



**GLOBAL COFFEE
SUSTAINABILITY
CONFERENCE 2017**



Principal Speaker

Roberto Vélez

CEO Colombian Coffee Growers Federation



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GLOBAL COFFEE
PLATFORM



**Federación Nacional de
Cafeteros de Colombia**

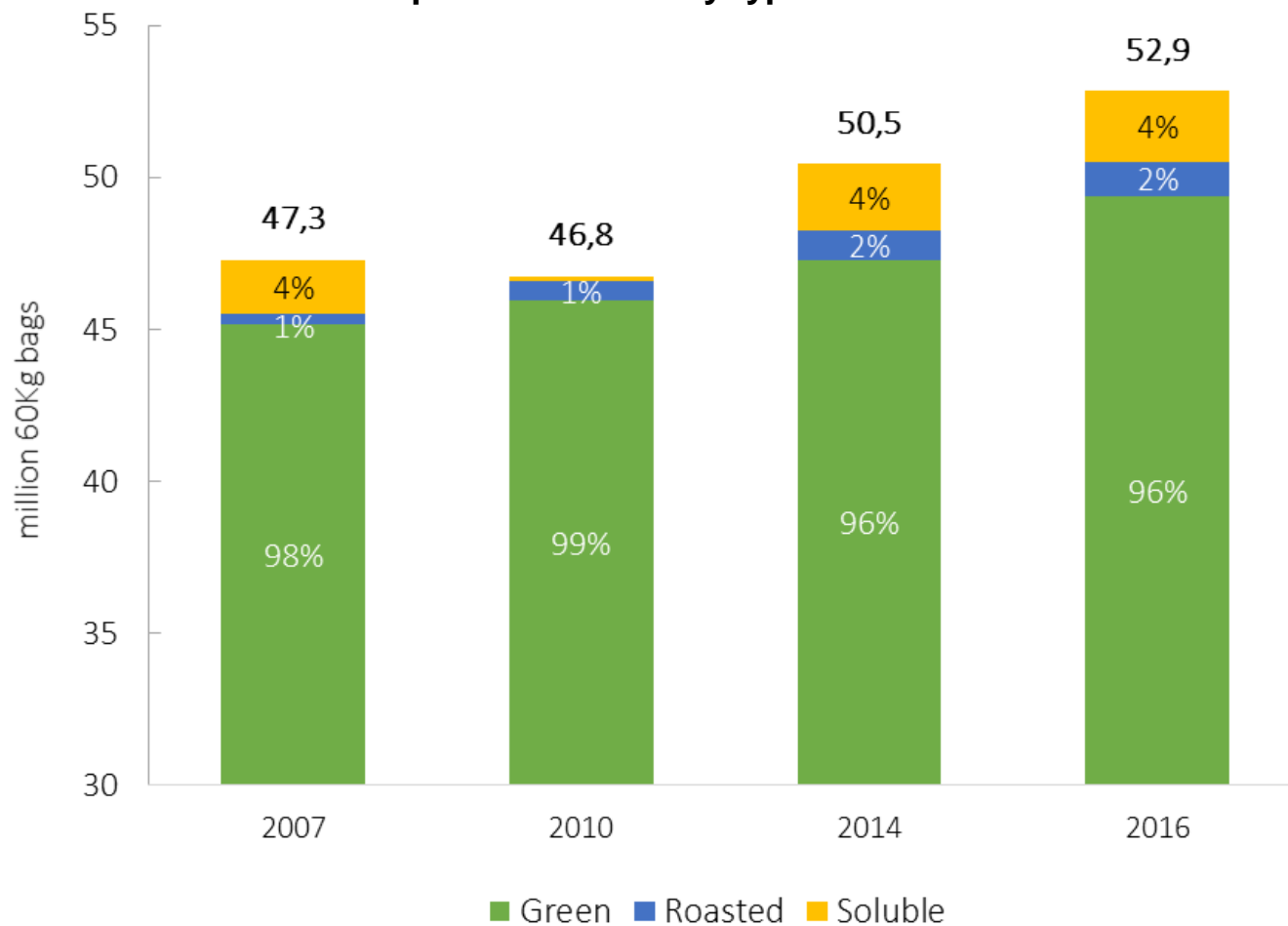
Global Coffee Sustainability Conference

Securing the Economic Viability of Coffee

Roberto Vélez
CEO FNC

Only 6% of exports from producing countries are added value coffees

Imports to the EU by type of coffee



Source: European Coffee Federation and F.O Licht

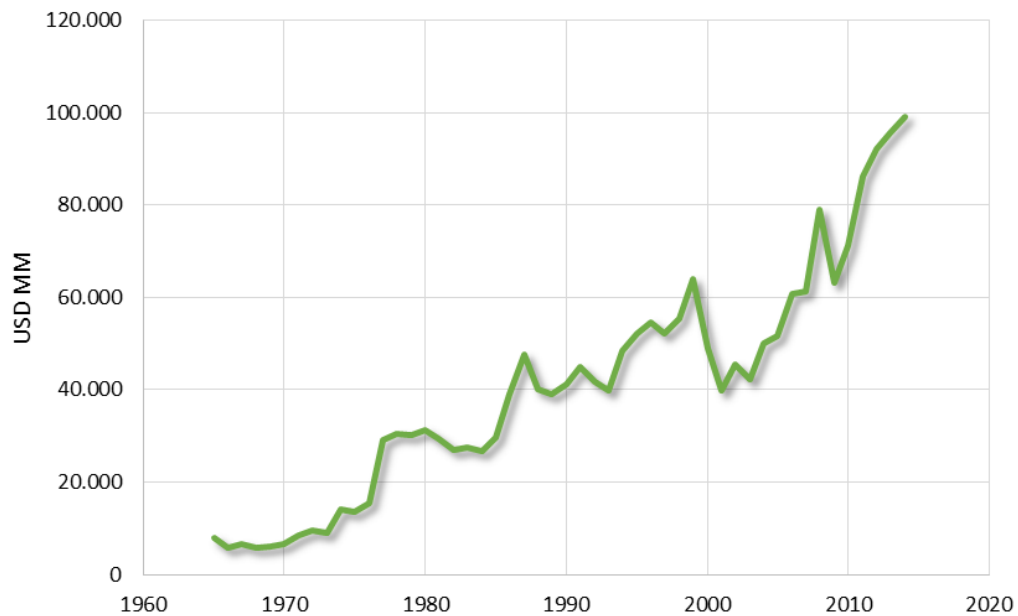


The value chain to the final consumer generates an income close to US\$200 billions per year

Global coffee income (includes coffee shops and foodservice)

	Million bags	US\$ (MM)
World production	152	
Domestic consumption	48	29.169
Exportable production	104	
Roasted coffee retailer	83	53.099
Coffee shops	7	57.342
Foodservice	14	61.424
		201.034

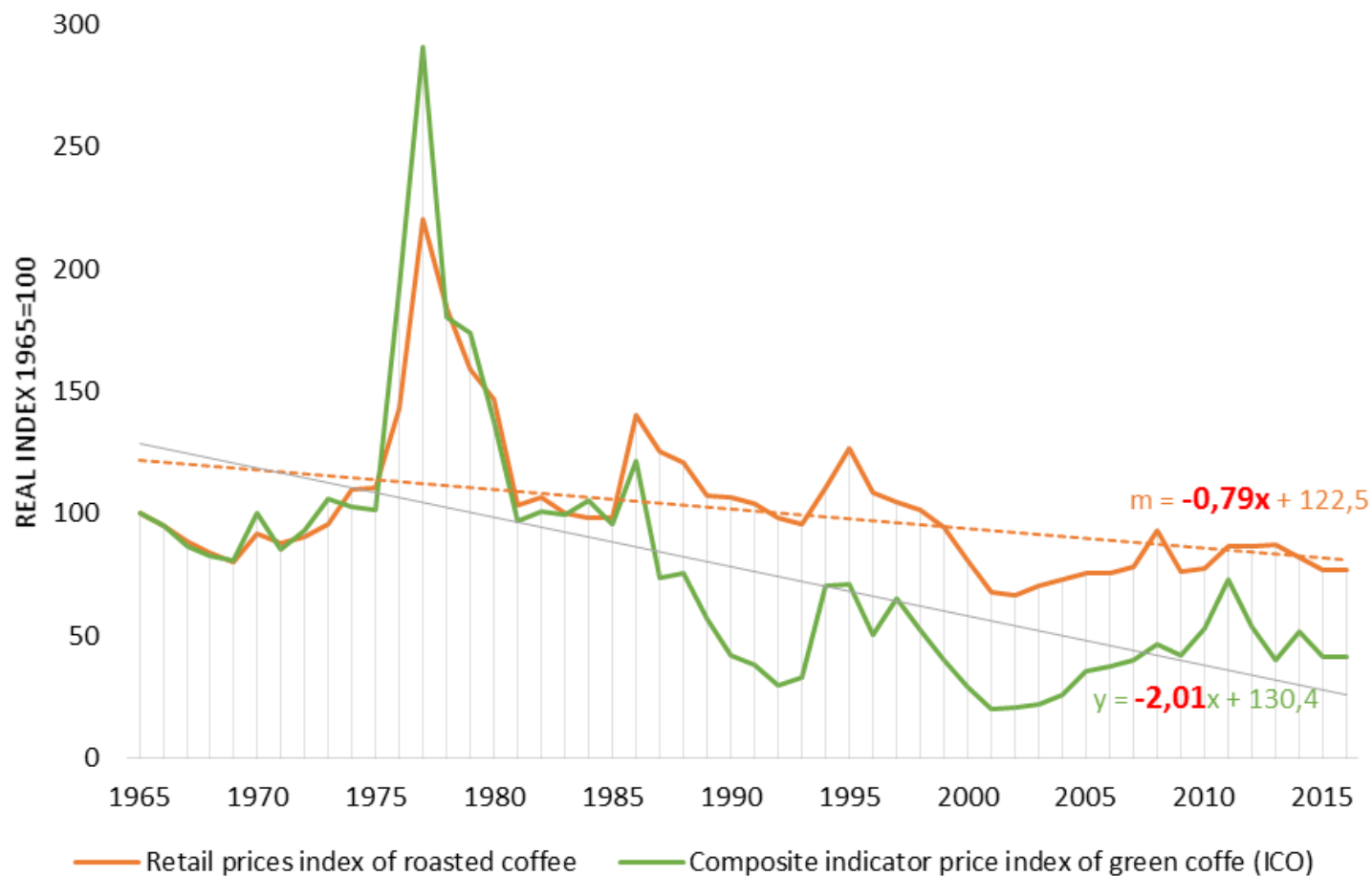
Current world coffee income (no coffee shops or foodservice)



Source: FNC based ICO & FAO. (Data for 2013)

The decreasing trend in green coffee prices is more pronounced than in roasted coffee prices

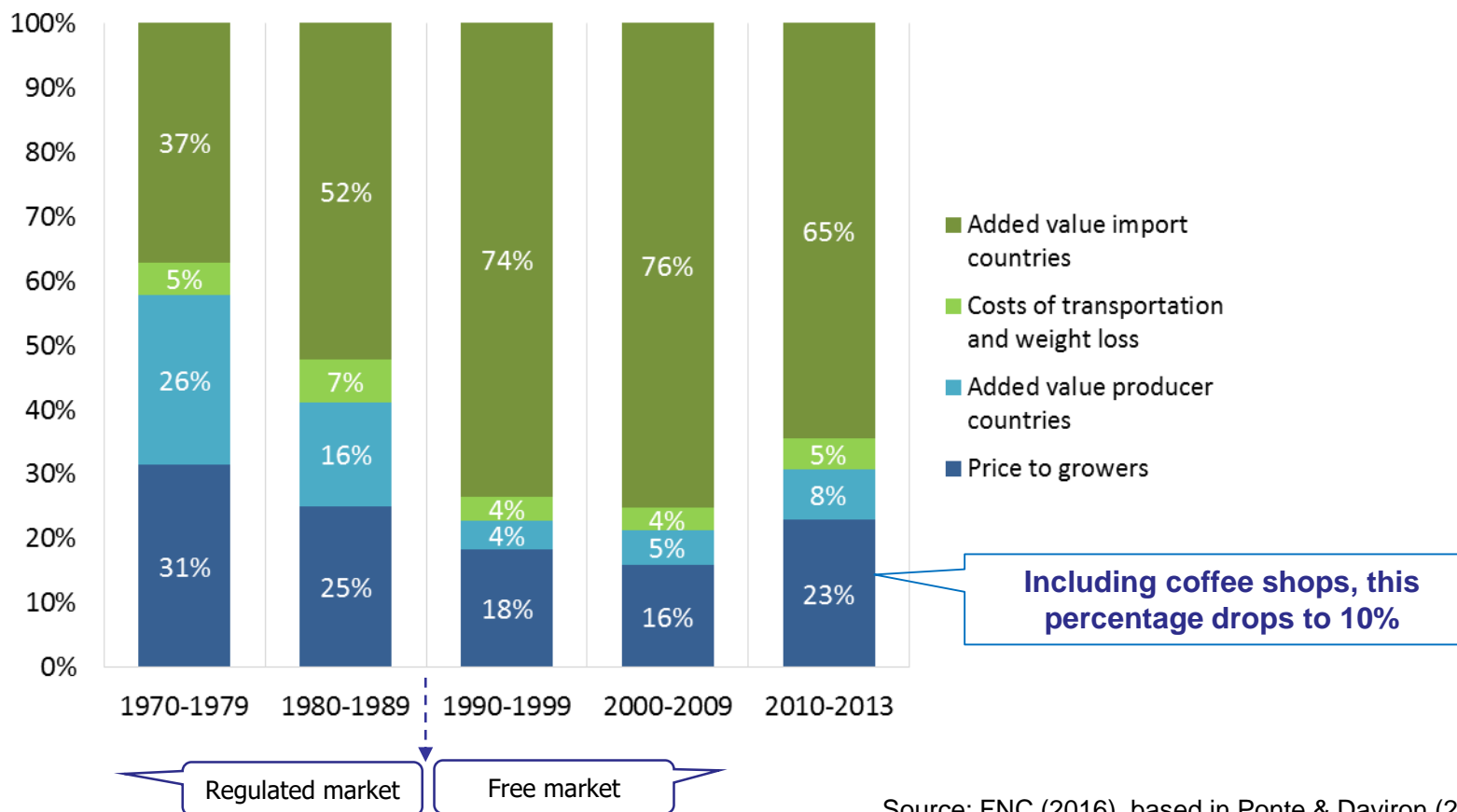
Real price index of Green Coffee Vs Roasted Coffee



Source: FNC, ICO (Retail prices are calculated from a weighted average of the top 29 importing countries)

There is an uneven distribution of value added in the coffee chain

Distribution of value added in the coffee chain (no coffee shops or foodservice)

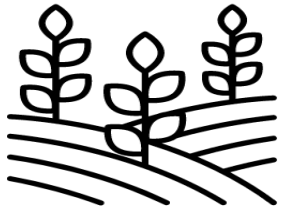


Source: FNC (2016), based in Ponte & Daviron (2005).

Free market improved efficiency in the value chain, but concentrated the income in importing countries. The challenge for producers is to capture a higher percentage of the total value

Global challenges for coffee sustainability

PRODUCTION AND PRODUCTIVITY



- In 2025, coffee global consumption will be of **180 million 60 kg bags** (ICO)
- Coffee production has to increase **15%** in less than 10 years to satisfy the demand*

PRICE VOLATILITY



- Nowadays, coffee price volatility is **39% per year**.
- The 18 months average price has reached decreases up to **60%**. **

GENERATIONAL TAKE OVER



- The highest cost for producers is labor force, this is up to **60%** of total cost of production.
- There are concerns about youth involvement. *

CLIMATE CHANGE



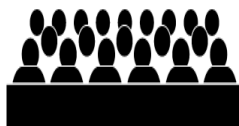
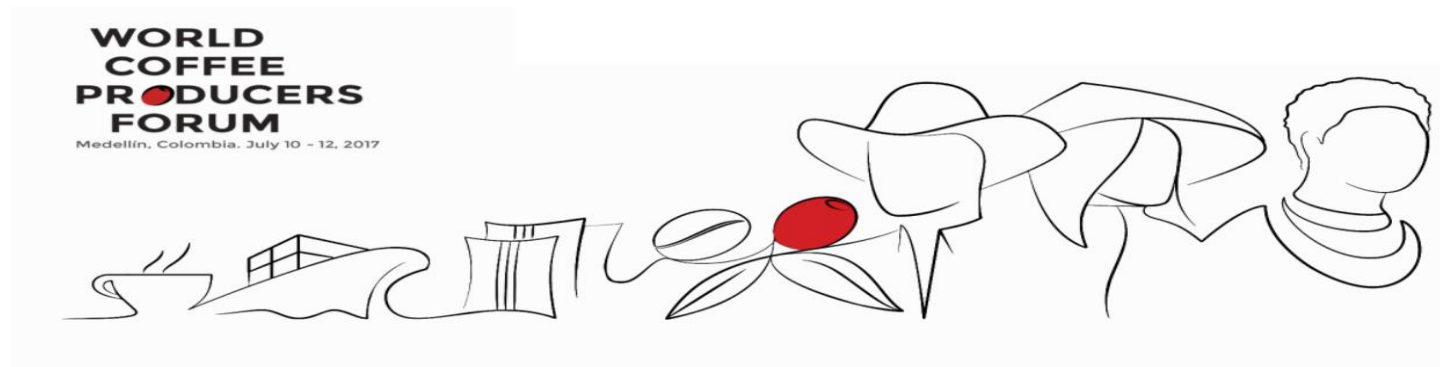
- By **2050** coffee planted area would decrease by **50%** as a result of climate change.

* Corey Watts, 2016. Multiclass Classification of Agro-Ecological Zones for Arabica Coffee: An improved understanding of the impacts of climate change

** Own estimates of annualized volatility and moving average of 18 months in 1944-2017 period

World Coffee Producers Forum

It was an event that brought together representatives from all the actors in the value chain.
Medellín, Colombia, July 2017



1.351
Event attendees



44
Countries



4 Languages

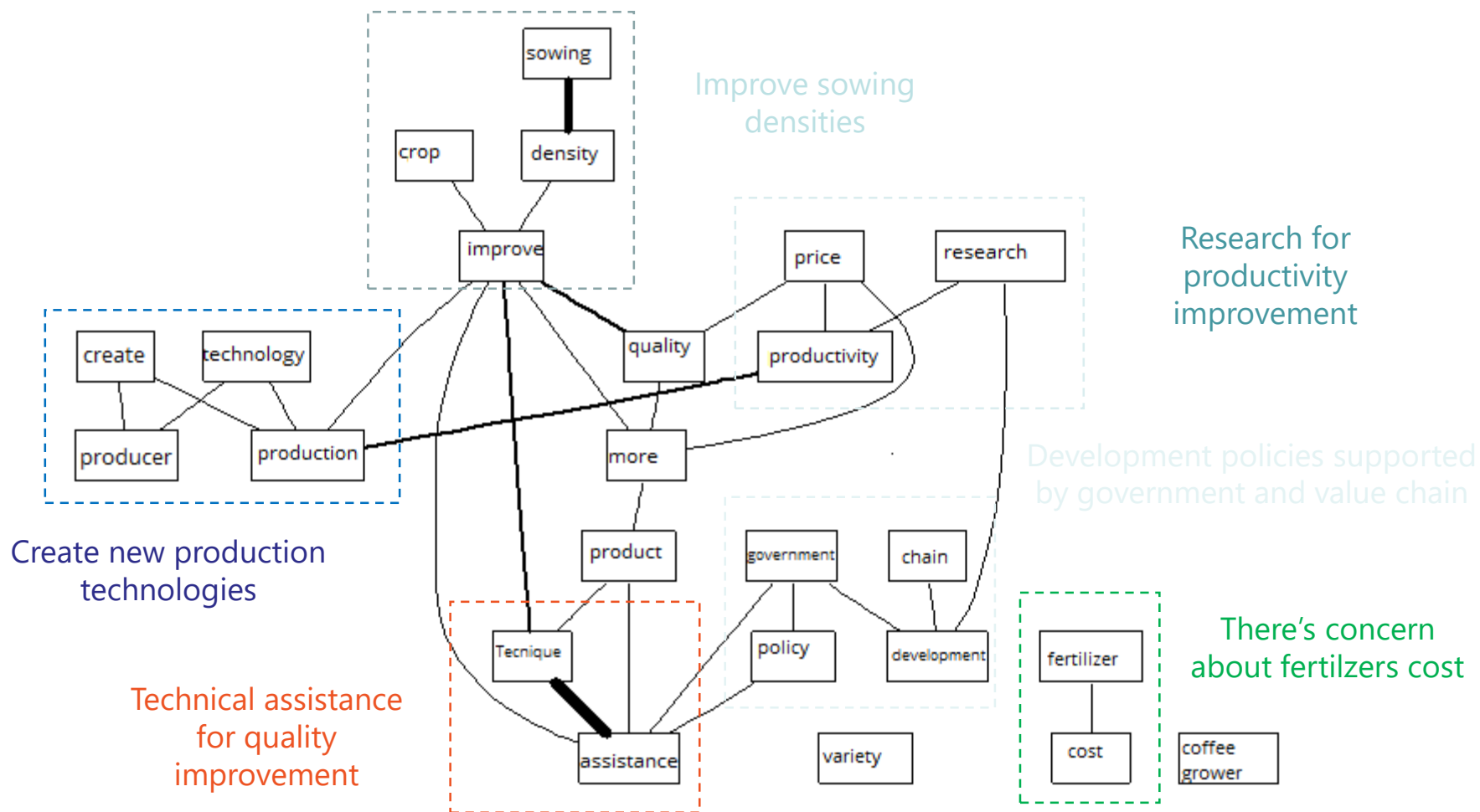


Main Conference: Jeffrey Sachs
3 Panels- 24 Participants

During the forum, 4 challenges were discussed about the sustainability of the coffee market through workshops where representatives from all producing countries and different links in the coffee value chain participated.

1. Production and productivity

Associations *



*The thicker the line, the greater the value of the association.

1. Production and productivity

Vester systemic analysis

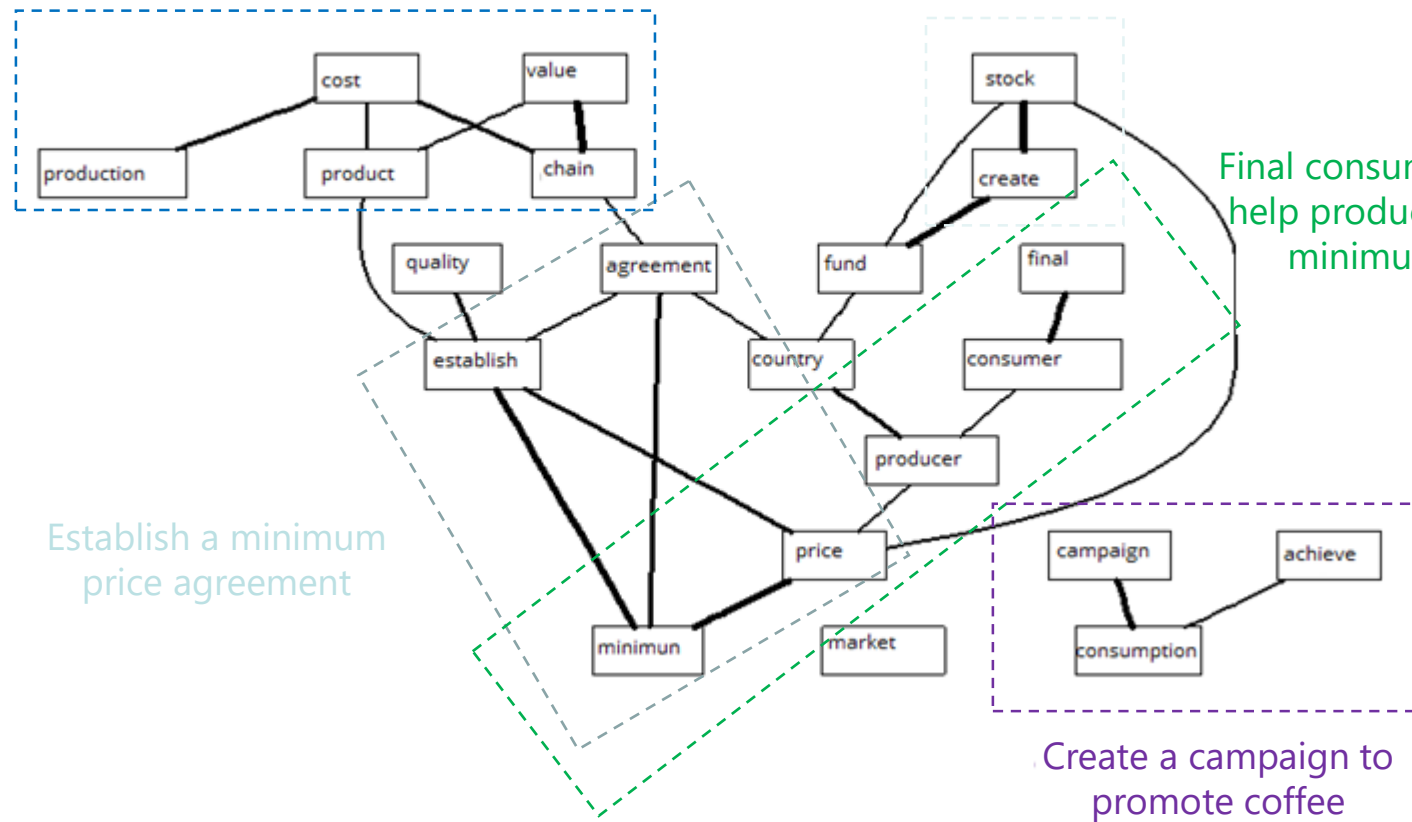
	ACTIVE IDEAS	CATEGORY	GOVERNANCE	ACTION PLAN
1	Creating global producer organization: financing, conservation, consumption promotion, variety, technology, education, productivity.	Internacional Agreement	International Coffee Policy	
2	Creating a global research fund			
3	To strengthen scientific research and create a global network with productive chain actors	Agronomic Research		
4	To generate linkage between productive chain agents to improve productivity	Productive chain		
5	Improving educational offer (financial management, technical assistance, entrepreneurship, value chain scaling)	Education	National Public Policy	
6	To promote public policies that generate access to financing and cooperative models	Financing		

2. Price Volatility

Associations

Chain of value should help with production costs

Create a stock market for a minimum price



Establish a minimum price agreement

Create a campaign to promote coffee consumption

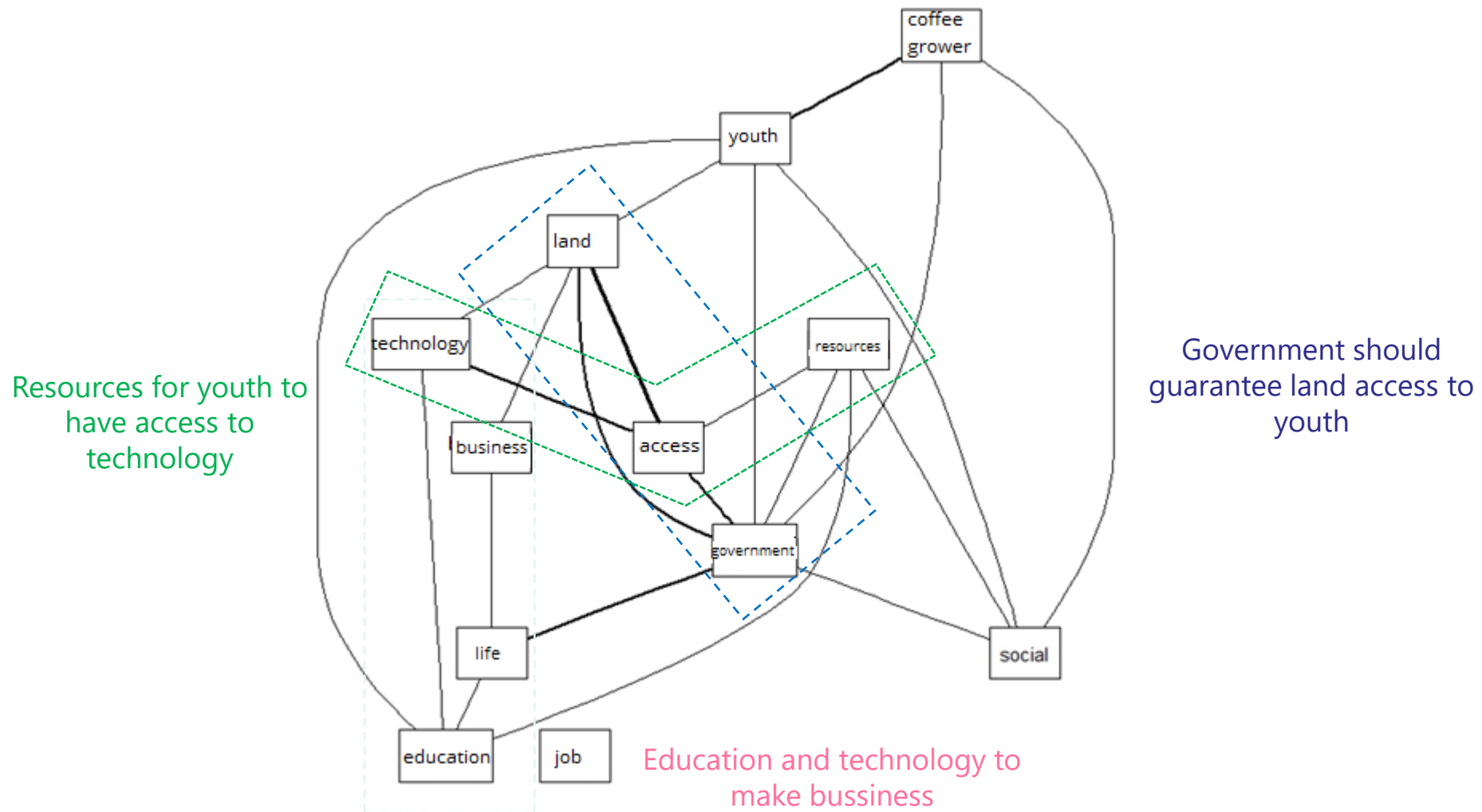
2. Price Volatility

Vester systemic analysis

	ACTIVE IDEAS	CATEGORY	GOVERNANCE	ACTION PLAN
1	Creating a global producers organization with ability of negotiation	International agreement	International Coffee Policy	
2	To establish an international agreement to set a base price covering production costs plus margin			
3	To promote global coffee consumption. Higher demand, higher prices	Demand incentive		
4	To know statistics about costs, production, stock, exports and consumption of producing countries	Statistic Information		
5	To Conduct international studies on production costs and price volatility	Studies		
6	Differentiating soft washed coffees with a new contract in the stock market	Differentiation		

3. Generational take over

Associations



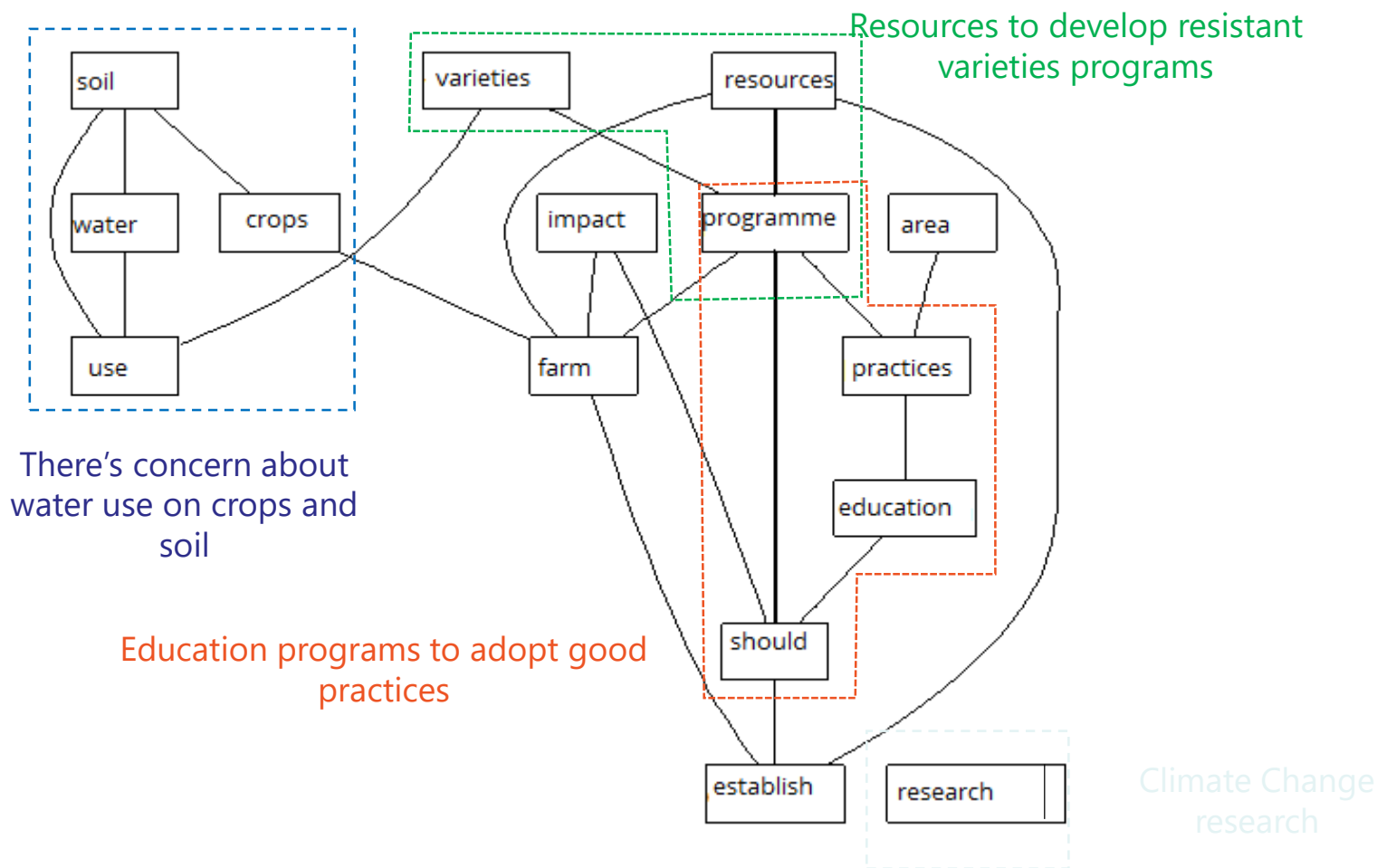
3. Generational take over

Vester systemic analysis

	ACTIVE IDEAS	CATEGORY	GOVERNANCE	ACTION PLAN
1	Establishing an agreement with production chain actors for research and knowledge transfer	Productive Chain	International Coffee Policy	
2	Promoting international programs of education and exchange experiences for young people with emphasis in entrepreneurship and generational take over	Education	National Public Policy	
3	Designing public policies to stimulate labor supply in the countryside	Labor policy		
4	Promoting initiatives for access to credit and land ownership for young people	Financing		

4. Climate change

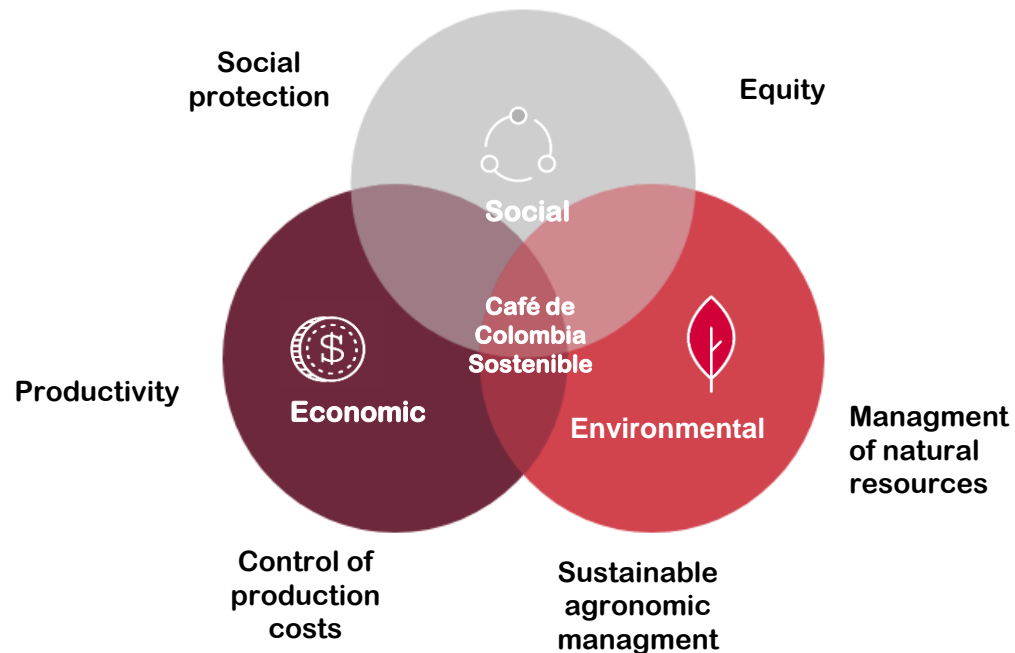
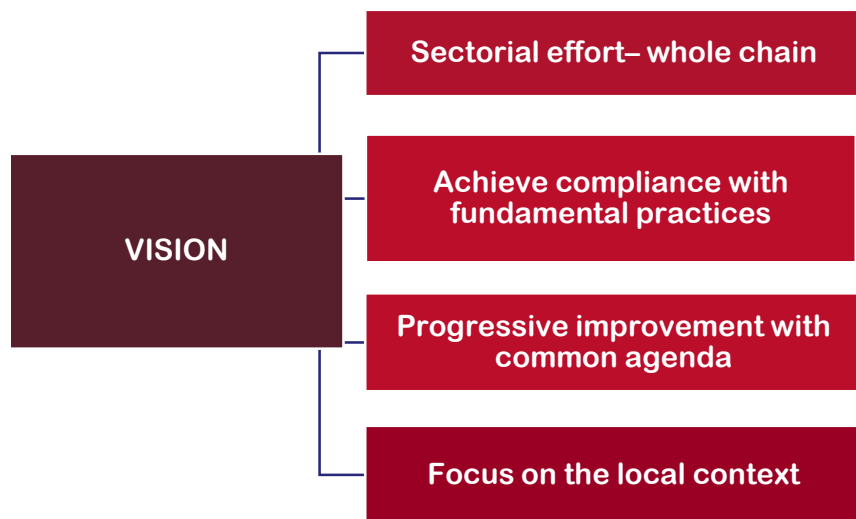
Associations



4. Climate change

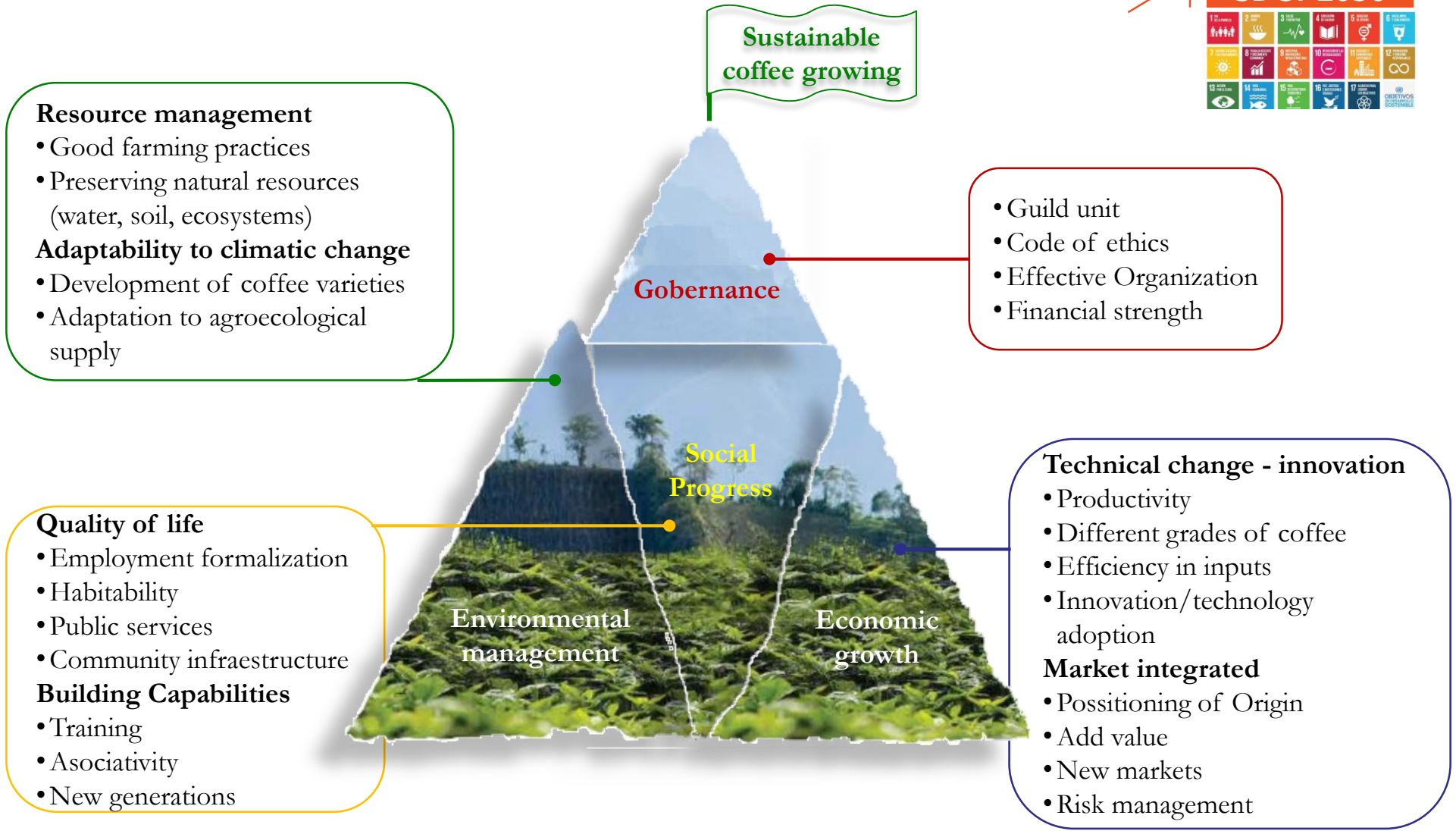
Vester systemic analysis

ACTIVE IDEAS	CATEGORY	GOVERNANCE	ACTION PLAN
1 To promote chain linkage in research, knowledge transfer, climate change mitigation and sustainability assurance	Productive Chain	International Coffee Policy	
2 Designing policies for environmental control in the value chain and to investigate the risks of climate change			
3 Creating global fund for research on varieties, adaptation and mitigation of coffee to climate change and application of new technologies	Research		
4 Designing an international inclusion policy of environmental costs in consumer prices	International Agreement		
5 To design environmental education policies and management of natural resources aimed at reducing the impact of climate change	Education	National Coffee Policy	



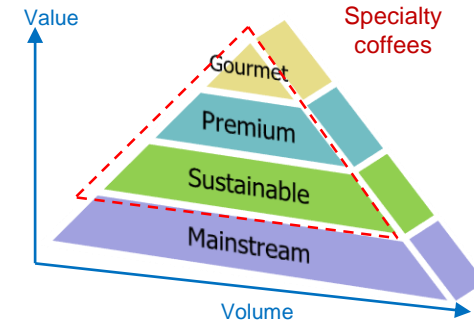
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Sustainable coffee growing: competitive and profitable activity that reduces its environmental impacts and improves the producer's living conditions in a market environment



Sustainability must be the result of the co-responsibility of all the actors involved

1. High quality specialty coffees



2. Positioning quality + origin + sustainability



3. Traceability and information



4. Integration in the value chain

Creating new value by connecting consumers with producers





Thank you !