

Current status of the Ethiopian coffee sector

Distribution system and characteristics

Year 2015

Place of fieldwork: Federal Democratic Republic of Ethiopia

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Research background

At present, coffee is one of the most highly regarded luxury commodities worldwide. Two varieties of coffee beans are well-known: Robusta which is mainly used for making instant coffee, and Arabica which is used for regular coffee. In general, developing countries produce coffee beans, and developed countries import and consume them.

Ethiopia is a prominent global coffee producer as well as consumer. According to the Central Statistical Agency of Ethiopia (2015), the country produced 420 million kilograms of coffee beans and consumed up to about 220 million kilograms (IOC, 2016), that is, more than half of its total production. In 2008, the Ethiopia Commodity Exchange (ECX), a trading centre for Ethiopian agricultural products such as coffee, maize, navy beans, wheat, and sesame, was established. In the same year, the government and the ECX introduced a new grading and distribution system for coffee in Ethiopia.

Purpose of this research

The aims of this preliminary research are as follows: (1) To clarify the functioning of the new grading system, (2) To examine the bean distribution channel after the introduction of the new trading system, (3) To identify any problem or scope for further study.

Findings

Since 2008, the ECX has been grading coffee beans. Under the new system, the government certifies competent cuppers who officially evaluate coffee bean quality. The cuppers at the ECX assign scores to coffee beans based on a classification into four basic groups by type and market: washed beans for the domestic and international markets, and unwashed beans for each of these markets. For the domestic market, the score is assigned only by examining raw green beans; however, for the international market, the score consists of 40 marks for raw value and 60 marks for cup quality value. The cuppers roast a small amount of coffee beans as a sample and taste the coffee to determine the cup quality value. The beans for the international market are categorised into 10 grades depending on the score, and those in the top 3 grades undergo a specialty coffee assessment.

The bean distribution channel has four main streams: the green bean channel for the domestic and international markets and the roasted bean channel for each of these markets. Apart from some exceptional cases, beans pass through five hubs: farmers, cooperatives or middlemen, the ECX, private companies, and local retailers, shops, or restaurants. In addition, merchants in Merkato (the huge open-air marketplace in Addis Ababa) play a significant role in the distribution of green beans to the domestic market. Several overseas importers prefer to purchase green beans directly from farmers or cooperatives because the ECX has technical issues, especially of traceability and logistics. Moreover, Ethiopian farm-owning exporters export beans directly, without the

intervention of the ECX. In addition, unofficial and minor bean distribution channels are also used; therefore, the bean distribution in Ethiopia is relatively complex.

Implications for my further research

Coffee beans are inanimate, which implies that people are required at each step of the bean distribution channel. The cuppers, merchants, middlemen and farmers in remote areas would be significant topics for my research. They can be studied from historical, economic and ecological perspectives. Furthermore, it would be necessary to learn Amharic and other languages local to coffee-producing regions to collect more specific and accurate data for further study.

This preliminary research clarifies a basic part of the Ethiopian coffee sector's structure, especially in Addis Ababa. Since the current growth of Ethiopian economy is rapid, Ethiopian coffee sector might change drastically in terms of scale and structure within years. In the near future, coffee in Ethiopia would continue to be the largest export crop; hence, my further research will focus on Ethiopian coffee as a culturally bestowed crop and a noteworthy luxury item to the world.

Reference:

Central Statistical Agency. (2015). *Report on Area and Production of Major Crops* (Vol. 1). Addis Ababa, Ethiopia: Central statistical Agency.

International Coffee Organization. (2016). *World coffee consumption*. Retrieved April 8, 2016, from <http://www.ico.org/prices/new-consumption-table.pdf>



Photo 1: Ethiopian coffee ceremony



Photo 2: Ethiopian green beans at a local shop



Photo 3: A cupping room