
¹⁵ <http://www.avpacafe.com/home.html> (accessed 14 October 2021).

¹⁶ <http://www.proudlymadeinafrica.org> (accessed 14 October 2021).

¹⁷ The data presented in the ITC Trade Map (<https://www.trademap.org>) are inconsistent with the data presented on the Eurostat website (<https://trade.ec.europa.eu/tradehelp/statistics>) for HS code 0901.21. According to Eurostat data, EU-15 imports from Brazil amounted to around €4.4 million in 2017 (~US\$4.9 million).

¹⁸ The data presented in the ITC Trade Map (<https://www.trademap.org>) are inconsistent with the data presented on the Eurostat website (<https://trade.ec.europa.eu/tradehelp/statistics>) for HS code 0901.21. According to Eurostat data, EU-15 imports from Ethiopia amounted to €560,599 in 2017 (~US\$629,000).

Figure 1. Main coffee-producing countries supplying roasted coffee to the EU-15 in 2017 (per cent)



Source: ITC Trade Map (<https://www.trademap.org>), accessed 14 October 2021.

4.1.3 Trade channels and transportation

4.1.3.1 Roasted coffee distribution

The large majority of the coffees available on the European market are roasted by European companies and re-distributed within Europe to retailers, coffee shops, restaurants and other out-of-home consumption points. Imported roasted coffees from producing countries are usually not part of the mainstream coffee market in Europe, and are traded through alternative channels, as highlighted below.

Integrated distribution

Companies such as Moyee (Ethiopia/Netherlands),¹⁹ Solino (Ethiopia/Germany),²⁰ and Moema Espresso (Brazil/Germany)²¹ have a registered company in the country of origin, as well as a European affiliate that formally represents the company in Europe. This means that the transfer of product ownership happens within the same group, while all import-related activities and marketing do not need to be externalized to a third-party importer/distributor. In addition, the European affiliate can optimize its local distribution network due to its market knowledge and network, as well as provide after-sales and other customer support services (CBI 2016).

The integration of production, roasting and exporting activities in the origin country, and importing, marketing and distribution in the destination market, also allow the two arms of the company to coordinate closely. For example, production and roasting can be planned according to market demand and sales projections.

The sales channels for these products in Europe vary according to the product. Moyee is currently distributed through the high-end retailer Marqt in the Netherlands to offices and other service points,²² and can be ordered online via Moyee's website. Solino also has its

¹⁹ <http://www.moyeecoffee.com> (accessed 14 October 2021).

²⁰ <https://www.solino-coffee.com> (accessed 14 October 2021).

²¹ <https://www.moema-espresso.com> (accessed 14 October 2021).

²² <https://www.marqt.nl> (accessed 14 October 2021).

own online shop,²³ and, like Moyee, offers subscription schemes to consumers. According to Solino's website, the products are also distributed via some shops of large retailers such as Edeka and Rewe, as well as online shops specializing in coffee: Roastmarket,²⁴ Kaffezentrale²⁵ and Espresso International Onlineshop.²⁶ In addition to being available its own online shop, Moema coffee is also available on Kaffezentrale.²⁷

The Ethiopia brand Tomoca also used to have a representative office and storage depot in Sweden, as well as an online shop for distribution in Europe; Tomoca was mainly distributed to Ethiopian restaurants (CBI 2016).

Specialized importers

Specialized importers are companies that are commercially separate from the roasting companies at origin, and are not exclusive in terms of representation and distribution. As such, they also purchase and market other brands (CBI 2016).

European importers can specialize in specific product groups such as coffee, chocolate and other food items, or in broader ranges of products. For example, importer/alternative trading organization El Puente (Germany) has a wide range of ethical products with organic and fair trade certifications.²⁸ Although the coffees in its assortment are roasted in Germany under their own label, one of the brands, Cubita, is roasted and packaged in Cuba.²⁹ Cubita is available through fair trade shops and on the online shop Kaffezentrale,³⁰ as well as through El Puente's online shop. Also based in Germany, Gepa offers coffees from Guatemala, Honduras and Rwanda that are roasted and packaged at origin and available at fair trade shops and via its online shop.³¹

Other small-scale importers mainly operate as online platforms and have only small-scale distribution to retail and service channels such as restaurants and bakeries. For example, Love 4 Coffee³² distributes Colombian brand Juan Valdez in Germany, and Grano de Café has a wider range of Colombian brands such as Café OMA, Café Quindío and Amor Perfecto.

These coffees are also sporadically found in (online) retail shops targeting the Latin community in Europe (i.e., what is known as the "nostalgic" market segment), such as The Best of South America (United Kingdom)³³ and Latin Cor.³⁴

In an example from Ethiopia, the brand Naty's Coffee is on the Czech market (outside of the EU-15) via the local distributor New Horizon BDC, available through the company's online shop.³⁵

Ethiopian brands are not commonly found in retailers that target the Ethiopian community in Europe or that offer Ethiopian food and beverages. In examples from the Netherlands,

²³ <https://www.solino-coffee.com/en/shop> (accessed 14 October 2021).

²⁴ <https://www.roastmarket.de/marke/solino.html> (accessed 14 October 2021).

²⁵ <https://www.kaffezentrale.de/search?sSearch=solino> (accessed 14 October 2021).

²⁶ <https://www.espresso-international.com> (accessed 14 October 2021).

²⁷ <https://www.kaffezentrale.de/search?sSearch=moema> (accessed 14 October 2021).

²⁸ <https://www.el-puente.de> (accessed 14 October 2021).

²⁹ <https://shop.el-puente.de/kaffee.html> (accessed 14 October 2021).

³⁰ <https://www.kaffezentrale.de/search?sSearch=cubita> (accessed 14 October 2021).

³¹ <https://www.gepa.de/gepa/themenspecials/mehr-wertschoepfung/geroestet-im-ursprungsland.html> (accessed 14 October 2021).

³² <https://love4coffee.de/de> (accessed 14 October 2021).

³³ <https://www.thebestofsouthamerica.co.uk/collections/coffee> (accessed 14 October 2021).

³⁴ <https://www.latinacor.es> (accessed 14 October 2021).

³⁵ <https://225618.myshoptet.com/zrnkova-kava/zrnkova-kava-naty-s-coffee> (accessed 14 October 2021).

retailers Abyssinia African Grocery,³⁶ Kaffa Koffie³⁷ and Harar Coffee³⁸ either offer green coffee beans to restaurants and bars, or roast the beans locally.

Private-label roasting

Some suppliers of roasted coffee in producing countries have also entered the European market by roasting for European brands. Private label-roasting means that the supplier complies with the specifications of the European brand in terms of quality and packaging, and does not market its own brand. For example, the Polish coffee brand El Dictador,³⁹ and the German health food brand Daluma,⁴⁰ import coffees that are roasted in Colombia under their specifications.

Directly to retailers or service channels

Rarely are suppliers of roasted coffee in producing countries able to supply directly to European retailers or service channels like coffee shops. In an exceptional example, the Panamanian company Janson Coffee Farm⁴¹ supplies the Dutch franchise Bagels & Beans,⁴² which has over 60 sales points in the Netherlands.

4.1.3.2 Product examples

Table 2 presents examples of roasted coffee products on the European Union market according to three categories: (1) Single-origin Ethiopian coffees (roasted in the European Union), (2) Imported roasted coffees (roasted in Ethiopia), and (3) Imported roasted coffees (roasted in producing countries).

Table 2. Examples of roasted coffee products on the European Union market by category

| Brand | Details | Price and net weight | Price per kilogram | Price per kilogram (United States dollars) |
|--|---|----------------------|--------------------|--|
| Single-origin Ethiopian coffees (roasted in the European Union) | | | | |
| Blanche Dael ¹ (Netherlands) | Yirgacheffe Kochere Unwashed | €8.95 (250 grams) | €35.80 | US\$40.13 |
| Dutch Barista ² (Netherlands) | Guracho - Ethiopia Guji Natural - Heirloom | €7.75 (250 grams) | €31.00 | US\$34.75 |
| Elephant Beans ³ (Germany) | Badda, Bio-Espresso | €8.30 (250 grams) | €33.20 | US\$37.22 |
| 7 Gr ⁴ (Germany) | Ethiopia Sidamo | €9.90 (250 grams) | €39.60 | US\$44.39 |
| Public Coffee Roasters (Germany) | Yirgacheffe Bio | €9.30 (250 grams) | €37.20 | US\$41.70 |
| Esperanza ⁵ (France/Spain) | Washed, Sidama Cooperative Shilicho | €6.95 (250 grams) | €27.80 | US\$31.16 |

³⁶ <http://abyssiniagrocery.nl> (accessed 14 October 2021).

³⁷ <https://www.kaffakoffie.com> (accessed 14 October 2021).

³⁸ <http://hararcoffee.nl> (accessed 14 October 2021).

³⁹ <https://www.dictador.com/product/coffee> (accessed 14 October 2021).

⁴⁰ <https://daluma.de> (accessed 14 October 2021).

⁴¹ <http://www.jansoncoffeefarm.com> (accessed 14 October 2021).

⁴² <https://www.bagelsbeans.nl/nl/over-ons/wat-zijn-wij> (accessed 14 October 2021).

| Brand | Details | Price and net weight | Price per kilogram | Price per kilogram (United States dollars) |
|--|---|---------------------------|--------------------|--|
| Just Coffee ⁶ (Denmark) | Ethiopia Natural Sidama region, Cooperative Taramesa | DKK 65.00 (250 grams) | DKK 260.00 | US\$39.05 |
| Imported roasted coffees (roasted in Ethiopia) | | | | |
| Moyee ⁷ | 100 per cent Limu | €7.00 (250 grams) | €28.00 | US\$31.39 |
| Solino ⁸ | Espresso whole beans | €5.90 (200 grams) | €29.50 | US\$33.07 |
| Naty's | 100 per cent Arabica Medium Roast | CZK 145.00 (200 grams) | CZK 725.00 | US\$31.81 |
| Imported roasted coffees (roasted in producing countries) | | | | |
| Moema ⁹ (Brazil) | Samba Flavour Espresso und Filterkaffee | €8.90 (250 grams) | €35.60 | US\$39.91 |
| Cereja Coffee ¹⁰ (Brazil) | Mountain grown, hand- picked, dry-processed, Arabica premium blend, classic medium roast | GBP 5.00 (250 grams) | GBP 20.00 | US\$24.93 |
| Cubita ¹¹ (Cuba) | Oscuro Espresso | €15.50 (1 kilogram) | €15.50 | US\$17.38 |
| Juan Valdez ¹² (Colombia) | Café de Origen Antioquia | €15.49 (500 grams) | €30.98 | US\$34.73 |
| Café Quindío ¹³ (Colombia) | Traditional Medium Roast | €12.99 (500 grams) | €25.98 | US\$29.12 |
| Amor Perfecto ¹⁴ (Colombia) | Café de Origen Nariño | €14.90 (500 grams) | €29.80 | US\$33.40 |

Source: Prepared by the author.

Note: Additional information on the brands is available on their websites and from other sources, which are cited below as footnotes to this table, when available. All links accessed 14 October 2021.

¹ <https://shop.blanchedael.nl/koffie-kopen/ethopie-yirgacheffe-kochere.html>.

² <https://www.baristasite.com/en/guracho-ethiopia-guji.html>.

³ <https://www.elephantbeans.de/shop/single-origin-sortenreiner-espresso/gourmet-bio-espresso-badda-kaufen>.

⁴ <https://www.kaffeezentrale.de/7gr.-ethiopia-sidamo-single-origin-bohne-250-g>.

⁵ <https://www.esperanzacafe.com/shop/ethiopie-lave-sidama-cooperative-shilicho/?v=0728d54a040a>.

⁶ <https://www.justcoffee.dk/Kaffe.101/Ethiopian-Natural.45.aspx>.

⁷ <https://www.moyeecoffee.com/product/moyee-bonen-eenmalig/>.

⁸ <https://www.solino-coffee.com/en/shop/>.

⁹ <https://www.moema-espresso.com/moema-pure-passion-250g>.

¹⁰ <https://cerejacoffee.com/shop>.

¹¹ <https://shop.el-puente.de/cu1-13-251-rost-cafe-cubita.html>.

¹² <https://www.koffiecolombia.nl/juan-valdez-produkten>.

¹³ <https://www.koffiecolombia.nl/cafe-quindio-produkten>.

¹⁴ <https://www.granodecafe.de/kaffee-ganze-bohnen/amor-perfecto-kaffee-in-ganzen-bohnen/amor-perfecto-arabica-500g-ganze-bohnen>.

4.1.3.3 Logistics and transportation options

Air freight

Ethiopian Airlines Cargo operates direct daily flights from Addis Ababa to a few European destinations such as Frankfurt (Germany) and Liège (Belgium). The cost for the transportation of an exemplary volume of 1,000 kg of roasted coffee varies by destination, and is estimated at US\$1.80/kg to Liège and US\$2.11/kg to Frankfurt, plus a fuel surcharge of US\$0.17/kg in both cases.

Indirect flights are also an option, but involve higher transportation costs and require connecting flights. For example, Ethiopian Airlines Cargo operates flights six days a week from Addis Ababa to Schiphol (Netherlands) via Arlanda (Sweden), with a transfer time of three to five days. The freight cost of an exemplary volume of 1,000 kg of roasted coffee amounts to US\$2.72/kg, plus a fuel surcharge of US\$0.17/kg.

Sea freight

As per a quotation from MACCFA Freight Logistics Plc.,⁴³ the sea freight cost for a 20-foot container between Djibouti, Djibouti and Rotterdam, Netherlands amounts to US\$1,200 with shipping company CMA CGM.⁴⁴ At present, there are no Less than Container Load (LCL) or Reefer export solutions from Ethiopia. The same source indicates a transit time of 17 days, with transshipment via Jeddah, Saudi Arabia.

4.2 Market Profile – Saudi Arabia

4.2.1 Market trends and consumer preferences

Saudi Arabia has a coffee market characterized by a dichotomy (Kilbride and Newton 2017): Arabic coffee dominates the traditional market and is part of traditional coffee-roasting ceremonies using the *dallah* (an Arabic coffee pot), while specialty coffees are growing at a sharp rate, marked by the growth in Western-style specialty roasters and specialty coffee shops serving lighter roasts and different brewing methods (e.g. Green Seeds Coffee⁴⁵ and Brew 92) (Perfect Daily Grind 2018a; Bashraheel 2018). As reported in the Arab News (Abid 2018), the changing coffee culture is also linked to Saudi consumers' increasing familiarity with authentic coffee flavours that are not masked by sugar and other added ingredients.

In spite of developments in the specialty coffee market, Arabic coffee remains of importance to Saudi consumers. Several coffee roasters and brands in Saudi Arabia offer consumers a range of products in both categories. For example, Roasting House has specialty Ethiopian single origins,⁴⁶ as well as a range of Arabic coffees including Arabic Yemeni and Ethiopian Arabic Guji.⁴⁷ Medd Café and Roastery also offers a range of specialty single-origin coffees,⁴⁸ including Ethiopian coffees, and a range of Arabic coffees.⁴⁹

Ethiopian coffee is familiar to Saudi consumers and is commonly used in the preparation of Arabic coffee (e.g., Saudi brand Tomoorona's roasted coffee uses Ethiopian beans).⁵⁰ Within the specialty market, Ethiopia and other countries in East Africa have a geographic and

⁴³ <https://www.maccfa.com> (accessed 14 October 2021).

⁴⁴ <https://www.cma-cgm.com> (accessed 14 October 2021).

⁴⁵ <http://www.greenseedscoffee.com> (accessed 14 October 2021).

⁴⁶ <https://roastinghouse.sa/EN/ethiopia-haro-sorsa> (accessed 14 October 2021).

⁴⁷ <https://www.roastinghouse.sa/EN/arabic-coffee> (accessed 14 October 2021).

⁴⁸ <https://www.meddcffee.com/ar/shop/single-origin-beans.html> (accessed 14 October 2021).

⁴⁹ <https://www.meddcffee.com/ar/shop/arabic-coffee.html> (accessed 14 October 2021).

⁵⁰ <http://www.tomoorona.com/roasted-arabic-coffee> (accessed 14 October 2021).

organoleptic (i.e., due to mild characteristics and light body) advantage as well. However, Perfect Daily Grind (2017) reports that Colombian and Brazilian coffees are also popular among Saudi consumers. Yemeni coffees that are harder to import from other locations worldwide are also uniquely available in Saudi Arabia,

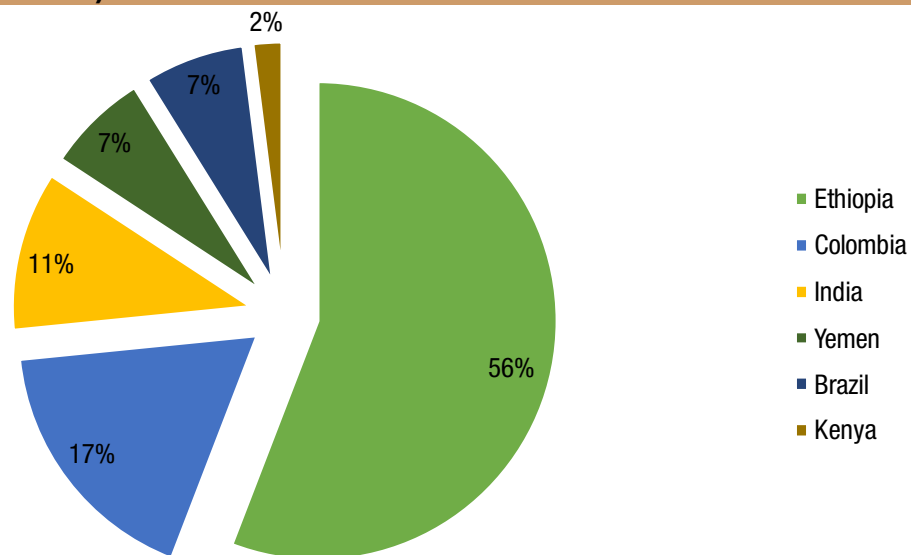
Another trend and characteristic of the Saudi market is the popularity of exclusive micro-lots and micro-roasting, with micro-roasters such as Meraki specializing in this high-end segment.⁵¹

4.2.2 Roasted coffee imports

According to ITC Trade Map data, Saudi Arabia’s total roasted coffee imports (HS code 0901.21) amounted to US\$21 million in 2017, having increased at an average annual rate of 23 per cent since 2013.

The United States (27 per cent of Saudi Arabia’s imports) and Italy (26 per cent) are the largest suppliers of roasted coffee to Saudi Arabia, together accounting for over half of total imports, at nearly US\$6 million each. Imports from the United States have increased at an annual average rate of 17 per cent since 2013, while Italy has had sharp annual average growth of 35 per cent. Italy’s main coffee brands such as Lavazza, Illy and Milani are distributed on the Saudi market.

Figure 2. Main coffee-producing countries supplying roasted coffee to Saudi Arabia in 2017 (per cent)



Source: ITC Trade Map (<https://www.trademap.org>), accessed 14 October 2021.

Other smaller but significant suppliers to the Saudi market in 2017 were Canada (7 per cent) and Malaysia (6 per cent).

Saudi Arabia’s imports of roasted coffee from coffee-producing countries (i.e., roasted-at-origin), excluding Malaysia, amounted to US\$1.7 million in 2017, which accounted for 8 per cent of total Saudi roasted coffee imports.

Roasted coffee imports from Ethiopia registered average annual growth of 29 per cent between 2013 and 2017, and reached US\$922,000 in 2017. This value accounted for only

⁵¹ <https://www.merakiartisan.coffee> (accessed 14 October 2021).

around 4 per cent of Saudi Arabia's total roasted coffee imports in 2017, and placed Ethiopia as the fifth largest supplier to Saudi Arabia, followed by Lebanon and Turkey.

Among other coffee-producing countries, Colombia (US\$290,000), India (US\$179,000), Yemen (US\$114,000), Brazil (US\$113,000) and Kenya (US\$33,000) also registered roasted coffee imports to Saudi Arabia in 2017. The share of these suppliers in total roasted coffee imports from coffee-producing countries is shown in figure 2.

4.2.3 Trade channels and transportation

4.2.3.1 Roasted coffee distribution

Saudi Arabia's specialty coffee market is highly dynamic, and local roasters continue to grow at a fast pace. These roasters are connected to Saudi Arabia's internal distribution channels to retailers and service channels, as well as online shops. Imported roasted coffees reach these channels through an importing distributor.

Some of the importing distributors handling coffees on the Saudi market are part of larger groups that do not necessarily specialize in the food sector. For example, Saudi Arabia's distributor of the Italian brand Lavazza is the Mohamed Yousuf Naughy & Brothers Group, which has a food division through the Arabian Food Supplies company,⁵² but also provides distribution services in the automobile, cosmetics and other sectors. Other trading companies such as Al Diyafa, which distributes the Italian coffee brand Illy, specifically focus on food and beverages, offering a wide range of international brands.⁵³ In another example, the Beverage Experts Network company specializes in beverage solutions and distributes the Italian brand Café Excelsior.⁵⁴ There are also cases of exclusive distribution, such as Ristretto Machines & Coffee, which imports and distributes Café Milani.⁵⁵

Among roasted coffees imported from Ethiopia, Tomoca is distributed and sold on the Saudi market by the local distributor Bin Dohaish Global (BDG).⁵⁶ Tomoca and BDG have an exclusive agreement whereby BDG acts as an agent in distributing the coffee to local retail and coffee shops. The coffee is distributed from the office of BDG, using its network of coffee shops, and via WhatsApp orders from both coffee shops and individuals.⁵⁷

The online presence of coffee brands in Saudi Arabia is also of importance, as consumers increasingly search for e-commerce options (Neo 2019). Varietal Cafe is one of the largest online coffee shops in Saudi Arabia, offering coffees and coffee equipment.⁵⁸ Another large online seller is Qava Shop,⁵⁹ which offers a wide range of coffee brands and other coffee-related products. Online and social media promotion by specific coffee brands has also become pivotal. For example, the coffee brand Elixir Bunn, which reported 220 per cent growth in sales in 2017 since its opening, conducts consumer outreach almost solely via social media (Perfect Daily Grind 2017).

4.2.3.2 Product examples

Table 3 presents examples of roasted coffee products on the Saudi market according to three categories: (1) Single-origin Ethiopian coffees (roasted in Saudi Arabia), (2) Imported

⁵² <https://naghi-group.com/arabian-food-supplies-group> (accessed 14 October 2021).

⁵³ <http://www.diyafa.com.sa> (accessed 14 October 2021).

⁵⁴ <http://www.be.network/cafe-excelsior-be> (accessed 14 October 2021).

⁵⁵ <http://www.ristretto-sa.com> (accessed 14 October 2021).

⁵⁶ <http://www.bindohaish.com/news> (accessed 14 October 2021).

⁵⁷ Interview with Mohammed Elhoussin, Bin Dohaish Global (BDG).

⁵⁸ <https://www.varietalcafe.com> (accessed 14 October 2021).

⁵⁹ <https://qavashop.com/en> (accessed 14 October 2021).

roasted coffees (roasted in Ethiopia), and (3) Imported roasted coffees (roasted in producing countries).

Table 3. Examples of roasted coffee products on the Saudi Arabian market by category

| Brand | Details | Price and net weight | Price per kilogram | Price per kilogram (United States dollars) |
|--|------------------------------------|-----------------------|--------------------|--|
| Single-origin Ethiopian coffees (roasted in Saudi Arabia) | | | | |
| Roasting House ¹ | Ethiopia Haro Sorsa Natural | SAR 52.00 (250 grams) | SAR 208.00 | US\$55.46 |
| Artist Hub ² | Ethiopia Wonago | SAR 55.00 (250 grams) | SAR 220.00 | US\$58.6 |
| Imported roasted coffees (roasted in Ethiopia) | | | | |
| Tomoca ³ | 100 per cent Arabica, Mocha Coffee | n.a. | SAR 47-65 | US\$12.53 – US\$17.33 |
| Imported roasted coffees (roasted in producing countries) | | | | |
| n.a. | n.a. | n.a. | n.a. | n.a. |

Source: Prepared by the author.

Note: Additional information on the brands is available on their websites and from other sources, which are cited below as footnotes to this table, when available. All links accessed 14 October 2021.

¹ <https://qavashop.com/en/coffee/single-origin/roasting-house-ethiopia-haro-sorsa-natural-250g.html>.

² <https://qavashop.com/en/coffee/single-origin/artist-hub-ethiopia-wonago-250g.html>.

³ <https://saudi.desertcart.com/products/25039131-tomoca-ethiopian-dark-roast-18-oz-bag-50-larger>.

Logistics and transportation options

Air freight

Ethiopian Airlines Cargo operates direct daily flights from Addis Ababa to Riyadh. The cost for the transportation of an exemplary volume of 1,000 kg of roasted coffee is estimated at US\$1.12/kg, plus a fuel surcharge of US\$0.17/kg.

Sea freight

As per a quotation from MACCFA Freight Logistics Plc.,⁶⁰ the sea freight cost for a 20 foot container between Djibouti, Djibouti and Jeddah, Saudi Arabia is US\$650 with shipping company CMA CGM.⁶¹ At the moment, there are no Less than Container Load (LCL) or Reefer export solutions from Ethiopia. The same source indicates a transit time of two days, with no transhipment.

4.3 Market Profile – South Africa

4.3.1 Market trends and consumer preferences

South Africa follows Western-style consumption patterns and preferences, with specialty coffee becoming an important market segment (van der Merwe and Maree 2016). South Africa's specialty coffee market is characterised by numerous small and medium-sized coffee roasters that import, roast and distribute coffees nationally and often internationally, mostly to the neighbouring countries of Botswana, Namibia and Mozambique. A smaller number are

⁶⁰ <https://www.maccfa.com> (accessed 14 October 2021).

⁶¹ <https://www.cma-cgm.com> (accessed 14 October 2021).

exporters to countries such as the United Kingdom and the United States.⁶² It is estimated that there are more than 100 coffee roasteries in South Africa, a number that has grown from only around 20 such establishments in the last decade (Biacuana 2017). Some of the main specialty coffee roasters in South Africa are Peacock Coffee & Tea Traders,⁶³ Bean There Coffee,⁶⁴ Mastertons,⁶⁵ Tribeca Coffee,⁶⁶ Ryo Coffee⁶⁷ and Ciro Beverage Solutions.⁶⁸

Consumer preferences for coffee in South Africa go beyond the product's organoleptic profile. A recent Business Report article (Biacuana 2017) highlights the increasing demand for organic and ethically sourced/fairly-traded coffees, as well as single origins. An interesting trend is the appeal of African-sourced coffee beans, such as the 50 per cent Limu (Ethiopia)/50 per cent Bugisu (Uganda) blend of the coffee shop Love Coffee in Durban (Buxton 2016) and (fair trade-certified) Ethiopian coffees of the Motherland Coffee Company (Johannesburg).⁶⁹ South Africa's first company to offer fair-trade-certified beans, Bean There, emphasizes its direct trade connections to African producers. In another example, African Roots Coffee offers a range of fully African Arabica (single-origin) coffees, which include Ethiopian Sidamo and Yirgacheffe.⁷⁰ The Bean Green Coffee Company is another South African roaster that exclusively purchases Ethiopian coffee beans,⁷¹ while Monate Coffee sources from Ethiopia, Uganda and Rwanda only.⁷²

One further aspect of importance in South Africa's coffee market is innovation. As reported by Insight Survey (Biz Community 2019), domestic coffee brands have consistently introduced innovation in terms of flavour profiles, packaging and preparation methods.

4.3.2 *Roasted coffee imports*

According to ITC Trade Map data, South Africa's total roasted coffee imports (HS code 0901.21) amounted to US\$25 million in 2017, having increased at an average annual rate of 3 per cent since 2013.

Switzerland was by far South Africa's largest supplier of roasted coffee in 2017, accounting for 58 per cent of its imports, at a value of nearly US\$15 million. Switzerland was followed by Italy, which accounted for around 24 per cent of South Africa's imports, at nearly US\$6 million in 2017. Italy's main coffee brands, such as Segafredo Zanetti, Lavazza, Illy and Kimbo, are distributed in South Africa.

Other smaller but significant suppliers to the South African market, are Germany (5 per cent of total imports in 2017), Lebanon (4 per cent) and the Netherlands (3 per cent).

⁶² <https://www.trademap.org> (accessed 14 October 2021).

⁶³ <https://www.peacockteaandcoffee.co.za> (accessed 14 October 2021).

⁶⁴ <https://beanthere.co.za> (accessed 14 October 2021).

⁶⁵ <https://mastertonscoffee.co.za> (accessed 14 October 2021).

⁶⁶ <http://www.tribeca.co.za> (accessed 14 October 2021).

⁶⁷ <https://ryocoffee.co.za> (accessed 14 October 2021).

⁶⁸ <http://www.ciro.co.za> (accessed 14 October 2021).

⁶⁹ <https://www.motherlandcoffee.com> (accessed 14 October 2021).

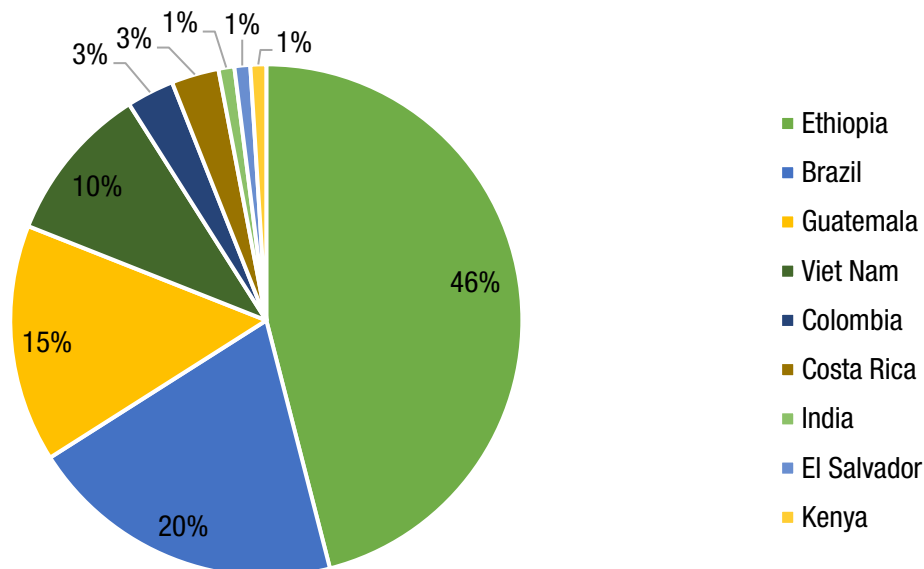
⁷⁰ <https://www.africanrootscoffee.co.za/buy-premium-arabica-coffee-online-african-roots-coffee-south-africa> (accessed 14 October 2021).

⁷¹ <https://www.beangreen.co.za> (accessed 14 October 2021).

⁷² <http://www.monatecoffee.com> (accessed 14 October 2021).

South Africa’s imports of roasted coffee from coffee-producing countries (i.e. roasted-at-origin) amounted to US\$79,000 in 2017, which accounted for 0.3 per cent of total South African roasted coffee imports. The share of each of these countries in total roasted coffee imports from coffee-producing countries is shown in figure 3.

Figure 3. Main coffee-producing countries supplying roasted coffee to South Africa in 2017 (per cent)



Source: ITC Trade Map (<https://www.trademap.org>), accessed 14 October 2021.

In 2017, Ethiopia was the largest supplier to South Africa of roasted coffee sourced in coffee-producing countries, having registered average annual growth of 51 per cent since 2013. Ethiopia’s supplies to South Africa amounted to US\$36,000. Imports from Ethiopia accounted for around 0.1 per cent of South Africa’s total roasted coffee imports.

Other coffee-producing countries with exports to South Africa in 2017 were Brazil (US\$16,000), Guatemala (US\$12,000) and Viet Nam (US\$8,000).

4.3.3 Trade channels and transportation

4.3.3.1 Roasted coffee distribution

Within South Africa, specialty roasters commonly have their own distribution network and online sales channels. Their activities are often integrated into coffee shops such as Colombo Coffee and Tea,⁷³ Bean There Coffee, Mastertons, Tribeca Coffee, the Daily Buzz,⁷⁴ Deluxe Coffee Works⁷⁵ and several others.⁷⁶ There are also a few online shops distributing a diverse

⁷³ <https://colombo.co.za> (accessed 14 October 2021).

⁷⁴ <http://www.thedailybuzz.co.za> (accessed 14 October 2021).

⁷⁵ <https://www.deluxecoffeeworks.co.za> (accessed 14 October 2021).

⁷⁶ See the directory of the Speciality Coffee Association of Southern Africa for the full listing, available at <https://scasa.co.za/pages/directory> (accessed 14 October 2021).

range of coffee brands (Crush 2018). Examples include the Discover Great Coffee Club,⁷⁷ Cape Coffee Beans,⁷⁸ Daily Brew,⁷⁹ Takealot⁸⁰ and Pick n Pay.⁸¹

Imported roasted coffee mainly reaches retail outlets, hotels, restaurants and other channels through an importing distributor. As noted in a Flanders Trade and Investment market survey (2015), South African importers tend to handle a wide range of food products; they rarely specialize in one product or product group. In addition, exclusive agents representing a foreign brand are not common on the South African market.

Some of the main distributors of imported food in South Africa are Rialto Foods,⁸² Tacoma Foods,⁸³ M&L Distributors,⁸⁴ Sagra Foods,⁸⁵ Adriatic – Importers of Fine Italian Food and Wine (distributor of the Italian brand Segafredo Zanetti),⁸⁶ Rieses Food Imports (distributor of German brand Tchibo)⁸⁷ and VDP Distributors (distributor of the Dutch brand Douwe Egberts).⁸⁸ In addition to distributing its own brands, Cirol Beverage Solutions imports and distributes foreign brands such as Lavazza and Douwe Egberts. In another example, No Doubt Importers distributes the Italian brand Illy Coffee in South Africa and sub-Saharan markets.⁸⁹ Importalia specializes in coffee and coffee equipment and distributes the Italian coffee brands Fantini and Kimbo.⁹⁰

South Africa also has importing distributors that specialize in food items from specific regions. For example, Aldoukan specializes in Lebanese food;⁹¹ one of the items this company distributes is the popular Lebanese coffee brand Najjar. Indigo Enterprises SA, trading as Saigon Coffee House,⁹² specializes in the distribution of Vietnamese coffees.

The Ethiopian coffee brand Bita Coffee (Sa.Fu Trading)⁹³ used to be distributed in South Africa by the importer Beta Value Conexion.⁹⁴ It was mainly purchased by Ethiopian residents in South Africa and Ethiopian restaurants. However, the product is no longer imported into South Africa.⁹⁵

Among the outlets in South Africa offering roasted coffees from other African countries are the high-end souvenir shop Out of Africa located at the Johannesburg airport,⁹⁶ and Cape Town's Waterfront⁹⁷ and International Airport.⁹⁸ The shops offer the Rwandan coffee brand 3 African Sisters,⁹⁹ which sources its green coffee in Rwanda, Burundi and the Democratic Republic of the Congo and roasts it in Rwanda. The company also offers speciality green

⁷⁷ <https://www.discovergreatcoffeeclub.co.za> (accessed 14 October 2021).

⁷⁸ <https://capecoffeebeans.co.za> (accessed 14 October 2021).

⁷⁹ <https://dailybrew.co.za> (accessed 14 October 2021).

⁸⁰ <https://www.takealot.com> (accessed 14 October 2021).

⁸¹ <https://www.pnp.co.za/pnpstorefront/pnp/en/All-Business-Products/Coffee-Bar/Coffee/c/coffee1922268123> (accessed 14 October 2021).

⁸² <http://www.rialtofoods.co.za> (accessed 14 October 2021).

⁸³ <https://www.tacoma.co.za> (accessed 14 October 2021).

⁸⁴ <http://www.distributors.co.za> (accessed 14 October 2021).

⁸⁵ <https://sagrafoods.co.za> (accessed 14 October 2021).

⁸⁶ <https://www.adriatic.co.za> (accessed 14 October 2021).

⁸⁷ <https://rfi.co.za/range/coffee> (accessed 14 October 2021).

⁸⁸ <http://www.vdpdistributors.co.za/coffee> (accessed 14 October 2021).

⁸⁹ <https://illycoffee.co.za> (accessed 14 October 2021).

⁹⁰ <http://www.importalia.co.za> (accessed 14 October 2021).

⁹¹ <https://www.aldoukan.co.za> (accessed 14 October 2021).

⁹² <https://saigoncoffeehouse.com/blogs/news/about-us-importing-vietnamese-coffee> (accessed 14 October 2021).

⁹³ <http://www.bitacoffee.net/about-bitacoffee.html> (accessed 14 October 2021).

⁹⁴ <http://restaurant.org.za/bita-coffee-beta-value-conexion> (accessed 14 October 2021).

⁹⁵ Interview with Abdullah Pandor (Beta Value Conexion)

⁹⁶ <http://www.saairports.com/blog/2017/03/07/out-of-africa> (accessed 14 October 2021).

⁹⁷ <https://www.waterfront.co.za/stores/out-of-africa> (accessed 14 October 2021).

⁹⁸ <https://www.myguidecapetown.com/shopping/out-of-africa-cape-town-international-airport> (accessed 14 October 2021).

⁹⁹ <http://www.3africansisters.com> (accessed 14 October 2021).

beans,¹⁰⁰ and it has a South African distribution centre in Johannesburg. Online distribution is also done on a small scale.¹⁰¹

4.3.3.2 Product examples

Table 4 presents examples of roasted coffee products on the South African market according to three categories: (1) Single-origin Ethiopian coffees (roasted in South Africa), (2) Imported roasted coffees (roasted in Ethiopia), and (3) Imported roasted coffees (roasted in producing countries).

Table 4. Examples of roasted coffee products on the South African market by category

| Brand | Details | Price and net weight | Price per kilogram | Price per kilogram (United States dollars) |
|--|---------------------------------|------------------------|--------------------|--|
| Single-origin Ethiopian coffees (roasted in South Africa) | | | | |
| Peacock ¹ | Ethiopian Washed Sidamo Organic | ZAR 90.00 (250 grams) | ZAR 360.00 | US\$25.43 |
| The Coffee Roasting Company ² | Ethiopian Washed Yirgacheffe | ZAR 80.00 (250 grams) | ZAR 320.00 | US\$22.61 |
| Rosetta Roastery ³ | Ethiopia Dimtu Tero Natural | ZAR 145.00 (250 grams) | ZAR 580.00 | US\$40.97 |
| Imported roasted coffees (roasted in Ethiopia) | | | | |
| Bitu Coffee ⁴ | n.a. | n.a. | ZAR 100-120.00 | US\$7.06 – US\$8.48 |
| Imported roasted coffees (roasted in producing countries) | | | | |
| Trung Nguyen ⁵ (Viet Nam) | Sang Tao 8 | ZAR 230.30 (250 grams) | ZAR 921.20 | US\$64.91 |
| 3 African Sisters Coffee ⁶ (Rwanda) | 100 per cent Arabica | ZAR 75.00 (250 grams) | ZAR 300.00 | US\$20.35 |

Source: Prepared by the authors.

Note: Additional information on the brands is available on their websites and from other sources, which are cited below as footnotes to this table when available. All links accessed 14 October 2021.

¹ <https://www.peacockteaandcoffee.co.za/product/coffee/coffee-of-origin/ethiopian-washed-sidamo-organic>.

² <https://www.coffeecompany.co.za/coffee/ethiopia-yirgacheffe.html>.

³ <https://capecoffeebeans.co.za/collections/single-origin-coffee-beans/products/rosetta-roastery-ethiopia-dimtu-tero-natural>.

⁴ Interview with Abdullah Pandor (Beta Value Conextion).

⁵ <https://saigoncoffeehouse.com/products/creative-8>.

⁶ <https://shop.thorsenservices.co.za/home/109-nanine-levitz-products.html>.

4.3.3.3 Logistics and transportation options

Air freight

Ethiopian Airlines Cargo operates daily direct flights from Addis Ababa to Johannesburg. The cost for the transportation of an exemplary volume of 1,000 kg of roasted coffee is estimated at US\$1.66/kg, plus a fuel surcharge of US\$0.17/kg.

¹⁰⁰ <http://www.3africansisters.com/speciality-green-beans> (accessed 14 October 2021).

¹⁰¹ <https://shop.thorsenservices.co.za/home/109-nanine-levitz-products.html> (accessed 14 October 2021).

Sea freight

As per a quotation from MACCFA Freight Logistics Plc.,¹⁰² the sea freight cost for a 20 foot container between Djibouti, Djibouti and Durban, South Africa is US\$1,200 with shipping company CMA CGM.¹⁰³ At the moment, there are no Less than Container Load (LCL) or Reefer export solutions from Ethiopia.

The same source indicates a transit time of 36 days, with two transshipments via Jeddah, Saudi Arabia and Jebel Ali, United Arab Emirates.

4.4 Market Profile – China

4.4.1 Market trends and consumer preferences

China is one of the largest tea-consuming nations worldwide. However, the International Coffee Organization describes China as one of the fastest-growing global coffee markets (ICO 2018). The country is known for its significant consumption of 3 in 1 instant coffee instead fresh coffee. Mintel International estimates that instant coffee accounts for 72 per cent of China's total domestic market (Bolton 2019). Chinese consumption patterns are rapidly changing and diversifying into different qualities and types of coffee, but mass consumption still relates to lower qualities. As such, a large part of China's imported coffee comes from Viet Nam, a large producer of lower-grade Robusta.

Perfect Daily Grind (2018b) has reported that Chinese consumers are used to smoother, clean, sweeter and full-bodied coffees. This is consistent with a STIR – Global Business Insight on Coffee and Tea article (Bolton 2019) that highlights a consumer preference for clean, balanced and floral coffees with a solid aftertaste. The same article also makes a direct reference to Ethiopia Yirgacheffe, which has these characteristics. Other origins mentioned are Panama, Kenya and Guatemala. Additionally, Chinese consumers have a preference for lighter roasts (Bolton 2019), and do not usually buy whole beans, since coffee-grinding and brewing at home is still uncommon in China (Perfect Daily Grind 2018b).

It is expected that, particularly among younger people, consumer preferences will broaden up to coffees that have more acidic profiles, and to a wider spectrum of coffee types. This is due to the influence of third-wave roasters that have a growing presence in China, but also to a spillover effect of the specialty markets in Asia, notably the Republic of Korea and Japan.

Another important aspect of the Chinese market is brand exposure, which affects the coffee market as well, both in terms of in-home and out-of-home consumption (The Business of Events 2018). Consumers in China are more likely to purchase coffees from brands they recognize; the online reputation of these items will also exert a strong influence on purchasing decisions.

4.4.2 Roasted coffee imports

According to ITC Trade Map data, China's total roasted coffee imports (HS code 0901.21) amounted to US\$126 million in 2017, having increased at an average annual rate of 37 per cent since 2013.

Malaysia, the largest supplier of roasted coffee to China in 2017, has shown a steep average annual increase of over 300 per cent since 2013. While Malaysian green coffee production is

¹⁰² <https://www.maccfa.com> (accessed 14 October 2021).

¹⁰³ <https://www.cma-cgm.com> (accessed 14 October 2021).

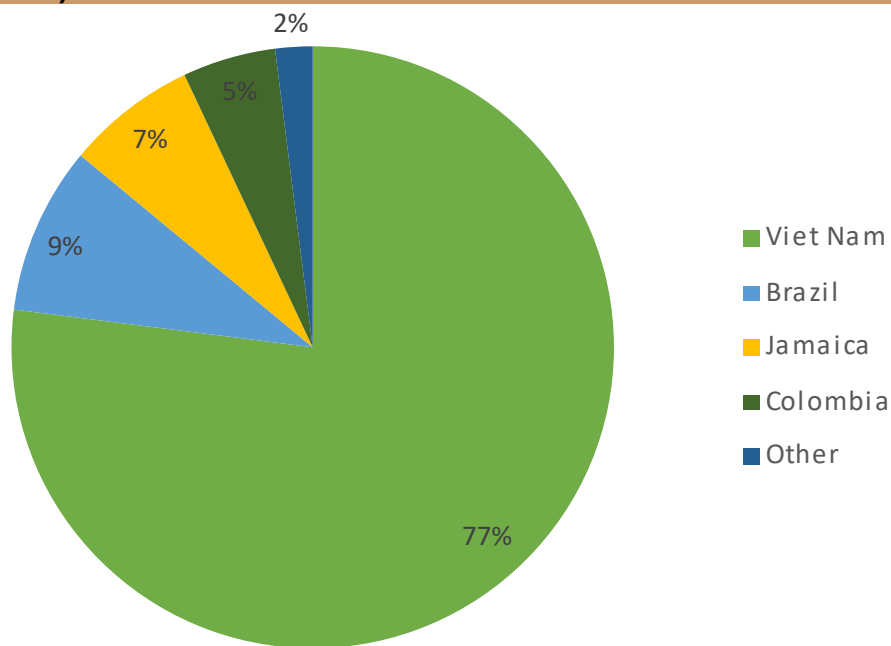
not among the largest in Asia (8,109 tons in 2017),¹⁰⁴ the country’s roasting industry is substantial. Malaysia’s white coffee brands are especially popular in China (Yuen Hui 2017).¹⁰⁵ Chinese imports from Malaysia amounted to nearly US\$35 million in 2017, over 25 per cent of total imports.

Italy, well-known for brands such as Lavazza and Illy, was the second-largest roasted coffee supplier to China in 2017, at nearly 20 per cent of China’s imports (US\$24 million). The United States is also an important supplier to China (at US\$16 million, around 12 per cent of total imports), but its supplies declined annually by -2 per cent between 2013 and 2017.

Other smaller but significant suppliers to the Chinese market are the United Kingdom (6 per cent of total imports in 2017) and Switzerland (3 per cent).

China’s imports of roasted coffee from coffee-producing countries (i.e., roasted-at-origin) amounted to US\$3.9 million in 2017, which accounted for 3 per cent of total Chinese roasted coffee imports. Figure 4 shows the share of the main roasted coffee suppliers in total imports from coffee-producing countries.

Figure 4. Main coffee-producing countries supplying roasted coffee to China in 2017 (per cent)



Source: ITC Trade Map (<https://www.trademap.org>), accessed 14 October 2021.

Viet Nam, the largest green coffee producer in Asia, provided substantial supplies of roasted coffees to China in 2017, at nearly US\$3 million (2 per cent of total Chinese imports). However, its supplies to China were not consistent over the 2013–2017 period. Viet Nam supplies popular roasted coffee brands such as Trung Nguyen and Viet Nam National Coffee Corporation (Vinacafe) to China.¹⁰⁶

Other producing countries that exported to China in 2017 were Brazil (US\$365,000), Jamaica (US\$253,000) and Colombia (US\$178,000).

¹⁰⁴ <http://www.fao.org/faostat> (accessed 14 October 2021).

¹⁰⁵ <https://whitecoffeemarket.com/malaysia-white-coffee-brands> (accessed 14 October 2021).

¹⁰⁶ https://www.lavazza.cn/zh_CN.html (accessed 14 October 2021).

Roasted coffee imports from Ethiopia varied widely between 2013 and 2017, reaching a value of US\$15,000 in 2017. This value accounts for only around 0.01 per cent of China's total roasted coffee imports in 2017.

China also reported a high share of re-imports in 2017 (exceptionally in the 2013–2017 period), amounting to 24 per cent of its total imports (US\$30 million).

4.4.3 Trade channels and transportation

4.4.3.1 Roasted coffee distribution

Imported roasted coffees enter the Chinese market via local importing distributors. These local traders are the point of connection between foreign brands and the Chinese market, consisting of service channels such as restaurants and hotels, as well as retail channels, including online platforms.

For example, the Italian brand Lavazza is distributed by Jess Trading Co. and by leading food importer Goodwell China Marketing Service Co., Ltd. (Shanghai).¹⁰⁷ Goodwell Marketing Service is also responsible for the distribution of the Colombian instant coffee Buendía (owned by Colombia's National Federation of Coffee Growers) on the Chinese market.¹⁰⁸ In another example, the Italian brand Illy has exclusive distribution through Illycaffè Shanghai Co., Ltd.¹⁰⁹ The Vietnamese brand Trung Nguyen Legend has signed a cooperation agreement with Shanghai Qinzhou Trade Co., Ltd to expand its distribution in (Eastern) China.

Online distribution systems are popular in China and used widely by consumers. Some of the most popular platforms are Taobao, TMall and WeChat shop.¹¹⁰ Even bigger brands that have a strong physical presence on the market, such as Starbucks, make use of online sales. In a deal with Alibaba (Wise 2018), Starbucks has recently started piloting a delivery initiative via Taobao and Tmall. Viet Nam's Trung Nguyen complements its presence in more than 1,000 supermarkets in China with online sales on platforms such as Taobao, TMall, Yihaodian and others. Local brands also use online platforms widely. For example, Chinese specialty roasters Saturnbird's¹¹¹ and Uncle Bean's¹¹² have their online stores on TMall, and roaster Ming Qian has its online store on Taobao.¹¹³

As a foreign brand, presence on these online platforms requires the involvement of a registered local distributor that is responsible not only for distribution, but also for post-sale services (Pulido Ruiz and Moreno Gómez 2015).

The Colombian brand Juan Valdez (managed by Procafecol, which corresponds to the National Federation of Coffee Growers) used an online sales strategy to enter the Chinese market. In partnership with local distributor Beijing Junjie Trade, Juan Valdez coffees were initially distributed via the online grocery shop Yihaodian,¹¹⁴ which specializes in imported food items and is owned by Walmart. Today, Juan Valdez coffees are also listed on other online shops in China such as TMall and Taobao.

Ethiopian companies have also been using partnerships with Chinese distributors to expand their online presence in China. For example, Naty's Coffee has partnerships with Guangzhou

¹⁰⁷ Ibid.

¹⁰⁸ http://www.goodwellchina.com/en/brand_show.php?id=34 (accessed 14 October 2021).

¹⁰⁹ <https://www.illy.com/en-us/company/company/illycaffe-worldwide> (accessed 14 October 2021).

¹¹⁰ <https://www.advisorycloud.com/advisor-articles/coffee-with-chinese-characteristics-5ccb4a20a7f24> (accessed 14 October 2021).

¹¹¹ <https://sandunban.tmall.com> (accessed 14 October 2021).

¹¹² https://www.tmall.com/mlist/brand_lrtNpVv0qwua284_3nLjtjDLD1KYV504Y-PQK54n2L4.html (accessed 14 October 2021).

¹¹³ <https://mqcoffee.taobao.com> (accessed 14 October 2021).

¹¹⁴ <http://search.yhd.com/c0-0/kjuanvaldez/2/> (accessed 14 October 2021).

Molawa Enterprise Management Co., Ltd.,¹¹⁵ and Garden of Coffee has a partnership with Suzhou Reyto Trading Company. Garden of Coffee is listed on the online shop Taobao, together with Tarara and Tomoca,¹¹⁶ and Moyee is additionally listed on the online shop YOYCart.¹¹⁷ There is insufficient evidence that these brands are sold in physical retail outlets in China. However, Garden of Coffee planned to open 100 cafés in China by 2020 (Dahir 2018).

4.4.3.2 Product examples

Table 5 presents examples of roasted coffee products on the Chinese market according to three categories: (1) Single-origin Ethiopian coffees (roasted in China), (2) Imported roasted coffees (roasted in Ethiopia), and (3) Imported roasted coffees (roasted in producing countries).

Table 5. Examples of roasted coffee products on the Chinese market by category

| Brand | Details | Price and net weight | Price per kilogram | Price per kilogram (United States dollars) |
|--|---------------------------------------|---|--------------------------|--|
| Single-origin Ethiopian coffees (roasted in China) | | | | |
| Saturnbird | Yirga Cheffe Red Cherry G1 | RMB 49.00 (125 grams) | RMB 392.00 | US\$57.00 |
| Ming Qian Coffee | Harar Natural | RMB 55.00 (200 grams) | RMB 275.00 | US\$40.00 |
| Imported roasted coffees (roasted in Ethiopia) | | | | |
| Tomoca | 100 per cent Arabica, Mocha Coffee | RMB 108.00 (500 grams) | RMB 216.00 | US\$31.41 |
| Tarara | 100 per cent Arabica | RMB 105.00 (500 grams) | RMB 210.00 | US\$30.54 |
| Garden of Coffee | Golden Coffee, Yirga Cheffe | RMB 186.00 (500 grams) | RMB 372.00 | US\$54.09 |
| Moyee | Blend, 100 per cent Specialty Arabica | RMB 76.00 (250 grams) RMB 138.00 (500 grams) | RMB 304.00 RMB 276.00 | US\$44.20 US\$40.13 |
| Imported roasted coffees (roasted in producing countries) | | | | |
| Juan Valdez (Colombia) | Café de Origen Huila | RMB 198.00 (500 grams) | RMB 396.00 | US\$57.58 |
| Trung Nguyen (Viet Nam) | Sang Tao 8 | RMB 238.00 (500 grams) | RMB 476.00 | US\$69.22 |
| Trung Nguyen (Viet Nam) | Sang Tao 3 | RMB 26.00 (340 grams) | RMB 76.47 | US\$11.12 |

Source: www.taobao.com (accessed 14 October 2021).

Logistics and transportation options

Air freight

Ethiopian Airlines Cargo operates direct daily flights from Addis Ababa to Beijing, Shanghai and Guangzhou. The cost for the transportation of an exemplary volume of 1,000 kg of roasted coffee is estimated at US\$1.47/kg, plus a fuel surcharge of US\$0.17/kg.

¹¹⁵ <http://natyscoffee.com/where-to-buy> (accessed 14 October 2021).

¹¹⁶ <https://acebom.taobao.com/?spm=2013.1.1000126.5.1eda6f201eRDFq> (accessed 14 October 2021).

¹¹⁷ <https://www.yoycart.com/Product/576847105979> (accessed 14 October 2021).

Sea freight

As per a quotation from MACCFA Freight Logistics Plc.,¹¹⁸ the sea freight cost for a 20 foot container between Djibouti, Djibouti and Shanghai, China amounts to US\$400 with shipping company CMA CGM.¹¹⁹ At the moment, there are no Less than Container Load (LCL) or Reefer export solutions from Ethiopia. The same source indicates a transit time of 16 to 17 days, with no transshipment.

4.5 Market profile – Republic of Korea

4.5.1 Market trends and consumer preferences

The Republic of Korea is considered one of the most promising emerging markets worldwide, and a natural alternative to more mature and consolidated markets such as the United States, Western Europe and Japan (ICO 2018). In contrast to other Asian markets (except Japan and Taiwan Province of China), the market of the Republic of Korea has a strong preference for Arabica types of coffee; two-thirds of the coffee imported into the country is Arabica (ICO 2018). In recent years, the Republic of Korea has been going through a marked change in consumer preference, shifting from instant coffees (with Maxim as the most popular brand in the country) to higher-quality coffees.

The higher-quality and specialty coffee market in the Republic of Korea has generated a steep increase in the number of specialized coffee shops. Perfect Daily Grind (2015) has reported that there are around 15,000 coffee shops in Seoul alone, while a report in STiR also reports that the closure rate of new cafés in Republic of Korea was 57 per cent in 2017 (Doyle 2018). In addition to Starbucks Reserve Roastery, other popular coffee shops, as reported by Coffee Business Intelligence (2019), are Ediya,¹²⁰ A Twosome Place¹²¹ and Caffé Bene.¹²² Coffee shops have become an important social centre in the Republic of Korea, with a strong emphasis on quality and aesthetics.¹²³

Ethiopian coffee has an interesting market in the Republic of Korea, where consumers are intrigued by both the Ethiopian coffee culture¹²⁴ and the product's organoleptic features. Ethiopia's Yirgacheffe coffee is often referred to by its nickname "lady of coffee" in the Republic of Korea due to its sophisticated aroma and flavour (kkeutorsori 2016). Coffee importers and roasters in the country that specialize in Ethiopian coffees include Abissinica Coffee¹²⁵ and Ethicocoffee.¹²⁶

Ethiopian exporters could also benefit from the Republic of Korea's increasing consumer interest in sustainably sourced coffee and single-origin high-quality beans, as described in the above-mentioned article by STiR (Doyle 2018). These trends are visible not only in regular specialty coffees, but also in more innovative ready-to-drink products that are popular in the Republic of Korea.

¹¹⁸ <https://www.maccfa.com> (accessed 14 October 2021).

¹¹⁹ <https://www.cma-cgm.com> (accessed 14 October 2021).

¹²⁰ <https://www.ediya.com> (accessed 14 October 2021).

¹²¹ <https://www.twosome.co.kr:7009> (accessed 14 October 2021).

¹²² <http://caffebene.com> (accessed 14 October 2021).

¹²³ <https://www.freshcup.com/coffee-south-korea> (accessed 14 October 2021).

¹²⁴ <https://nemos.tistory.com/432> (accessed 14 October 2021).

¹²⁵ <http://www.abissinica.co.kr> (accessed 14 October 2021).

¹²⁶ <http://ethicocoffee.com> (accessed 14 October 2021).

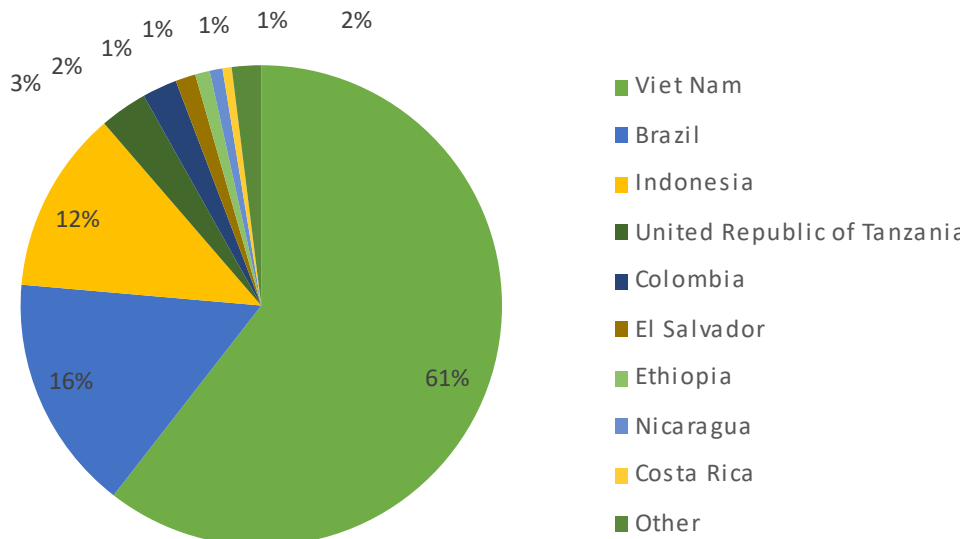
4.5.2 Roasted coffee imports

According to ITC Trade Map data, the Republic of Korea’s total roasted coffee imports (HS code 0901.21) amounted to US\$158 million in 2017, having increased at an average annual rate of 14 per cent since 2013. The United States is by far the country’s largest supplier of roasted coffee, accounting for 45 per cent of its total imports, followed by Switzerland (20 per cent) and Italy (13 per cent).

Other smaller but significant suppliers to the market of the Republic of Korea are the United Kingdom (6 per cent), Japan (5 per cent) and Germany (5 per cent).

The Republic of Korea’s imports of roasted coffee from coffee-producing countries (i.e. roasted-at-origin), amounted to US\$813,000 in 2017, which accounted for 0.5 per cent of the country’s total roasted coffee imports. Figure 5 shows the share of the main roasted coffee suppliers in total imports from coffee-producing countries.

Figure 5. Main coffee-producing countries supplying roasted coffee to the Republic of Korea in 2017 (per cent)



Source: ITC Trade Map (<https://www.trademap.org>), accessed 14 October 2021.

Viet Nam is the largest coffee-producing country supplying roasted coffee to the Republic of Korea, at US\$492,000 in 2017, thus accounting for around 61 per cent of the country’s total roasted coffee imports. Other producing countries that exported to the Republic of Korea in 2017 were Brazil (US\$129,000), Indonesia (US\$100,000), United Republic of Tanzania (US\$26,000), Colombia (US\$19,000) and El Salvador (US\$11,000).

Roasted coffee imports from Ethiopia were erratic between 2013 and 2017, reaching a maximum value of US\$8,000 in 2017. This value accounts for less than 0.1 per cent of the Republic of Korea’s total roasted coffee imports that year.

4.5.3 Trade channels and transportation

4.5.3.1 Roasted coffee distribution

Domestic coffee companies in the Republic of Korea such as McNulty Coffee,¹²⁷ owner of brands such as IBrew, Coffee with Happiness, Origin and ALE JANDRO, have an extensive

¹²⁷ <http://www.mcnultykorea.co.kr> (accessed 14 October 2021).

distribution network and alliances with retailers and service channels in the country. Other coffee brands have distribution via their own coffee shops, such as the above-mentioned Ediya Coffee, as well as specialty roasters such as Coffee Libre¹²⁸ and Fritz Coffee Company.¹²⁹

Most roasted coffee imported into the Republic of Korea is re-distributed by local distributors to different retail and service and hotel/restaurant/café channels, as well as online shops. These are distributors that specialise either in coffee or in general food products, each with its own network of buyers. For example, Curo Holdings is the exclusive distributor of the Italian brand Illy in the Republic of Korea.¹³⁰

Among imported coffee brands that have roasting and packaging activities in coffee-producing countries, the Colombian brand Juan Valdez opened its coffee shop in Seoul in 2013 as part of an expansion strategy into the Asian market. At the time, a partnership was established with local partner Coffee & Caffè Korea Corporation (CCKC Co. LTD). While the shop has closed down since then, Juan Valdez is still imported into the Republic of Korea by CJ Freshway.¹³¹ In addition, Juan Valdez signed a Memorandum of Understanding with Republic of Korea brand McNulty in 2016 for the development of joint products.

The Vietnamese brand Trung Nguyen is also present on the Republic of Korea market, offering both roasted and instant coffees. Its King coffees are distributed by the marketing company Green Chem Korea.

The Republic of Korea also has an extensive online distribution system. In addition to the online shops of Republic of Korea roasters and brands (e.g., 1 Kg Coffee and McNulty¹³²), the country has several independent online shops offering a wide range of coffee brands, often in addition to their own private brand. These include Mega Coffee, DS Coffee, Caffè Museo, Beautiful Coffee and JK Coffee. Different coffee brands are also available at online grocery stores such as E-Mart.

4.5.3.2 *Product examples*

Table 6 presents examples of roasted coffee products on the market in the Republic of Korea according to three categories: (1) Single-origin Ethiopian coffees (roasted in the Republic of Korea), (2) Imported roasted coffees (roasted in Ethiopia), and (3) Imported roasted coffees (roasted in producing countries).

¹²⁸ <http://coffeelibre.kr> (accessed 14 October 2021).

¹²⁹ <https://fritz.co.kr> (accessed 14 October 2021).

¹³⁰ <http://www.curoholdings.com> (accessed 14 October 2021).

¹³¹ <http://www.cifreshway.com> (accessed 14 October 2021).

¹³² <http://www.mcnultycoffee.com> (accessed 14 October 2021).

Table 6. Examples of roasted coffee products by category, Republic of Korea

| Brand | Details | Price and net weight | Price per kilogram | Price per kilogram (United States dollars) |
|---|---|---------------------------|--------------------|--|
| Single-origin Ethiopian coffees (roasted in the Republic of Korea) | | | | |
| Coffee Libre ¹ | Ethiopia Yirgacheffe Worka Sakaro | KRW 14,000 (200 grams) | KRW 70,000 | US\$59.79 |
| Coffee2U ² | Ethiopia Yirgacheffe G2 | KRW 11,000 (200 grams) | KRW 55,000 | US\$46.98 |
| Coffee JIA ³ | Ethiopia Yirgacheffe | KRW 14,000 (200 grams) | KRW 70,000 | US\$59.79 |
| Imported roasted coffees (roasted in Ethiopia) | | | | |
| n.a. | n.a. | n.a. | n.a. | n.a. |
| Imported roasted coffees (roasted in producing countries) | | | | |
| Juan Valdez ⁴ (Colombia) | Premium selection Colina Coffee | KRW 30,000 (500 grams) | KRW 60,000 | US\$51.45 |
| Juan Valdez ⁵ (Colombia) | Café de Origen Antioquia | KRW 33,000 (500 grams) | KRW 66,000 | US\$56.59 |
| Trung Nguyen ⁶ (Viet Nam) | Sang Tao 8 | KRW 19,700 (250 grams) | KRW 78,800 | US\$67.31 |
| Trung Nguyen ⁷ (Viet Nam) | Sang Tao 3 | KRW 5,550 (340 grams) | KRW 16,324 | US\$13.96 |

Source: Prepared by the author.

Note: Additional information on the brands is available on their websites and from other sources, which are cited below as footnotes to this table, when available. All links accessed 14 October 2021.

¹ http://coffeelibre.kr/shop/item.php?it_id=1559025870.

² http://coffee2u.co.kr/product/list.html?cate_no=144&page=1.

³ <http://coffeejia.com/product/%EC%97%90%ED%8B%B0%EC%98%A4%ED%94%BC%EC%95%84-%EC%98%88%EA%B0%80%EC%B2%B4%ED%94%84/125>.

⁴ <http://www.tmon.co.kr/deal/90826605>.

⁵ <http://www.tmon.co.kr/deal/90826605>.

⁶ <http://item.gmarket.co.kr/Item?goodscode=721318513>.

⁷

<https://www.coupang.com/vp/products/2121598?itemId=25236590&vendorItemId=3000047769&q=%EC%AD%9D%EC%9B%AC%EC%BB%A4%ED%94%BC&itemsCount=36&searchId=f3a9b0cd4b104302bba961f666c00dcf&rank=6&isAddedCart=>

4.4.3.3 Logistics and transportation options

Air freight

Ethiopian Airlines Cargo operates direct flights from Addis Ababa to Seoul five times a week. The cost for the transportation of an exemplary volume of 1,000 kg of roasted coffee is estimated at US\$1.82/kg, plus a fuel surcharge of US\$0.17/kg.

Sea freight

As per a quotation from MACCFA Freight Logistics Plc.,¹³³ the sea freight cost for a 20 foot container between Djibouti, Djibouti and Busan, Republic of Korea amounts to US\$700 with shipping company CMA CGM.¹³⁴ Currently there are no Less than Container Load (LCL) or Reefer export solutions from Ethiopia.

¹³³ <https://www.maccfa.com> (accessed 14 October 2021).

¹³⁴ <https://www.cma-cgm.com> (accessed 14 October 2021).

The same source indicates a transit time of 22 to 23 days, with a transshipment via Singapore. According to the website of the Mediterranean Shipping Company,¹³⁵ the sea freight connection between Djibouti, Djibouti and Busan, Republic of Korea would require transshipment via Kind Abdullah Port in Saudi Arabia, and have a total transit time of 31 days.

5. Colombian roasted coffee – Best practices

Colombia's current position as an exporter of roasted coffees to regional and international markets results from the synergies among key policies that affect the coffee sector, adequate institutional mechanisms, relevant sector stakeholders, successful promotional instruments and strategic marketing.

This section contextualizes the Colombian coffee sector, presenting its most relevant production and export figures, and analyses Colombia's best practices from two different perspectives: the institutional framework (Colombia's enabling environment), and commercial practices (Colombia's success cases in the private sector).

5.1 Colombia's coffee industry: Key figures

5.1.1 Coffee production and domestic consumption in Colombia

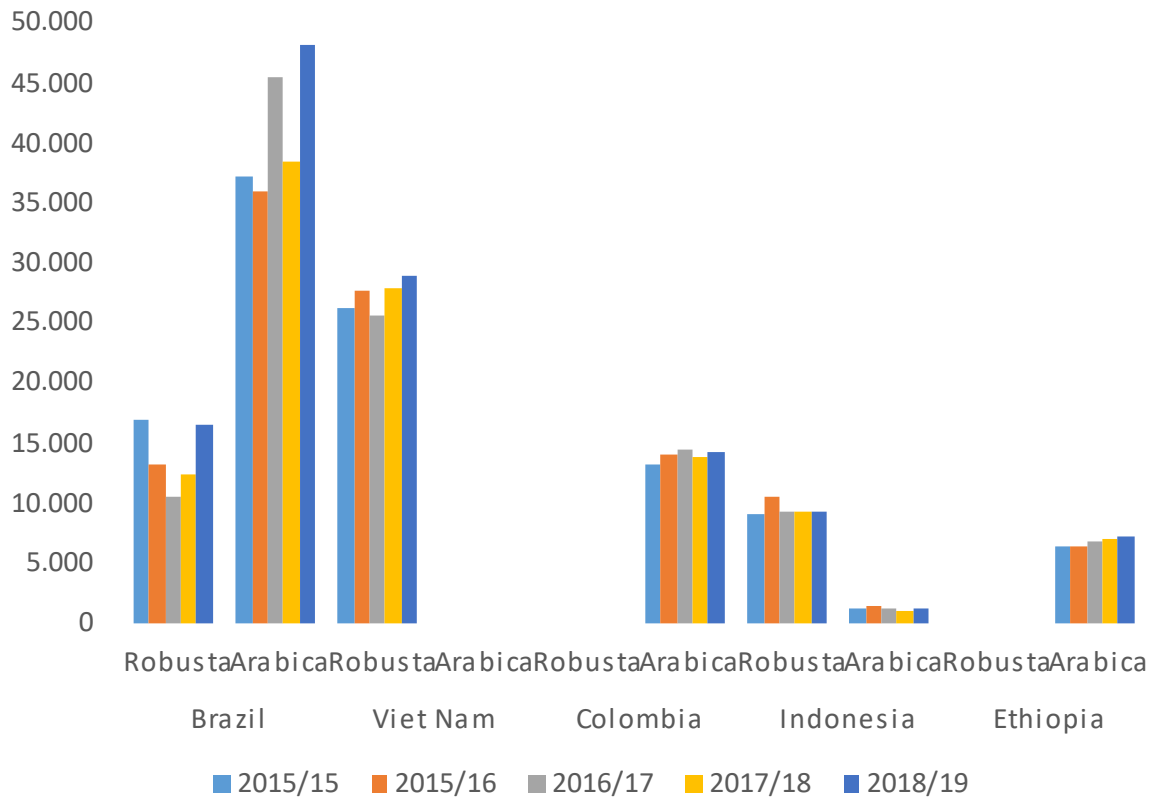
As shown in figure 6, Colombia is the third-largest coffee producer in the world, behind Brazil (64.8 million 60 kg bags in 2018/2019 or 3.888 million tons) and Viet Nam (30.4 million 60 kg bags in 2018/2019 or 1.824 million tons). Colombia's production amounted to 14.3 million 60 kg bags in 2018/2019 (858,000 tons), making it the second-largest global producer of Arabica varieties, after Brazil (USDA 2021). Brazil's production of Arabica coffees amounted to 48.2 million 60 kg bags (2.892 million tons), and its production of Robusta coffees amounted to 16.6 million 60 kg bags (996,000 tons) in 2018/2019.

Colombia's coffee production is nearly twice that of Ethiopia, which is the third-largest producer of Arabica coffees worldwide and the second-largest producer of Arabica-only varieties. Ethiopia's production in 2018/2019 amounted to 7.2 million 60 kg bags (435,000 tons).

Around 86 per cent of Colombia's coffee is exported as green coffee, while the remaining amount (nearly 2 million 60 kg bags or 120,000 tons) is processed (i.e. roasted, instant coffee, extracts) and consumed locally. In comparison, Ethiopia's domestic consumption, the highest in Africa, amounted to 3.27 million 60 kg bags (196,000 tons) in 2018/2019.

¹³⁵ <https://www.msc.com> (accessed 14 October 2021).

Figure 6. Green coffee production in the largest coffee-producing countries, in thousands of 60 kg bags



Source: USDA (2019).

5.1.2 Certified coffee production in Colombia

Colombia is an important producer of certified coffees worldwide. The country currently has six certification programs and one verification program (4C).¹³⁶ Among these certification programs, two are designated to specific green coffee buyers: Nespresso AAA (Nespresso) and C.A.F.E. Practices (Starbucks). Among the four remaining certifications, Colombia presents the following figures (latest available):

- Rainforest Alliance: Colombia has the second-largest production of Rainforest Alliance-certified coffees worldwide (behind Brazil), accounting for 14.5 per cent of total production (over 66,000 tons) in 2017. In comparison, Ethiopia’s Rainforest Alliance-certified production accounted for 3.3 per cent of total production.
- UTZ (now merged with Rainforest Alliance): Colombia was the fifth-largest producer of UTZ-certified coffee in 2016 in terms of production volume. At nearly 75,000 tons (9 per cent of worldwide production), Colombia was behind Brazil, Viet Nam, Honduras and Peru (ITC 2018). Ethiopia’s UTZ-certified coffee production was estimated at 13,488 tons in 2016.
- Fairtrade: At nearly 30 per cent of all Fairtrade-certified production in 2015, Colombia was the largest certified producer, at an estimated volume of 164,676 tons (ITC 2018).

¹³⁶ <https://www.4c-services.org> (accessed 14 October 2021).

Ethiopia’s Fairtrade-certified production was estimated at 18,025 tons in the same year.

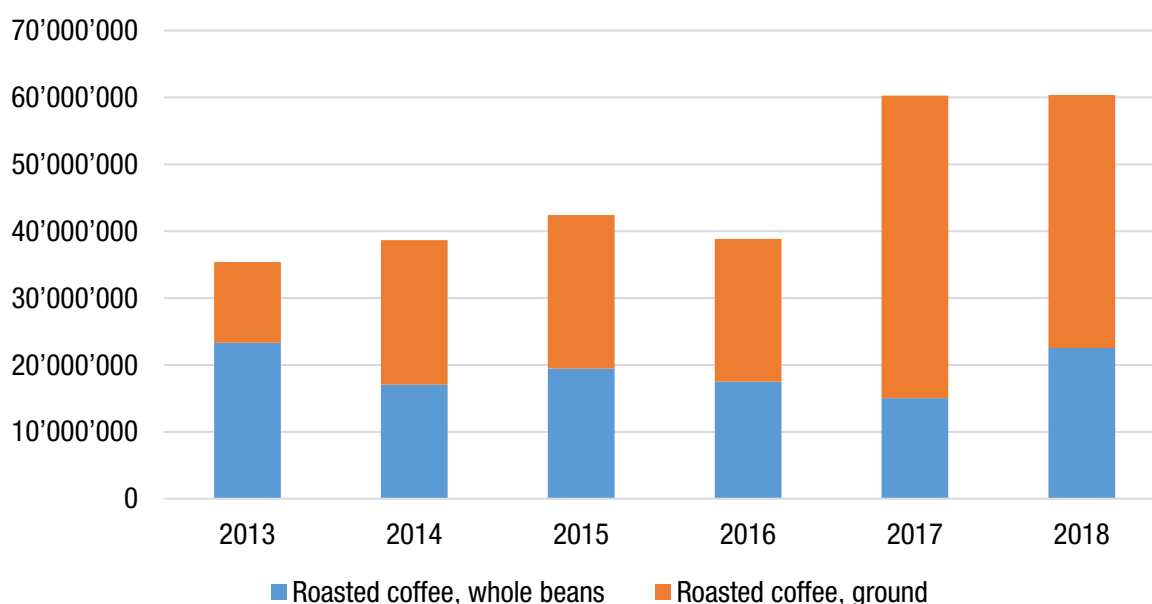
- Organic: Colombia had an estimated production of organic-certified coffee amounting to 5,540 tons in 2016, far from the leading producing countries. Ethiopia was the largest producer of organic coffees worldwide in the same year, at an estimated volume of 85,650 tons (ITC 2018).

Certification has become an important market access requirement in markets such as Europe (CBI 2020) and the United States, requested by some of the main importers, roasters and retailers. Colombia’s wide availability of certified coffee has allowed green coffee exporters to access various markets and segments internationally, and it has also enabled Colombian roasters to source certified raw material. In this way, roasters are able to develop product lines that are certified against sustainability schemes, thus contributing to their product diversification and wider market access.

5.1.3 Colombia’s roasted coffee exports

Data from the ITC Trade Map presented in figure 7 indicate that Colombia’s roasted coffee exports (HS code 0901.21), excluding decaffeinated, amounted to US\$60 million (9,789 tons) in 2018, making Colombia the largest roasted coffee exporter among coffee-producing countries. Its exports have grown at an average annual rate of 9 per cent in value since 2013. Exports of whole beans had a slight annual average decrease of -1 per cent between 2013 and 2018, while exports of ground coffee increased strongly at an annual average rate of 21 per cent.

Figure 7. Colombia’s green coffee exports, not decaffeinated, 2013–2018 (United States dollars, free on board)



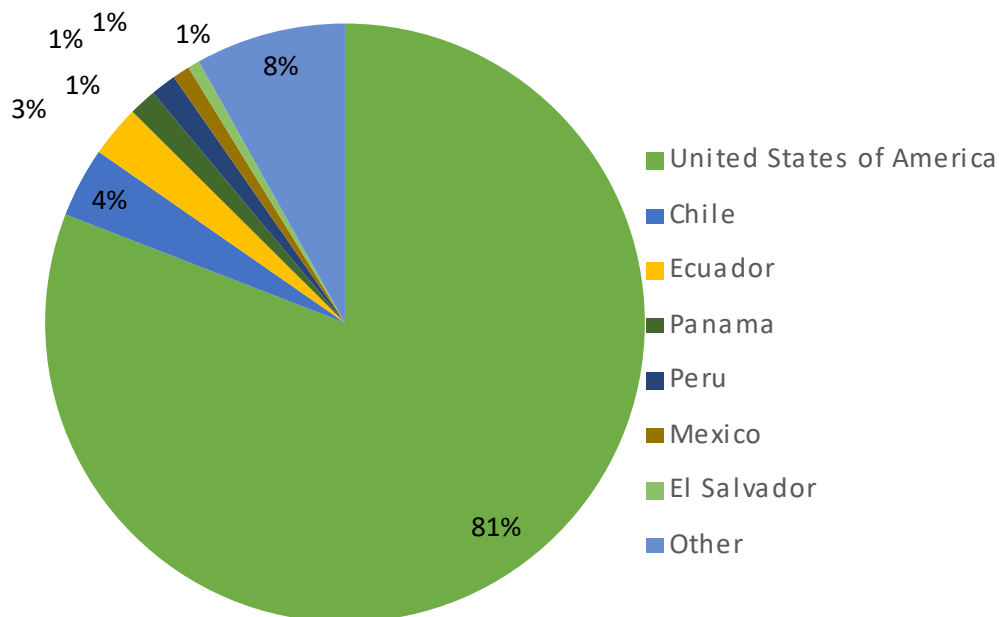
Source: ITC Trade Map (<https://www.trademap.org>), accessed 14 October 2021.

Over 2013–2018, the United States was consistently the largest destination for Colombia’s roasted coffee exports, as shown in figure 8. On average, the United States accounted for over 80 per cent of Colombia’s exports. Around 59 per cent of Colombia’s exports to the United States consisted of ground roasted coffee, and 41 per cent of whole beans.

Chile, the second-largest destination for Colombia’s roasted coffee exports, accounted for around 4 per cent of total exports. Forty-one per cent of Colombia’s exports to Chile consisted of ground roasted coffee, and 59 per cent of whole beans.

Neighbouring countries Ecuador (3 per cent of Colombia’s exports), Panama (1 per cent) and Peru (1 per cent) are also significant markets for Colombia’s roasted coffee exports.

Figure 8. Main destinations for Colombia’s roasted coffee exports, excluding decaffeinated, average over 2013–2018 (United States dollars, free on board; in percent)



Source: Legiscomex (<https://www.legiscomex.com>), accessed 14 July 2021.

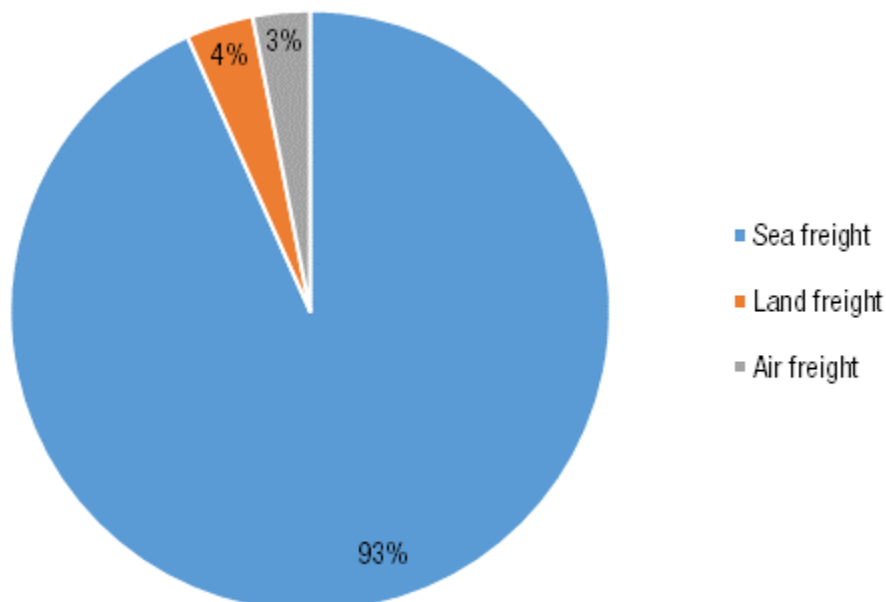
Note: Percentages based on export calculations in United States dollars, free on board.

More detailed data from Legiscomex presented in figure 9 indicate that the large majority of Colombia’s roasted coffee exports over the period 2013–2018 were transported via sea freight, accounting for 93 per cent of total exports. Most exports are shipped from the port of Cartagena (Caribbean Sea), and smaller amounts from the port of Buenaventura (Pacific Ocean). Both Colombian ports have an existing infrastructure and network of logistics agents that handle consolidation and deconsolidation of containers, thus allowing for the optimization of exports either as Less than Container Load (LCL) or Full Container Load (FCL).

Sea freight for shipping was followed by land freight (4 per cent), notably the main means of transportation for Colombia’s exports to Ecuador.

Air freight (3 per cent) had the lowest share of Colombia’s roasted coffee exports between 2013 and 2018. Most of Colombia’s exports transported by air freight used Bogotá’s international airport El Dorado, followed by Medellín’s international airport José María Córdova. Smaller amounts were transported from the Cali and Pereira airports.

Figure 9. Colombia's roasted coffee exports, excluding decaffeinated, by type of freight, 2013–2018 (United States dollars, free on board; in per cent)



Source: Legiscomex (<https://www.legiscomex.com>), accessed 14 July 2021.

Note: Percentages based on export calculations in United States dollars, free on board.

In 2018, over 100 Colombian companies registered exports to various international markets.¹³⁷ By far the leading company was Colcafé (Industria Colombiana de Café S.A.S.), accounting for 75 per cent of the total exported value and 70 per cent of the total exported volume of roasted coffee (excluding decaffeinated). Colcafé is part of the Grupo Nutresa,¹³⁸ which is among the largest food-processing companies in Latin America. The company has its own roasted coffee brands, Café Sello Rojo (mainstream brand and market leader in Colombia) and Matiz (gourmet line), but also has an extensive private-label range.¹³⁹

The second-largest Colombian exporter in 2018 was Promotora de Café Colombia SA (Procafecol), which belongs to the National Federation of Coffee Growers and manages the brand Juan Valdez. The company accounted for 8 per cent of total exported value and 5 per cent of exported volume in 2018.

Compañía Colombiana Agroindustrial SAS (part of Swiss Ecom Agroindustrial Corporation) and Engelhart CTP (part of Swiss Engelhart Commodities Trading Partners) together accounted for 10 per cent of roasted coffee export value and 20 per cent of the exported volume in 2018. These companies were followed by RESTCAFÉ of the Colombian brand OMA,¹⁴⁰ and Industria de Productos Alimenticios del Cauca SA, of the brand Aguila Roja,¹⁴¹ each accounting for 1 per cent of exports, both in terms of volume and value.

¹³⁷ <https://www.legiscomex.com> (HS code 090121) (accessed 14 October 2021).

¹³⁸ <https://www.gruponutresa.com> (accessed 14 October 2021).

¹³⁹ <http://es.industriacolombianadecafe.com/es-ve/marcasyproductos/internacional/marcaprivada.aspx> (accessed 14 October 2021).

¹⁴⁰ <http://www.cafeoma.com> (accessed 14 October 2021).

¹⁴¹ <https://cafeaguilaroja.com/quienesSomos> (accessed 14 October 2021).

Also accounting for 1 per cent of total exported value in 2018 were Colombian Mountain Coffee, of the Xue Café brand (served at Avianca Airlines flights),¹⁴² and Vive Café, of the specialty coffee brand Amor Perfecto.¹⁴³

Other exporters in Colombia individually accounted for less than 1 per cent of total exported value in 2018.¹⁴⁴

5.2 Institutional framework

5.2.1 Free trade agreements eliminate import tariffs for Colombia's roasted coffee

Colombia has free trade agreements (FTAs) with 60 countries around the world that have had a direct influence in (gradually) removing import tariff barriers for the coffee's roasted coffee supplies.¹⁴⁵ The Colombian government has defined FTAs as a strategy to diversify its exports to international markets, notably for innovative and value-added products and services (PROCOLOMBIA 2017).

Colombia's international markets implement different general import tariffs for roasted coffee. For example, the Republic of Korea's general tariff for roasted coffee is 8 per cent, but the FTA between the Republic of Korea and Colombia in 2016 immediately eliminated this tariff, thus allowing Colombian exporters to access this market at a 0 per cent preferential tariff (PROCOLOMBIA 2017). Similarly, the general import tariff of 7.5 per cent on roasted coffees applied by the European Union to third countries was no longer applicable to Colombia after its FTA with Colombia came into force in 2013.¹⁴⁶

5.2.2 Registration and quality control of roasted coffee exports

Colombia's trade in roasted coffee is well regulated in terms of administrative and quality norms, which are established according to different resolutions passed by the National Federation of Coffee Growers (*Federación Nacional de Cafeteros* - FNC). Colombian coffee roasters must comply with the registration and administrative norms of *Resolución 01 de 2002* (registration as a coffee roaster),¹⁴⁷ and with *Resolución 05 de 2015* (registration and administrative duties as a coffee exporter),¹⁴⁸ both of which are facilitated by online forms and procedures. The quality norms are established by *Resolución 01 de 1999 del Comité Nacional de Cafeteros de Colombia* (National Coffee Growers Committee),¹⁴⁹ later modified by *Resolución 04 de 2015*.¹⁵⁰

Before the above-mentioned modification, article 2 of *Resolución 01 de 1999* mandated that exports to traditional markets could only consist of roasted coffees (ground or whole beans) using 100 per cent Arabica Colombian *Excelso* coffee beans. The modified resolution (2015) communicated the National Coffee Growers Committee's decision to allow the exports of

¹⁴² <https://www.xuecafe.com> (accessed 14 October 2021).

¹⁴³ <https://www.cafeamorperfecto.com> (accessed 14 October 2021).

¹⁴⁴ The full list of Colombian exporters of roasted coffee can be found on the website of Café de Colombia (updated in July 2019) at <http://www.cafedecolombia.com/static/integrador/TOSTADO.pdf> (accessed 14 October 2021).

¹⁴⁵ For a list of FTAs, see the Ministry of Commerce, Industry and Tourism website at <http://www.tlc.gov.co/acuerdos/abc-de-los-acuerdos> (accessed 14 October 2021). See also the PROCOLOMBIA website at <http://www.colombiatrading.com.co/noticias/oportunidades-de-negocio-para-exportadores-en-2019> (accessed 14 October 2021).

¹⁴⁶ <http://ue.procolombia.co/oportunidad-por-sector/agroindustria/cafes-especiales> (accessed 14 October 2021).

¹⁴⁷ http://www.cafedecolombia.com/clientes/es/regulacion_nacional/tostadores_nacionales (accessed 14 October 2021).

¹⁴⁸ <https://federaciondefcafeteros.org/static/files/RESOL05.pdf>

¹⁴⁹ <https://federaciondefcafeteros.org/static/files/RESOLUCI%C3%93N1DE1999.pdf>

¹⁵⁰ https://federaciondefcafeteros.org/static/files/RESOLUCION_04_DE_2015.pdf

roasted coffee (ground or whole beans) of different raw material qualities to all international markets. The liberalization of different qualities for exports was implemented to enhance the value addition of Colombian coffees on international markets, and thus improve the profitability of coffee farmers.

The modified resolution broadened the possibilities for Colombian companies to export different qualities of roasted coffee, but also maintained quality control mechanisms that safeguarded *Café de Colombia*'s reputation on international markets. The National Coffee Growers Committee established that only roasted coffees that use *Excelso* coffee beans as raw material—thus complying with the quality norms of *Resolución 02 de 2016*—are allowed to carry the quality certificate *Café de Colombia*. Other qualities are only allowed to carry the label *Producto de Colombia*.¹⁵¹

5.2.3 Exports of small quantities as a diversification strategy

In 2016, Colombia's FNC developed a procedure for natural or juridical persons to export small quantities of coffee. This is applicable to green, roasted and instant coffees, as well as to coffee extracts. Exporters of roasted coffee are allowed to export quantities up to 50.4 kg per consignment, amounting to a maximum value of US\$5,000.¹⁵²

The procedure facilitates the inclusion of small exporters into international markets, as well as the exports of smaller consignments by large players. Before this simplified procedure, all exporters had to go through all the registration and administrative procedures regardless of their size and capacity.

The FNC developed this procedure with the support of the Presidency of the Republic and the Ministry of Commerce, Industry and Tourism, with the intent to support direct exports to clients abroad, as well as to enhance value addition options and turnover to Colombia's coffee farmers.¹⁵³ The procedure facilitates the following aspects:

- Registration procedures
- Quality control processes
- The payment of the coffee export tax
- The direct delivery of the consignment to the end client

In addition, exporters of small quantities are able to use regular mail and express mail services to export coffee. This was made possible through the registration of mail service providers by the FDC.¹⁵⁴ The person or company exporting roasted coffee from Colombia is still responsible for compliance with the destination market's import requirements.

According to the FNC's 2018 Bulletin,¹⁵⁵ the simplified export procedure for small quantities has facilitated the exports of 40,753 kg of roasted coffee from Colombia since its creation. By the end of 2017, 598 new coffee exporters (in all categories) were registered in Colombia, growing from around 100 exporters before implementation of the simplified procedure.¹⁵⁶

¹⁵¹ https://www.federaciondecafeteros.org/static/files/Periodico_CNC2017.pdf

¹⁵² https://www.federaciondecafeteros.org/static/files/ABC_exportacion_09.pdf

¹⁵³ https://www.federaciondecafeteros.org/static/files/Informe_Industria_2017.pdf

¹⁵⁴ https://www.federaciondecafeteros.org/static/files/Intermediarios_postales.pdf

¹⁵⁵ https://www.federaciondecafeteros.org/static/files/Periodico_IGG2018.pdf

¹⁵⁶ https://www.federaciondecafeteros.org/static/files/Periodico_CNC2017.pdf

5.2.4 *Colombia's coffee origin is protected*

The FNC has made great strides to protect Colombian coffee's reputation institutionally. Colombia's coffee has its origin protected in several of its export markets through Protected Geographic Indication (PGI) mechanisms. This protection has contributed to the industry's and consumers' recognition of Colombian coffee in terms of quality and origin, and to its authenticity on international markets. Infringements to PGIs can lead to legal and economic repercussions.

In the European Union, for example, the *Café de Colombia* trademark is protected on the European market under its PGI registration,¹⁵⁷ which is unique to any coffee-producing countries in this economic bloc.

In the United States and Canada, *Café de Colombia* is recognized as a Certification Mark, which establishes an obligation for companies using the mark to safeguard the minimum quality standards as defined at origin. In the South American countries of Bolivia, Ecuador and Peru, in addition to Colombia itself, *Café de Colombia* is protected under a Designation of Origin (DOP).

The FDC publishes a list of authorized users of *Café de Colombia*'s PGI consisting of both national roasters/processors and international buyers.

In addition to the DOP for *Café de Colombia*, a few origins within Colombia are also protected through their own DOP: *Café de Cauca*, *Café de Nariño*, *Café de Huila*, *Café de Tolima* and *Café de Santander*.

The certification to use the PGI or DOP for *Café de Colombia*, as well as the DOP for Colombia's regional coffees, is obtained through the CAFECERT Foundation, accredited by the National Accreditation Body of Colombia (ONAC).¹⁵⁸

5.2.5 *Regulated use of the Café de Colombia logo by Colombian coffee roasters*

Colombia's FNC has set out specific rules for the licensing and use of its *Café de Colombia* logo by Colombian coffee roasters and brands. This is an important step for both the federation and roasters in terms of marketing, recognition of Colombia's coffee brand and authenticity of its origin. It is also part of the FNC's policy to defend and protect *Café de Colombia*'s quality.

At the same time, the use of the logo gives Colombian roasters the opportunity to benefit from Colombia's positive reputation on the international market, and can be used next to the FNC's private brand. The iconic image of the Juan Valdez character, a Colombian coffee farmer, also adds benefit in terms of brand recognition. The general terms of the contract between the licensed roaster and the FNC, which allows for the use of the logo, are as follows:

- The licensed coffee roaster must use raw material that is 100 per cent Colombian in origin, minimally 100 per cent Arabica Colombian *Excelso* coffee beans.
- The roaster must send a quarterly report to the FNC containing the sold volumes per registered brand, as well as a sample for quality control.
- The licensed roaster must comply with the guidelines of the *Manual de Aplicación del Logo Café de Colombia*, which details the application of the logo in the consumer

¹⁵⁷ <http://ec.europa.eu/agriculture/quality/door/registeredName.html?denominationId=176> (accessed 14 October 2021).

¹⁵⁸ <https://onac.org.co> (accessed 14 October 2021).

packages. A sample of this package must be submitted to the FNC and will be subject to the federation's authorization before the product is marketed.

5.2.6 Representation of the National Federation of Coffee Growers in international markets

Much of the reputation that Colombian coffee has acquired on international markets is also related to the FNC's representative offices abroad. These offices complement and extend the institutional and commercial activities implemented by FNC's representation in Colombia. Although the role of FNC's offices abroad is mainly related to Colombia's position as a producer and exporter of green coffee, they also promote and benefit the Colombian coffee industry at large.

Currently, the FNC has offices in Tokyo, Amsterdam, New York and Shanghai.¹⁵⁹ These offices provide institutional support to Colombian exporters and extend the network of buyers using coffees of Colombian origin, in addition to attracting investments to Colombia's coffee sector and promoting Colombian origin by participating in events such as barista competitions, trade fairs, conferences and fora.¹⁶⁰

The FNC is the one association in Colombia with broad online visibility. It has accounts on Twitter, Facebook, Instagram and YouTube, as well as its own websites in Spanish and other languages (e.g., English, Japanese, Korean, etc.).¹⁶¹

5.2.7 Role of the export promotion agency PROCOLOMBIA

Another important institutional actor contributing to Colombia's success cases in export markets is PROCOLOMBIA, a government agency promoting non-traditional exports (including roasted specialty coffees), foreign investment and tourism. PROCOLOMBIA has a wide network of offices in Colombia (21 offices), and abroad (24 offices) on all continents except Oceania and Africa.¹⁶²

PROCOLOMBIA provides exporters with capacity-building services and market information (per sector and per destination market) as well as promotion and matchmaking at trade fairs, road shows and other events abroad.¹⁶³ It also implements Colombia's Country Brand Program,¹⁶⁴ represented by a logo that can be used on products, websites and events under registration and specific conditions.

PROCOLOMBIA was the national partner in the pioneering Specialty Roasted Coffee Project of the Dutch Centre for the Promotion of Imports from Developing Countries (CBI) from 2014 to 2016.¹⁶⁵ The FNC was also a partner in this project, which aimed to increase roasted (specialty) coffee exports from Colombia to Europe. The project supported 12 Colombian coffee roasters.

¹⁵⁹ https://www.federaciondecafeteros.org/particulares/es/nuestro_equipo (accessed 14 October 2021).

¹⁶⁰ https://fncantioquia.org/Balance-2018/pdf/Periodico_IGG2018.pdf.

¹⁶¹ https://www.federaciondecafeteros.org/static/files/Periodico_IGG2018.pdf.

¹⁶² PROCOLOMBIA has six commercial offices in South America (Caracas, Quito, Lima, São Paulo, Buenos Aires and Santiago de Chile), three in Central America and the Caribbean (Guatemala City, San José and Miami – the latter covering the Caribbean), four in North America (Mexico City, Washington, New York and Toronto, plus an office in Miami), six in Europe (Madrid, London, Paris, Frankfurt, Moscow and Istanbul) and five in Asia (Beijing, New Delhi, Jakarta, Tokyo and Seoul). See <http://www.procolombia.co/nosotros/red-de-oficinas> (accessed 14 October 2021).

¹⁶³ <http://www.procolombia.co/direccion-de-desarrollo-estrategico-internacional/servicios-al-exportador> (accessed 14 October 2021).

¹⁶⁴ <https://www.colombia.co/marca-colombia/aliados> (accessed 14 October 2021).

¹⁶⁵ <https://www.cbi.eu/projects/specialty-roasted-coffee-colombia> (accessed 14 October 2021).

5.3 Commercial practices

5.3.1 Product and segment diversification

The strategic diversification of products and segments has been one of the success factors in Colombia's roasted coffee exports. As mentioned previously, a modification of *Resolución 01 de 1999* by *Resolución 04 de 2015* has allowed Colombian exporters to market products of standard and lower qualities internationally, as long as these are not labelled as *Café de Colombia*. In practice, this has allowed exporters to attain more volume on lower-end and mid-range segments, while protecting their smaller volume of high-quality coffees in higher-end segments. Also, developing products for a wide range of market segments has enabled Colombian exporters to serve as a one-stop-shop for buyers at destination markets.

The largest and most well-known Colombian coffee roasters have a wide range of products that target various types of consumers and markets. One of the most notable examples is Colcafé, which sells one of the leading brands on the Colombian market, *Café Sello Rojo*. The brand has different product lines: the traditional blend, flavoured and functional products, and the premium product using 100 per cent *Excelso* beans. The brand has wide consumer appeal, selling both in mass retail in regional markets and in the United States, as well as in nostalgic markets for Colombian/Latino communities in Europe.¹⁶⁶ At the same time, Colcafé has also developed a gourmet line, Matiz, sold at higher prices in mid- to high-end segments (e.g. the Brazilian supermarket chain Pão de Açúcar of the French Casino Group).¹⁶⁷ Colcafé is also an important producer of instant coffees, which are marketed internationally in mass-market retailers.¹⁶⁸

The Juan Valdez brand has also developed different premium product lines targeting different types of markets and consumers. One of its lines consists of single-origin coffees highlighting Colombia's different regions of Tolima, Santander, Cauca, Nariño, Sierra Nevada, Huila and Antioquia. A line of certified coffees includes an organic-certified product and other products certified according to UTZ and Rainforest Alliance (now merged into one scheme).¹⁶⁹ Juan Valdez also offers premium selection coffees, including a decaffeinated product,¹⁷⁰ and special editions such as micro-lots, as well as other products such as instant coffees, pods and drip coffee.¹⁷¹

5.3.2 Reaching consumers through different distribution channels

In addition to developing products that appeal to a wide group of consumers, one of the practices implemented by Colombian exporters has been to diversify their distribution through various retail and service channels internationally. This success is closely related to the activity, market knowledge and distribution network of local partners in the destination market, as well as to the size and capacity of the exporter.

Juan Valdez is an example of diversified distribution in export markets, with 5,500+ distribution points internationally.¹⁷² The brand has strong recognition that favours its overseas presence:

¹⁶⁶ <https://cafesellorojo.com> (accessed 14 October 2021).

¹⁶⁷ <https://www.paodeacucar.com/produto/350377/cafe-tornado-e-moido-matiz-ebano-extra-forte-pacote-250g> (accessed 14 October 2021).

¹⁶⁸ <http://es.industriacolombianadecafe.com/es-ve/marcasyproductos/internacional/nuestrasmarcas.aspx> (accessed 14 October 2021).

¹⁶⁹ <https://www.rainforest-alliance.org/articles/rainforest-alliance-utz-merger> (accessed 14 October 2021).

¹⁷⁰ <https://www.juanvaldezcafe.com/es-co/productos/nuestros-cafes> (accessed 14 October 2021).

¹⁷¹ Ibid.

¹⁷² <https://www.juanvaldezcafe.com/es-co/presencia> (accessed 14 October 2021).

- Own shops: In addition to its 300+ coffee shops in Colombia, Juan Valdez has another 130+ shops in 13 countries,¹⁷³ mainly in the United States and Latin America (but also in Spain and Malaysia). While the brand used to have shops in countries such as the Republic of Korea,¹⁷⁴ its current focus lies on expanding further into Latin American markets (Acosta 2019) such as Argentina and Uruguay. Juan Valdez coffee shops are located in strategic points that maximize the brand's exposure, such as airports (e.g., Miami, Aruba, Santiago de Chile, New York), shopping malls and business centres.
- Retail: Juan Valdez has had particular success in distributing coffees through mass-market retailers (supermarkets) in Latin America and the United States, notably the North American chain Walmart,¹⁷⁵ and, outside the United States, in Honduras, Mexico and El Salvador. In Chile, the department store Falabella is one of the main distribution points,¹⁷⁶ while Pão de Açúcar is the main supermarket distributing Juan Valdez in Brazil.¹⁷⁷
- Online: In markets where online shopping has a strong presence (China) or where retailers are difficult to access (Europe), Juan Valdez's main distribution channel is the Internet. In China, Juan Valdez is listed on main online shops such as Taobao, Tmall and Yihaodian.¹⁷⁸ In Germany, Juan Valdez is among the Colombian coffee brands marketed by the online shop Love4Coffee.¹⁷⁹ In the United Kingdom, the brand is sold via the online shop The Best of South America,¹⁸⁰ specifically targeting the Latin American community.
- Service channels and airlines: Juan Valdez is served in premium business class of LATAM airlines,¹⁸¹ and is increasingly developing products for service channels like hotels and offices, including own-brand coffee machines (Acosta 2019).

Distribution partners in destination markets are hand-picked. On Juan Valdez's website, the company Procafecol publishes its criteria to select distributors in export markets, which takes into account its revenue and other financial capacity, infrastructure, distribution network, market and import regulation knowledge, etc.¹⁸² One of Juan Valdez's success cases is its partnership with large-scale retailer Falabella, in Chile. The partnership led to a joint venture called Promotora Chilena de Café Colombia (Procafecol Chile), which is responsible for all of Juan Valdez's distribution points in Chile, including Falabella's own department store and Juan Valdez coffee shops (Portafolio 2007).

In contrast to Colombia's well-known brands, specialty coffee brands operating in niche markets and at lower volumes have more limited distribution options in export markets. However, their different distribution solutions have contributed to a diversified landscape at the national level. For example:

- Colombian Mountain Coffee, owner of brand Xue, has focused on supplying airlines within the Avianca Group (Taca and Trans-American Airlines), thus its main exports

¹⁷³ <https://www.juanvaldezcafe.com/es-co/donde-estamos> (accessed 14 October 2021).

¹⁷⁴ <https://www.juanvaldezcafe.com/es-cl/juan-valdez-cafe-abrio-su-primera-tienda-en-corea-del-sur> (accessed 14 October 2021).

¹⁷⁵ <https://www.juanvaldezcafe.com/es-co/puntos-de-ventas> (accessed 14 October 2021).

¹⁷⁶ <https://www.falabella.com/falabella-cl/page/Juan-Valdez?staticPagelId=7700001&sred=juanvaldez> (accessed 14 October 2021).

¹⁷⁷ <https://www.juanvaldezcafe.com/es-co/sala-de-prensa/juan-valdez-llega-a-mas-de-100-puntos-de-venta-en-el-mercado-brasilero> (accessed 14 October 2021).

¹⁷⁸ <https://www.juanvaldezcafe.com/es-co/puntos-de-ventas> (accessed 14 October 2021).

¹⁷⁹ <https://love4coffee.de/de/content/7-juan-valdez-back> (accessed 14 October 2021).

¹⁸⁰ <https://www.thebestofsouthamerica.co.uk/search?type=product&q=juan+valdez> (accessed 14 October 2021).

¹⁸¹ https://www.latam.com/en_us/about-us/experience-on-board/on-board-dining/premium-business (accessed 14 October 2021).

¹⁸² <https://www.juanvaldezcafe.com/es-co/perfil-distribuidor> (accessed 14 October 2021).

are destined to their home bases in El Salvador and Peru. Xue also has a shop and café in the international terminal of Bogotá's El Dorado International Airport¹⁸³ and a pop-up shop in Bogotá.

- Café Quindío has targeted online shops in destination markets that can position its brand directly to consumers, such as The Best of South America (United Kingdom),¹⁸⁴ Andina Distributors (United States),¹⁸⁵ YGMS Trading (United Arab Emirates) and Grano de Café (Germany).¹⁸⁶
- Café Devotion has focused on supplying its brand Veneto directly to the North American retailer HEB Grocery Company.¹⁸⁷

5.3.3 *Private-label manufacturing as an alternative market entry*

In traditional export markets, notably in Europe, Colombian exporters of roasted coffee have had limited success in marketing their own brands and reaching the mass-retail market. As such, a viable option for such companies offering both specialty and standard quality coffees has been in private-label manufacturing. Suppliers in emerging economies commonly hesitate to manufacture under private labels due to the fear that other brands will cannibalize their own brands,¹⁸⁸ but some Colombian companies have achieved success through this strategy.

In roasted coffee, private-label manufacturing can be interpreted as roasting and packaging coffees for another coffee brand or under a store brand, notably for supermarkets. Store brands have become increasingly popular among consumers in recent years as they have moved from low-quality alternatives to more sophisticated products.¹⁸⁹ Supermarkets, especially in the United States and Europe, have introduced premium coffee qualities and certified coffees into their assortments.

Roasting coffees under a private label may require substantial investments in terms of adapting the processing plant and the product to the buyer's specifications, but it can lead to long-term commercial relationships and incremental volumes. It may also substantially cut costs such as marketing and listing fees, as well as serve as a gateway to eventually introduce the supplier's own brand into the destination market.

Colcafé is a notable example of a Colombian company engaged in private-label manufacturing in addition to marketing its own brands. The company is highly capacitated in terms of meeting quality management and food safety standards (e.g., ISO 9001 and IFS), essential for collaboration with supermarkets, as well as in its engagement with various certification programs, including Fair Trade, Rainforest Alliance, ECOCERT, HALAL, KOSHER and UTZ. One of Colcafé's customers is Walmart USA. The Colombian company has roasted and packaged coffees for Walmart's Sam's Choice gourmet coffees since 2009,¹⁹⁰ besides supplying its own brands to the North American chain. In 2018, Colcafé's trade with Walmart USA accounted for over 30 per cent of Colombia's total roasted coffee exports in terms of value.¹⁹¹

¹⁸³ <https://www.xuecafe.com/canales> (accessed 14 October 2021).

¹⁸⁴ <https://www.thebestofsouthamerica.co.uk/collections/cafe-quindio> (accessed 14 October 2021).

¹⁸⁵ <https://andinadistributors.com> (accessed 14 October 2021).

¹⁸⁶ <https://www.granodecafe.de> (accessed 14 October 2021).

¹⁸⁷ <https://www.heb.com/search?q=veneto> (accessed 14 October 2021).

¹⁸⁸ <https://www.iplc-europe.com/the-private-label-challenge-in-emerging-markets> (accessed 14 October 2021).

¹⁸⁹ <https://www.plmainternational.com/industry-news/private-label-today> (accessed 14 October 2021).

¹⁹⁰ <https://corporate.walmart.com/newsroom/2009/03/16/walmart-announces-expanded-selection-of-colcafe-coffee-products> (accessed 14 October 2021).

¹⁹¹ <https://www.legiscomex.com> (accessed 14 October 2021).

Other Colombian companies have been involved in private-label roasting at a smaller scale. Under the CBI's Specialty Roasted Coffee Project, the most successful Colombian roasters to enter the European market did so through private-label roasting for companies such as the Polish coffee brand El Dictador and the German health food brand Daluma.

5.3.4 Investing in quality through capacity-building

While Colombia is renowned for its high-quality green coffees, there are still shortcomings related to the quality of its roasted coffee, mainly stemming from the lack of know-how about roasting and cupping techniques. However, the Colombian coffee industry is developing rapidly, and more and more roasters are investing in building the capacity of their personnel and the quality improvement of their products. This capacity is mainly related to roasting and organoleptic analysis skills.

The Coffee Quality Institute (CQI) has a strong presence in Colombia, working with local partners such as the National Learning Service (*Servicio Nacional de Aprendizaje - SENA*) in quality improvement programs through barista, roaster and Q-grader training activities.¹⁹² The CQI estimates that Colombia has over 100 licensed Q-graders in quality-control positions of several Colombian companies/roasters,¹⁹³ as well as master roasters, as in the case of Juan Valdez¹⁹⁴ and smaller coffee companies such as ASPROUNION of the coffee brand La Jacoba.¹⁹⁵

CBI's Specialty Roasted Coffee Project also invested in the capacity-building of its participating companies. In order to strategically address the quality improvement of roasted coffees, CBI provided Colombian roasters with full training and certification according to the Specialty Coffee Association's courses on coffee roasting (foundation to professional levels) and sensory skills (foundation to professional levels) as part of the Coffee Skills Program.¹⁹⁶

5.3.5 Creating a culture of quality in the domestic market

For Colombian roasters, developing the domestic market remains crucial in terms of creating visibility, scale and cash flow. To many of these companies, the domestic market is a point of departure to eventually expand activities into regional and other international markets.

Although Colombia has a domestic market that traditionally consumes lower-quality coffees, consumption of higher-quality and specialty coffees has started to consolidate. Not only are consumers more knowledgeable about the quality of products, they are also more aware of the regional origins¹⁹⁷ and of the impact of their purchases on producer incomes. The focus on specialty coffees has also influenced, as mentioned previously, a culture of baristas, Q-graders and other coffee professionals (Dominguez 2019).

A number of national trade fairs and events promote high-quality and specialty coffees in Colombia. These events not only attract international buyers to the country, but also foster a culture of specialty coffee consumption within the domestic market. The FNC is also very active in launching campaigns on the domestic market promoting *Café de Colombia*.¹⁹⁸

¹⁹² <http://www.sena.edu.co> (accessed 14 October 2021).

¹⁹³ <https://www.coffeeinstitute.org/colombia-quality-improvement-cuppingq-grader-training> (accessed 14 October 2021).

¹⁹⁴ <https://www.juanvaldezcafe.com/en-us/stories/coffee-notes/lifestyle/roasting-another-secret-behind-the-flavor-of-juan-valdez-cafe> (accessed 14 October 2021).

¹⁹⁵ <https://www.asprounion.com/en/background> (accessed 14 October 2021).

¹⁹⁶ <https://sca.coffee/education/programs/coffee-skills-program> (accessed 14 October 2021).

¹⁹⁷

https://www.federaciondecafeteros.org/clientes/es/sala_de_prensa/detalle/la_rentabilidad_pasa_por_la_produccion_de_cafes_especiales.-_roberto_velez (accessed 14 October 2021).

¹⁹⁸ https://www.federaciondecafeteros.org/static/files/Periodico_IGG2018.pdf

The Cafés de Colombia Expo in Bogotá has become the most important specialty coffee event in Latin America.¹⁹⁹ It hosts around 100 exhibitors and 17,000 visitors annually – including some 400 international buyers. It has representation of all levels of the coffee industry, including national roasters. Within this event, the National Barista Championship, National Filter Coffee Championship and National Cup Tasters Championship are also held.

Also gaining importance are local events such as the Filter Coffee Championship in Quindío, the AeroPress Championship in Medellín and the Carullas es café in Bogotá and Medellín.²⁰⁰ The latter promotes consumption of nationally produced coffees.

Colombia also has associations focusing on high-quality coffee, such as the Colombian Association for Coffee Excellence (*Asociación Colombiana para la Excelencia del Café - ACECC*)²⁰¹ and the Colombian Association of Specialty Coffees (*Asociación Colombiana de Cafés Especiales - ASOCAFÉS*).

5.3.6 *How benefit-sharing mechanisms bring profits back to farmers*

The Juan Valdez company has notably created extra mechanisms to bring profits back to Colombian producers. The brand is owned by the FNC, thus it effectively belongs to the producers themselves – a unique case worldwide. The Promotora de Cafés Colombia (Procafecol), manager of the brand, pays a premium price to producers and returns the profits generated from the use of its trademark to the National Coffee Fund (Gestión Solidaria 2019). Since Juan Valdez was founded in 2012 until the beginning of 2018, the use of the trademark generated over US\$28 million (COP 90,000 million) (Medina 2018). In this manner, the brand directly finances sustainability programs that improve Colombian producers' livelihoods, and enhances the impact for lower levels of the value chain.

6. Recommendations for Ethiopia's roasted coffee sector

The conclusions and recommendations presented in this section are based on the main opportunities and challenges presented by the different international markets for Ethiopia's roasted coffee exports, and further inspired by Colombia's best practices from an institutional and commercial point of view.

The recommendations are organized into two categories:

- Institutional recommendations: Activities that will require sector-wide efforts and sector restructuring, thus having a higher level of complexity.
- Commercial recommendations: Activities that can be implemented directly by the private sector, with the support of Ethiopian institutions, thus having a lower level of complexity.

¹⁹⁹ <https://cafesdecolombiaexpo.com/?> (accessed 14 October 2021).

²⁰⁰ https://www.federaciondecafeteros.org/static/files/Periodico_IGG2018.pdf

²⁰¹ <http://www.asecc.co> (accessed 14 October 2021).

6.1 Institutional recommendations

6.1.1 Structure and institutionalize the roasted coffee sector

A successful export-oriented sector is founded upon policies that regulate and protect its stakeholders, while being conducive to business. Colombia's coffee sector has generated a number of resolutions and directives that tackle these challenges and strengthen roasted coffee exports, and that could inspire improvements in Ethiopia's institutional framework related to roasted coffee.

Recommendations

- Study Colombia's institutional framework in detail, and assess the feasibility of applying similar resolutions, directives and initiatives in the context of Ethiopian institutions. The main elements of Colombia's institutional framework that could inspire adaptations in Ethiopia are:
 - A system for registration and quality control of roasted coffee exporters, facilitated by online forms and procedures, and enhancing traceability at the level of the Ethiopian Commodity Exchange.²⁰²
 - A facilitated procedure that allows exporters to access international markets with smaller quantities of roasted coffees, and which is still linked to all official registration and quality controls of the Ethiopian Commodity Exchange and the Ethiopian Coffee and Tea Authority.
 - A Protected Geographic Indication (PGI) system that protects the national coffee's origin, and which is registered and recognized in its main export markets. The PGI is represented by a recognizable and iconic logo that can be used by domestic roasters that comply with registration, authorization and quality requirements.

6.1.2 Improve quality through capacity-building

Coffee-producing countries are generally known for the quality of their green coffee beans, but fall short in demonstrating and communicating quality for roasted coffees. Cupping, roasting and other technical skills can be developed locally, and can gradually improve the quality of roasted coffees and make them adequate for those international markets. This was described in the case of Colombia, and can possibly inspire similar initiatives in Ethiopia.

Recommendations

- Collaborate with international specialty coffee organizations such as the Coffee Quality Institute (CQI) and the Specialty Coffee Association (SCA) in developing and implementing training modules for Ethiopian roasters on cupping, barista and roasting skills. These capacity-building activities can be promoted among roasters with the aim of increasing the share of certified Q-graders, master roasters and other technical skills in the Ethiopian coffee sector.
- Promote the above-mentioned training among sector associations in Ethiopia in a "train-the-trainer" format. This will allow for the capacity-building of institutional actors that will then be able to pass on this knowledge forward and create a multiplier effect.

²⁰² <http://www.ecx.com.et> (accessed 14 October 2021).

6.1.3 Create and apply a market information system

Having an organized and up-to-date market information system and other helpful tools to enable exporters to access relevant trade figures to analyse international markets is a fundamental element of a strong export sector. Exporters that are educated about international markets have better chances to export successfully and sustainably.

In the case of Colombia, a governmental export promotion agency (PROCOLOMBIA) has the mandate to support exporters in this respect, with a specific department dedicated to market information. This agency has a strong network of private sector actors in Colombia and internationally, as well as strong connections with import promotion organizations and other institutions abroad. PROCOLOMBIA participates in the main coffee and food-related trade fairs worldwide, and is a partner in various development cooperation programs targeting the private sector in Colombia.

Recommendations

- Enhance the market information system within Ethiopia's existing sector organizations and/or governmental institutions, namely the Ethiopian Coffee and Tea Authority, to support the roasted coffee sector and entrepreneurs related to this sector.
- Consolidate partnerships with Ethiopian export promotion agencies, chambers of commerce and business networks to collaborate in the compilation of market information products for Ethiopian coffee roasters. Examples of useful products are market profiles, buyers' lists, logistics simulators, cost calculation tools and export guidelines.
- Use market information products to prepare and support Ethiopian roasters during international trade fairs and events and help them identify potential commercial partners in such events. Market profile briefs and lists of buyers attending those events could be especially useful. Another activity within the framework of such support would be guided visits for retailers and service channels in the format of a study tour. Such educational activities could contribute to new product development ideas, as well as to developing better knowledge of consumer preferences in destination markets.

6.1.4 Investigate transportation, logistical and packaging solutions

Transportation is one of the most contentious subjects relating to roasted coffee exports in terms of feasibility, costs and quality deterioration risks. Ethiopia has an unfavourable geographic position with regard to logistics, having mainly utilized air freight for its roasted coffee exports. However, reaching scale through air freight is not realistic in the long term, and the costs are considerably high. In addition, the carbon footprint resulting from air freight may affect the image of Ethiopian exports in some of its markets. The feasibility of sea freight as a long-term strategy should be considered, especially for exporters engaged in higher volumes. However, quality deterioration risks should be acknowledged and mitigated.

In the example from Colombia, companies that managed to attain higher export volumes for extended periods of time utilized sea freight to access their main markets. As mentioned, over 90 per cent of Colombia's roasted coffee exports are transported via sea freight. The extent to which quality deterioration is noticeable by consumers is not well established, since a large part of these exports reaches mass-retail markets.

Another important aspect concerning transportation, from the perspective of quality preservation, involves packaging and packaging materials. One essential factor to guarantee freshness is the use of one-way valves (CBI 2016), since carbon dioxide and other gases continue to be released from the roasted coffee days after roasting. The use of thick-lined materials with a thermos seal (CBI 2016) or recyclable (nitrogen-flushed) cans²⁰³ should also be considered for optimal quality preservation.

Apart from packaging, ground coffee has a shorter shelf-life than whole beans, since grinding increases the porosity and surface/volume ratio of the product, thus accelerating degassing (Sage 2010). Ground coffee may be preferred in some markets and by some consumers (in contrast to whole beans) due to its convenience, but the shorter shelf life of this product should be considered by Ethiopian exporters in terms of arranging logistics and distribution in destination markets.

Recommendations

- Develop a collaboration platform for Ethiopian exporters to negotiate air freight options and pricing with logistics agents and transportation companies, and to better organize themselves when shipping to similar destinations using ship consolidation means.
- Support a pilot project on sea freight for roasted coffees from Ethiopia, possibly in nearby markets such as those in the Middle East. Experiment with different transit times, temperatures, air ventilation rates and packaging types so as to establish quality deterioration points before and after transportation – supported by organoleptic, chemical and physical analyses. Use this information to define tolerance margins and relate them to sea freight alternatives to different international markets.
- Provide Ethiopian roasters with up-to-date information on freight options to different export markets, prices, transit times and available shipping companies. This information can be centralized into an online portal, accessible to selected members, and be part of the previously mentioned Market Information System. An example of such a tool is the Cost Simulator implemented by Colombia's export promotion agency PROCOLOMBIA.²⁰⁴
- Encourage Ethiopian roasters that export to the same destinations to collaborate and consolidate sea-freight containers with their joint supplies. This will help companies lower costs and gradually foster an associativity culture among Ethiopian roasters. Consider the possibility of consolidating containers consisting of mixed green coffee bags and roasted coffee boxes/pallets.
- Develop an Inventory of suppliers of packaging and packaging materials in Ethiopia and abroad. Use trade fairs and other events to identify packaging innovations and suppliers that can offer these products. Organize exporters interested in similar products and negotiate joint deals.

6.1.5 Comply with legislative requirements

The analysis of individual target markets reveals that the applicable legislation is similar among these countries, all founded on the basic standards of the *Codex Alimentarius* commission.²⁰⁵ However, each market shows slight differences that should be considered and addressed by Ethiopian roasters and exporters. The recommendations below entail

²⁰³ <https://www.thecoffeewholesalers.com/coffee-packaging-bags> (accessed 14 October 2021).

²⁰⁴ <http://simuladordecostos.procolombia.co> (accessed 14 October 2021).

²⁰⁵ <http://www.fao.org/fao-who-codexalimentarius/home/en> (accessed 14 October 2021).

collaboration with national and international partners so as to create capacity-building initiatives concerning compliance.

These initiatives can be used to mitigate the main risks associated with production, storage and transportation of roasted coffees. Most border rejections for roasted coffee in the European Union, for example, have been related to high levels of Ochratoxin A, so checks should be made of examples of roasted coffee from Kenya and Turkey on the European Commission's Rapid Alert System for Food and Feed (RASFF) portal.²⁰⁶

Recommendations

- Encourage Ethiopian roasters to understand and implement food safety procedures within their production and storage facilities based on a Hazard Analysis and Critical Control Point (HACCP) system, as established by the *Codex Alimentarius* commission. This intervention can be implemented through training, workshops and on-site capacity-building involving personnel from different departments, and not only quality-control technicians.
- Reference other guidelines and codes of practice from the *Codex Alimentarius* that may help roasters prevent contamination and other hazards, including the Code of Practice Concerning Source Directed Measures to Reduce Contamination of Food with Chemicals (CAC/RCP 49-2001),²⁰⁷ Code of Practice for the Prevention and Reduction of Ochratoxin A Contamination in Coffee (CAC/RCP 69-2009) (mainly related to green coffee), and Principles and Guidelines for the Establishment and Application of Microbiological Criteria Related to Foods (CAC/GL 21 – 1997).²⁰⁸ The standard that should also be observed and complemented by national requirements of the target export markets is the General Standard for Contaminants and Toxins in Food and Feed (CXS 193-1995).²⁰⁹ In addition, exporters should prevent acrylamide contamination derived from coffee roasting, particularly when exporting to the European Union, as described in the sector association Food Drink Europe: Acrylamide Toolbox 2013.²¹⁰
- Advise Ethiopian roasters to review their product labelling according to the General Standard for the Labelling of Prepackaged Foods,²¹¹ as established by the *Codex Alimentarius*. Most legislative requirements have been set internationally based on this standard. The applicable legislative requirements of individual target markets should also be reviewed, including the type of information that should be in labels, size of fonts, language(s) required and other important aspects. In terms of language, multi-language labels can be developed, but they should be accurate and grammatically correct. It is advisable to consult directly with the importer in the destination market regarding the use of stick-on labels and other assistance that can be provided in this respect.

²⁰⁶ <https://webgate.ec.europa.eu/rasff-window/portal> (accessed 14 October 2021).

²⁰⁷ http://www.fao.org/fao-who-codexalimentarius/sh-proxy/pt/?lnk=1&url=https%253A%252F%252Fworkspace.fao.org%252Fsites%252Fcodex%252FStandards%252FCXC%2B49-2001%252FCXP_049e.pdf

²⁰⁸ http://www.fao.org/fao-who-codexalimentarius/sh-proxy/en/?lnk=1&url=https%253A%252F%252Fworkspace.fao.org%252Fsites%252Fcodex%252FStandards%252FCXG%2B21-1997%252FCXG_021e.pdf

²⁰⁹ http://www.fao.org/fao-who-codexalimentarius/sh-proxy/en/?lnk=1&url=https%253A%252F%252Fworkspace.fao.org%252Fsites%252Fcodex%252FStandards%252FCXS%2B193-1995%252FCXS_193e.pdf

²¹⁰ https://ec.europa.eu/food/sites/food/files/safety/docs/cs_contaminants_catalogue_acrylamide_toolbox_201401_en.pdf

²¹¹ http://www.fao.org/fao-who-codexalimentarius/sh-proxy/en/?lnk=1&url=https%253A%252F%252Fworkspace.fao.org%252Fsites%252Fcodex%252FStandards%252FCXS%2B1-1985%252FCXS_001e.pdf

- Ethiopian exporters are also advised to review the current packaging materials they use for their roasted coffees (including the usage of ink for the printed text), and verify whether they comply with the legislative requirements of their target markets.
- When Ethiopian roasters market organic-certified products, they are advised to safeguard a valid organic certification that is recognized in the destination market. Although coffee in Ethiopia is often produced without chemical inputs (that is “organic by default”²¹²), it can only be marketed as organic in its destination markets if it complies with the certification procedures. Any other certification claims, such as fair trade, should also be substantiated by the existence of a valid certificate or standard.

6.1.6 Communicate the right message in promotion and marketing

Promotion and marketing are a key element to foster awareness and provide correct information about coffee. For coffees that are roasted-at-origin, this is even more important, since consumers are usually not aware of the quality and impact that local roasters can have. In addition, because the coffee market presents a highly competitive landscape, it is important that producing countries set themselves apart and optimize their competitive edge. In this respect, it is also important to innovate in terms of image and promotion, as well as in packaging materials and packaging design for roasted coffees.

The Colombian coffee sector has utilized a number of instruments to promote its roasted coffees and has created a strong image among consumers. Much of this image is still related to Colombia’s reputation as a green coffee producer, and to the iconic logo of the *Café de Colombia*. However, this is changing gradually as specialty coffee roasters from Colombia expand their network and gain market share in international markets. In addition, Colombian companies have invested in a few innovations such as nitrogen-flushed (metal) packaging and biodegradable capsules, as well as in appealing packaging designs and marketing concepts.

Recommendations

- Create a common brand for Ethiopian roasted coffees that can be used by all Ethiopian coffee roasters upon compliance with registration, authorization and quality criteria. This brand can be related to a Protected Geographic Indication, which will consequently allow for institutionalization and protection in export markets as well. A common brand should allow exporters to be recognized by a common symbol or logo communicating quality and promoting the country’s origin. The brand of Ethiopia’s coffee and its main message can be derived from participatory workshops involving Ethiopian producers, roasters and other private and institutional sector stakeholders.
- Explore possibilities to institutionalize sub-categories of Ethiopian coffees in niche markets and create harmonized and registered standards (e.g., “Ethiopian hand-roasted coffee”), so as to preserve traditional elements of Ethiopia’s coffee ceremony and make them accessible to consumers in international markets.
- Clearly communicate the message of Ethiopia’s roasted-at-origin coffees in marketing/promotional materials and events. Examples of message are the benefits to producing communities and to the country’s development, the preservation of the coffee’s origin and traceability, the quality and freshness of the raw material, the close and transparent relationship with producers, the authenticity of 100 per cent Ethiopian

²¹² <https://www.kew.org/sites/default/files/2019-01/Coffee%20Farming%20and%20Climate%20Change%20in%20Ethiopia.pdf>

coffees, etc. Educate buyers and consumers about these elements through the use of websites, social media and other marketing channels to reach larger audiences, possibly involving specialized marketing professionals.

- Connect Ethiopian exporters and sector associations with faculties and professionals in the field of industrial and graphic design to spur innovation within the roasted coffee industry.

6.2 Commercial recommendations

6.2.1 Promote Ethiopia's specialty roasted coffee at trade fairs and events

Participating in international trade fairs and other events is still one of the best ways to promote products and enhance matchmaking opportunities. As described in this study, coffee-related events are interesting not only to exporters of roasted coffee, but also to those involved in the general food sector, service industry, niche markets, etc. Taking part in awards events and competitions can also be a way to demonstrate the quality of Ethiopian roasted coffees.

As in the case of Colombia, trade fairs and festivals organized domestically are also important to attract interest in a country's specialty coffee sector, as well as to create a culture of quality and increase consumption.

Recommendations

- Create an international trade fair and event agenda for Ethiopia's main target markets. Invite and support a group of Ethiopian roasters whose profiles match these events in terms of market, segment, quality, certification, etc. As mentioned above, use market information products to prepare for the trade fair.
- Create a common identity among Ethiopian companies participating in a trade fair to enhance the roasted coffee sector's associativity and cohesion, as well as a country brand. For example, prepare joint brochures containing product listings and profiles from the different exhibiting companies, as well as relevant information about Ethiopia and its coffee sector.
- Organize and promote local trade fairs and specialty coffee events in Ethiopia so as to increase the domestic and international visibility of national roasting companies and brands. Invite and engage international buyers, organizations and other sector stakeholders. These events can also be combined with contests and championships involving baristas, Q-graders, master roasters and other industry professionals.
- Collaborate with international organizations such as the Agency for the Valorization of Agricultural Products (AVPA) to increase the visibility of Ethiopian roasters through internationally recognized awards.

6.2.2 Distribute roasted coffee through strategic local partners

Importing and distributing roasted coffee within an international market will inevitably require a strategic partnership with local players. Local importing distributors have several roles such as customs clearance, logistics, warehousing, handling of orders, promotion and sales, handling of information requests, contracts, and post-sales services.

Choosing the right representative will be one of the essential elements in determining success or failure of a company's export ambitions. One of the biggest success factors for Colombian roasters has been to engage with well-connected, financially stable and capable distributors in their destination markets.

Recommendations

- Encourage and support Ethiopian exporters in selecting their representative companies and distribution partners strategically. Distributors should match the specifications and ambitions of an exporter's marketing plan. An export marketing plan should clearly define a company's offerings and its target market, including desired distribution channels, pricing levels, promotional means and target consumer groups.
- Engage with Ethiopia's network of embassies, chambers of commerce and business platforms internationally to develop an inventory of the most relevant and reputable distributors in destination markets, paying special attention to their distribution network and potential outreach.

6.2.3 Explore alternative distribution models in destination markets

Traditional and consolidated markets such as the European Union and the United States present a number of marketing and distribution challenges for a coffee roaster to access under its own brand. These challenges range from branding, promotion and market introduction costs to retailers' listing fees and competition from local roasters and brands. As such, roasting coffees under an existing brand can facilitate market access. As described in this study, Colombian companies have had success in roasting coffees for retailers' brands and for coffee brands, most notably in the United States and, to a smaller extent, in Europe.

Some of the most successful cases of Ethiopia's roasted coffee exports also relate to brands that are registered in Europe, such as Moyee (Netherlands) and Solino (Germany). Through these brands, Ethiopian coffees have achieved distribution through retail channels, which has led to relative scale and exposure to consumers. In contrast to private-label manufacturing, these commercial relationships are integrated into a single company, and based on exclusivity.

Investigating collaboration opportunities with existing retailers and brands in both traditional and emerging markets can be a prospective market access strategy for Ethiopian exporters.

Recommendations

- Identify the capacity (production volume, food safety and quality management certificates, and sustainability certificates) and willingness of Ethiopian roasters to supply to traditional and emerging markets on the basis of a private label. Encourage and support these companies in exploring matchmaking opportunities in roasting for retailers and/or established brands. This can be done through attendance at relevant events such as the World of Private Label, hosted by the Private Label Manufacturers Association in Europe (Amsterdam, Netherlands) and in the United States (Chicago),²¹³ as well as through existing platforms that connect private label suppliers and buyers, such as the Trace One Network.²¹⁴

²¹³ <https://www.plmainternational.com> (accessed 14 October 2021).

²¹⁴ <https://www.traceonenetwork.com> (accessed 14 October 2021).

- Invest in capacity-building workshops and training modules for Ethiopian roasters concerning buyers' requirements for private label manufacturing with regard to food safety, quality management, product specifications, sustainability, logistics and distribution.
- Engage with Ethiopia's network of embassies, chambers of commerce and business platforms internationally to develop an inventory of the most relevant retailers and brands in destination markets that collaborate with private label manufacturers.

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