



INTERNATIONAL COFFEE ORGANIZATION  
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ  
ORGANIZAÇÃO INTERNACIONAL DO CAFÉ  
ORGANISATION INTERNATIONALE DU CAFÉ

ICC 110-5

28 February 2013  
Original: French

E

International Coffee Council  
110<sup>th</sup> Session  
4 – 8 March 2013  
London, United Kingdom

## World trade of soluble coffee

### Background

In accordance with the objectives of the International Coffee Agreement 2007, the International Coffee Organization is required to facilitate the expansion and transparency of international trade in all types and forms of coffee and to provide Members with studies and technical reports on coffee matters. On the basis of these provisions, the Programme of Activities of the Organization for coffee year 2012/13 (document ICC-109-12) provides for the preparation of a study of the world trade of soluble coffee. This report contains an analysis of this trade and its significance both in exporting and importing countries.

### Action

The Council is requested to take note of this document.

## **WORLD TRADE OF SOLUBLE COFFEE**

### **INTRODUCTION**

1. Considered to be an easily prepared beverage, soluble or 'instant' coffee has shown a remarkable momentum in many countries and world trade has grown considerably. This study aims to examine trends in the world soluble coffee trade since calendar year 1990. The study is based on statistical data on exports, imports and re-exports during the period 1990 to 2011. A comparison of performance in the world soluble coffee trade was also carried out on the basis of two shorter periods: 1990 to 1999 and 2000 to 2011. All data on the volume of imports, exports and re-exports are in green bean equivalent (GBE). The study covers the following points:

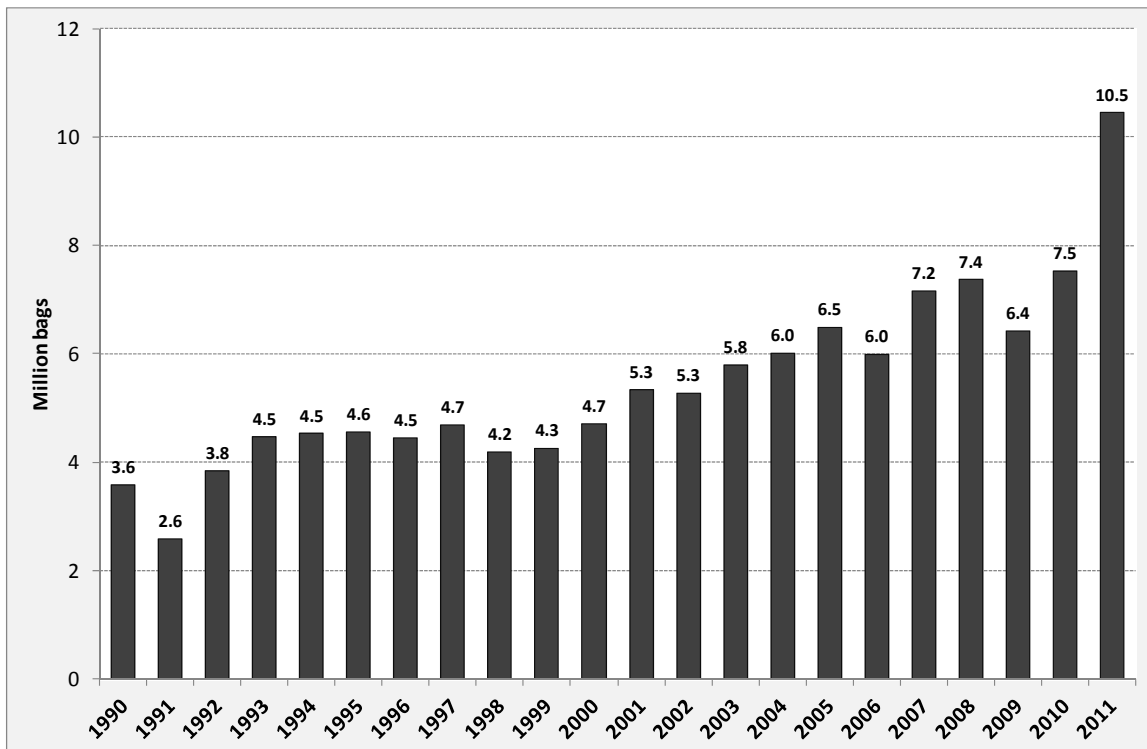
- I. Exports of soluble coffee by exporting countries
- II. Soluble coffee trade by importing countries
- III. Comparative analysis of the value of exports by exporting countries and the value of re-exports by importing countries

### **I. EXPORTS OF SOLUBLE COFFEE BY EXPORTING COUNTRIES**

#### **A – Volume of soluble coffee exports**

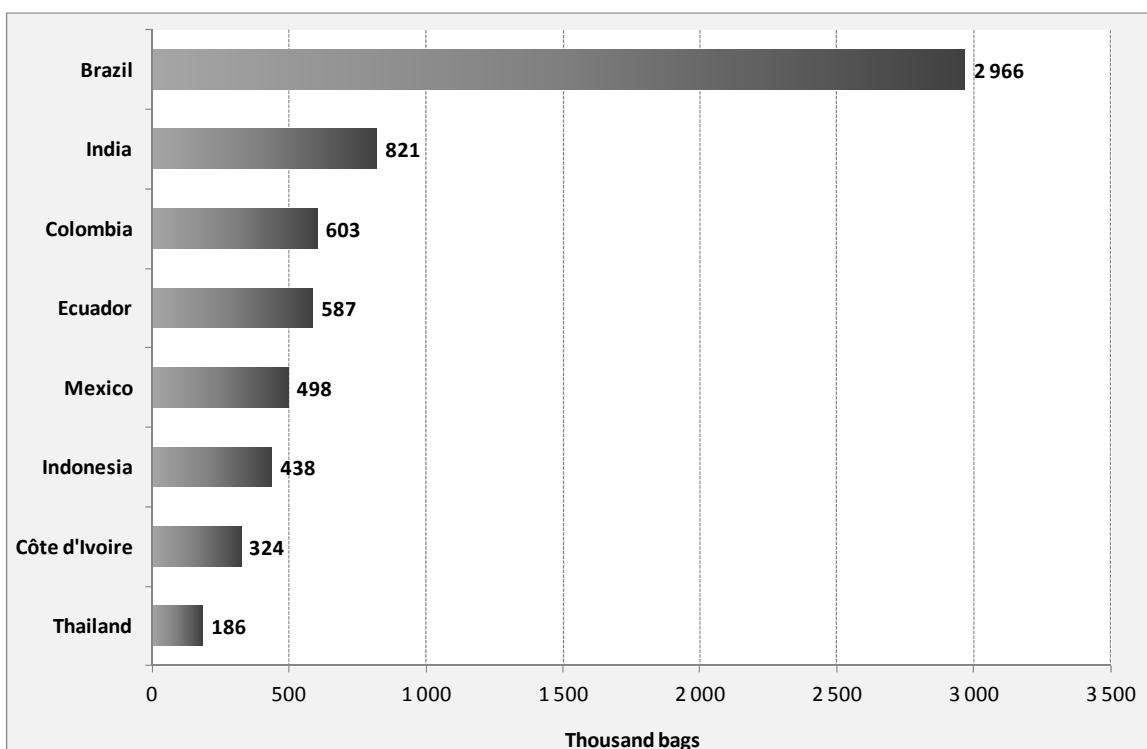
2. The average annual volume of soluble coffee exports by exporting countries during the period 1990 to 2011 was 5.4 million bags. Overall, exports by all exporting countries grew steadily at an average rate of 5.2%. The increase was far more marked in recent years, with the annual average for the period 2000 to 2011 at 6.5 million bags, a growth rate of 7.5% compared with 4.1 million bags for 1990 to 1999, corresponding to an annual growth rate of 1.9%. Exports of soluble coffee in 2011 totalled 10.5 million bags compared with 4.7 million bags in 2000 and 3.6 million bags in 1990 (Graph 1).

**Graph 1: Exports of soluble coffee by exporting countries**



3. The leading exporting countries are Brazil, India, Colombia, and Ecuador. Mexico, Indonesia and Côte d'Ivoire are also significant soluble coffee exporting countries (Graph 2).

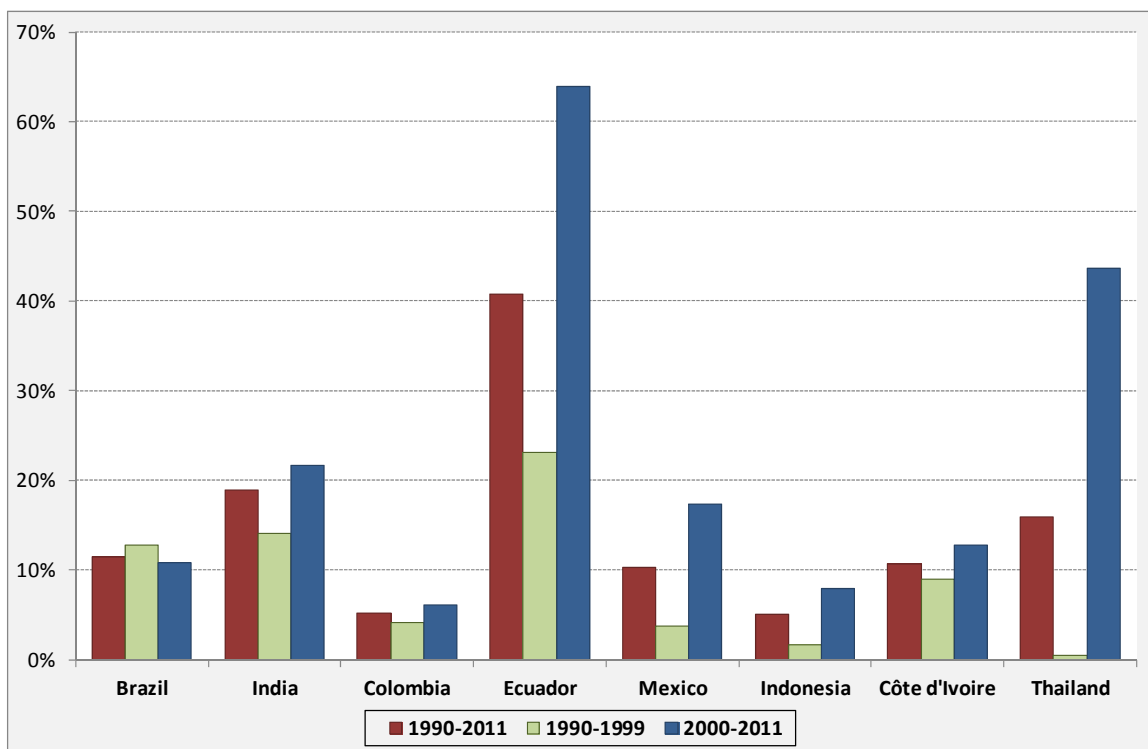
**Graph 2: Leading exporters of soluble coffee (Average 2000 to 2011)**



4. Since calendar year 2000, Brazil's exports of soluble coffee have averaged 3 million bags a year, accounting for 45.3% of exports by all exporting countries. Exports by India, Colombia and Ecuador account for 12.6%, 9.2% and 9%, respectively. Mexico and Indonesia export lower average shares of 7.6% and 6.7%, respectively. However, Indonesia's soluble coffee exports recorded a very significant increase in 2011, reaching a level of 2.7 million bags, which represents 25.5% of exports by all exporting countries, making Indonesia the second largest soluble coffee exporting country after Brazil.

5. In many exporting countries the soluble coffee industry has shown accelerated development and the share of soluble coffee in exports of all forms of coffee has increased in recent years. In particular, Ecuador and Thailand have emerged as having a strong soluble coffee processing industry (Graph 3). India and Mexico have also increased substantially the share of soluble coffee in their exports of all forms of coffee.

**Graph 3: Percentage shares of soluble coffee of all forms of coffee exported by exporting countries**

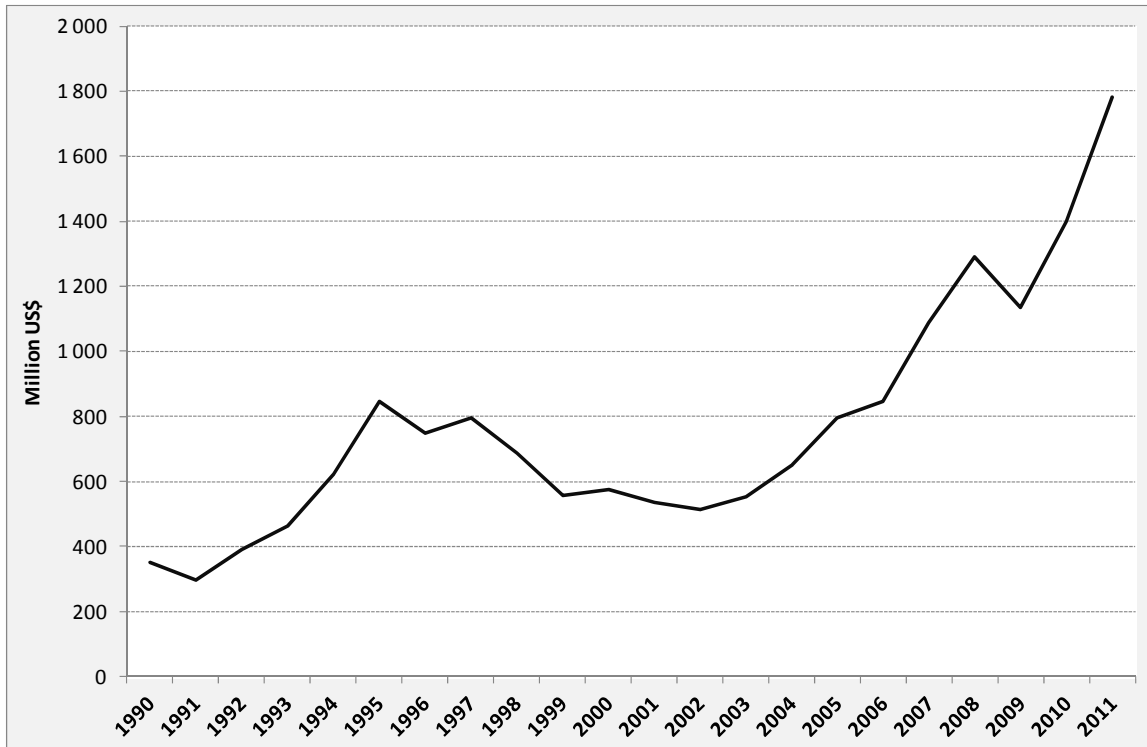


6. Although Brazil is still the leading soluble coffee exporting country, its share of soluble coffee in exports of all forms of coffee continues to be around 11%. However, it should be noted that tariff constraints are among the factors responsible for limiting Brazil's exports of processed coffee to the European Union. Indeed, Brazil continues to fall under third country duty with a tariff of 9% compared to 3.1% tariff preference for other exporting countries.

## B – Value of exports of soluble coffee

7. During the overall period from 1990 to 2011 the average value of exports of soluble coffee by exporting countries was US\$769 million for a volume of 5.4 million bags (Graph 4).

**Graph 4: Value of soluble coffee exports by exporting countries**



8. Soluble earnings increased during the period 2000 to 2011, averaging around US\$930 million a year for a volume of 6.5 million bags compared with US\$576 million for 4.1 million bags in the previous period. Export earnings for calendar year 2011 are estimated at US\$1.8 billion for a volume of 10.5 million bags compared with US\$574 million earned from exports of 4.7 million bags in 2000, an increase of 210.3%. These increases are attributable to the improvement in world coffee prices.

9. Considered in individual terms, a number of exporting countries recorded significant increases in their earnings from soluble coffee exports (Table 1). Brazil recorded the highest earnings from exports of soluble coffee, which totalled US\$653 million in 2011, an increase of 202.5% in relation to its earnings in 2000, which totalled US\$216 million. All leading exporting countries have recorded substantial earnings for their exports of soluble coffee for the period 2000 to 2011. However, earnings from exports of soluble coffee fell by 33.1% in Côte d'Ivoire – from US\$53 million in 2000 to US\$35 million in 2011 – mainly on account of the social unrest.

**Table 1: Value of soluble coffee exports (Million US\$)**

	Calendar years				Averages			Growth rates		
	1990	1999	2000	2011	1990-2011	1990-1999	2000-2011	1990-2011	1990-1999	2000-2011
Brazil	171	224	216	653	334	276	382	6.6%	3.1%	10.6%
Colombia	56	97	113	250	125	100	147	7.4%	6.4%	7.5%
India	27	67	87	294	88	58	113	12.0%	10.6%	11.8%
Mexico	4	33	39	130	53	22	80	18.7%	28.0%	11.6%
Ecuador	11	21	22	151	51	29	70	13.2%	7.3%	19.4%
Côte d'Ivoire	68	69	53	35	50	65	37	-3.1%	0.1%	-3.6%
Indonesia	2	30	28	201	35	12	54	25.7%	37.8%	19.8%
Thailand	1	1	2	45	15	1	27	23.4%	9.9%	33.9%
<i>Others</i>	11	17	16	22	16	12	20	3.2%	4.5%	3.1%
<b>Total</b>	<b>350</b>	<b>559</b>	<b>574</b>	<b>1781</b>	<b>769</b>	<b>576</b>	<b>930</b>	<b>8.1%</b>	<b>5.3%</b>	<b>10.8%</b>

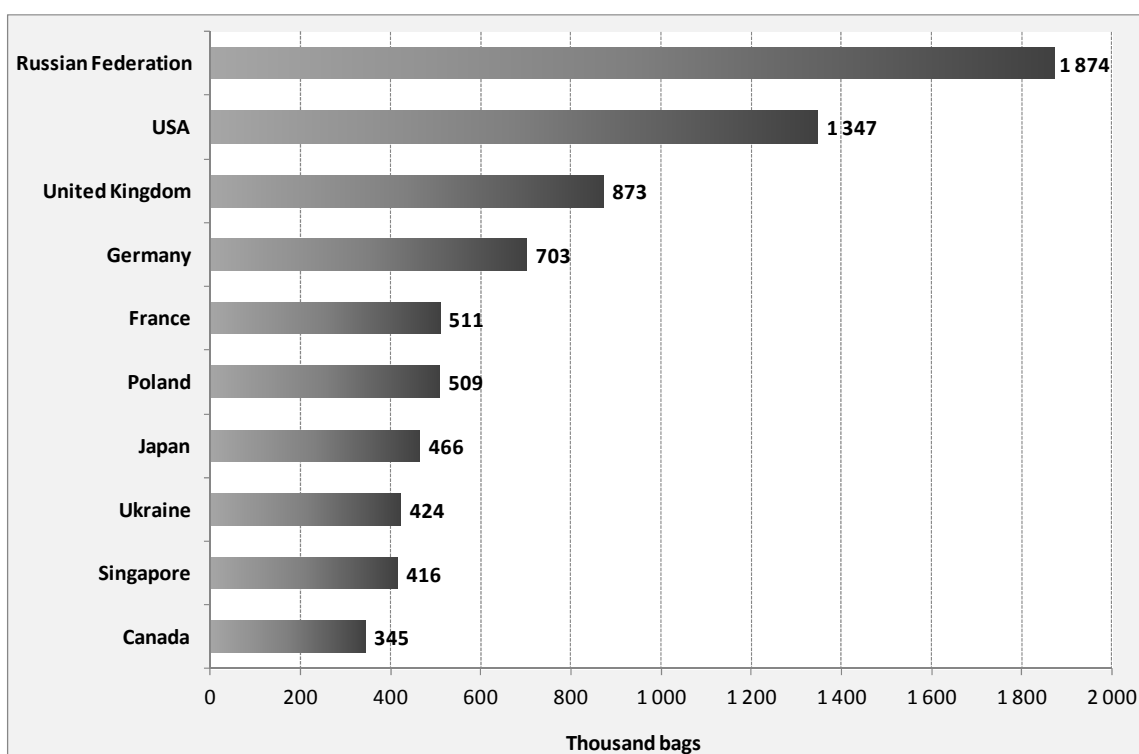
10. Overall, there has been marked expansion in local soluble coffee processing industries in some exporting countries, particularly Indonesia, Mexico, India and Ecuador, which have recorded high growth rates in the volume of soluble coffee exports. Recent developments since 2000 confirm the continued growth of soluble coffee exports by these countries, which have been joined by Thailand with a growth rate of 33.9%.

## II. SOLUBLE COFFEE TRADE BY IMPORTING COUNTRIES

### A – Imports of soluble coffee by importing countries

11. The average annual volume of imports of soluble coffee by importing countries over the entire period covered by the study was 12 million bags. The volume of imports increased to 15.5 million bags on average between 2000 and 2011 against 7.7 million bags during the period 1990 to 1999. It was 17.8 million bags in calendar year 2011 compared to 10.1 million bags in 2000. The Russian Federation is the leading soluble coffee importing country, with an annual average of 1.9 million bags, or 15.6% of imports of soluble coffee by all importing countries over the period from 1990 to 2011. Imports by the United States, the United Kingdom and Germany averaged 1.3 million bags, 873,000 bags and 703,000 bags, respectively (Graph 5).

**Graph 5: Leading importers of soluble coffee (Average 1990 to 2011)**



12. The share of imports of soluble coffee in total imports of all forms of coffee by importing countries is relatively low, averaging 11.2% for the period 1990 to 2011. This share has increased to 12.9% annually since 2000. Imports of soluble coffee continue to account for a significant share of imports of all forms of coffee by some countries (Table 2).

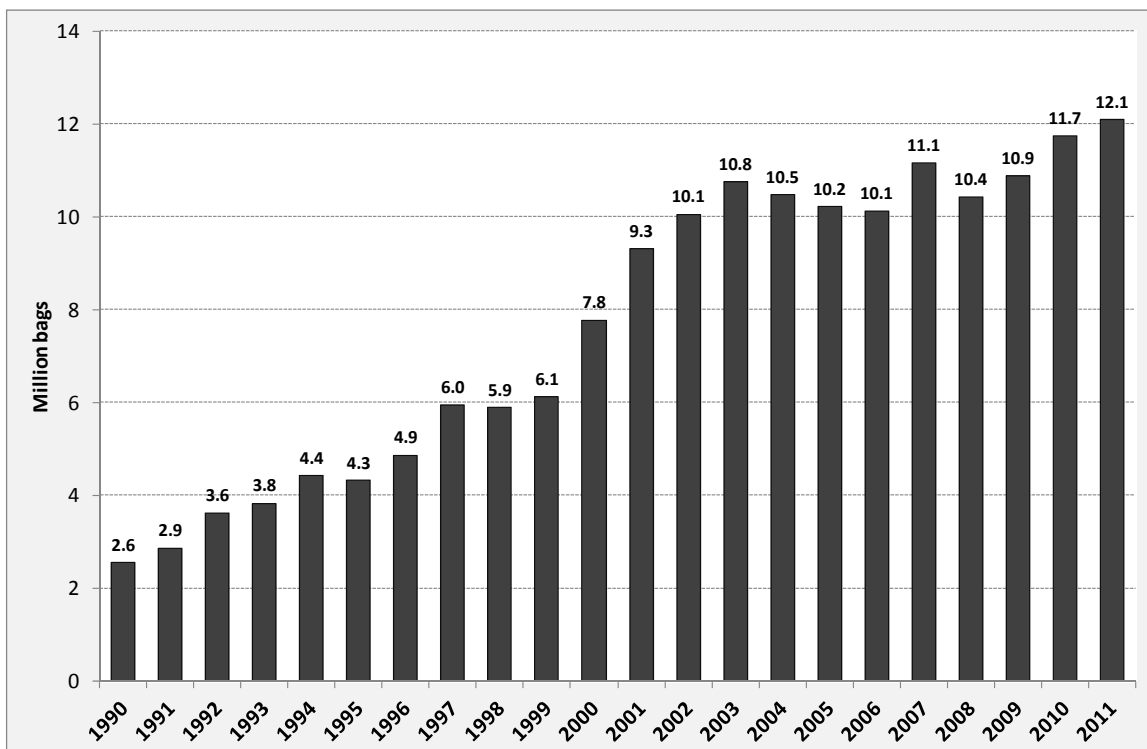
**Table 2: Percentage share of soluble coffee in imports of all forms of coffee (In thousand bags)**

	Soluble coffee imports			Imports of all forms			Percentage shares		
	1990-2011	1990-1999	2000-2011	1990-2011	1990-1999	2000-2011	1990-2011	1990-1999	2000-2011
Russian Federation	1 874	1 061	2 551	2 499	1 304	3 494	75.0%	81.4%	73.0%
Ukraine	424	83	708	584	115	974	72.6%	72.0%	72.7%
Singapore	416	168	622	1 050	1 182	939	39.6%	14.2%	66.2%
Poland	509	211	757	2 270	1 663	2 775	22.4%	12.7%	27.3%
United Kingdom	873	745	980	3 335	3 014	3 602	26.2%	24.7%	27.2%
Canada	345	265	411	3 244	2 706	3 692	10.6%	9.8%	11.1%
France	511	409	596	6 488	6 500	6 479	7.9%	6.3%	9.2%
Japan	466	441	486	6 576	5 805	7 218	7.1%	7.6%	6.7%
USA	1 347	1 064	1 583	21 910	19 996	23 505	6.1%	5.3%	6.7%
Germany	703	477	892	15 891	13 670	17 741	4.4%	3.5%	5.0%
<b>Total</b>	<b>11 977</b>	<b>7 748</b>	<b>15 501</b>	<b>106 555</b>	<b>90 491</b>	<b>119 943</b>	<b>11.2%</b>	<b>8.6%</b>	<b>12.9%</b>

## B – Re-exports by importing countries

13. The annual average of re-exports of soluble coffee by importing countries during the period 1990 to 2011 was 7.7 million bags, accounting for 32.8% of re-exports of all forms of coffee. In calendar year 2011 total re-exports of soluble coffee by importing countries was 12.1 million bags compared to 2.6 million in 1990 and 7.8 million bags in 2000 (Graph 6).

**Graph 6: Volume of soluble coffee re-exports by importing countries**



14. During the period covered by this study, Germany accounted for 18.7% of total re-exports of soluble coffee by all importing countries, with an annual average of 1.4 million bags. Other countries recording significant volume are: Singapore (11.1%), Malaysia (8%), the United Kingdom (7.9%) and Spain (7.6%). During the period 2000 to 2011, these countries continued to record significant shares of re-exports of soluble coffee by all importing countries.

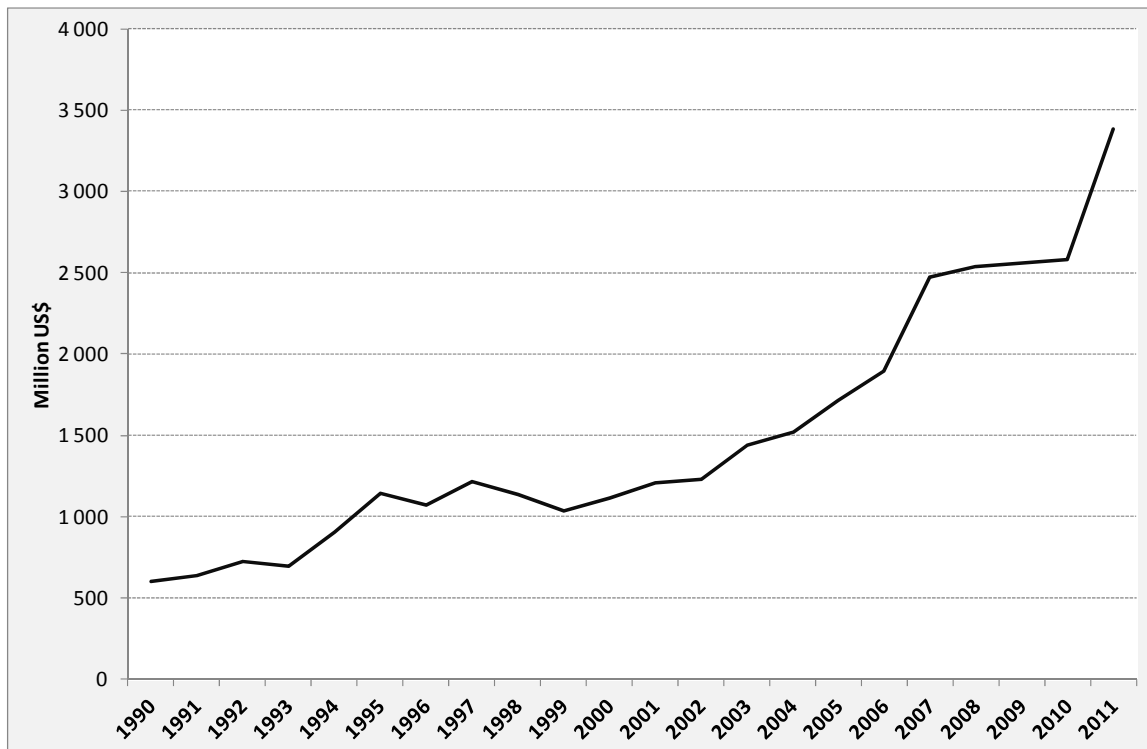
15. Between 1990 and 2011, soluble coffee accounted for more than half of total re-exports by the United Kingdom (79.9%), Switzerland (61.6%), Spain (61.3%) and Hungary (51.7%), among others. Despite its rapid expansion in exporting countries, the soluble coffee trade continues to be dominated by importing countries.



16. With regard to the value of re-exports, during the period 1990 to 2011, importing countries earned an average US\$1.5 billion annually for soluble coffee re-exports averaging 7.7 million bags. During the period 2000-2011, the average value of re-exports rose to almost US\$2 billion for a volume of 10.4 million bags compared with US\$917 million for a volume of 4.4 million bags between 1990 and 1999. Germany was in the lead with earnings of US\$518 million for re-exports of 2 million bags, representing a share of 26.3% of total earnings by importing countries during the period 2000 to 2011. The United Kingdom, France, the Netherlands, Spain and Switzerland also recorded significant earnings for re-exports of soluble coffee.

17. More recently, the value of re-exports of soluble coffee has increased considerably, rising to US\$3.4 billion in 2011 for a volume of 12.1 million bags compared with US\$1.1 billion in 2000 for 7.8 million bags.

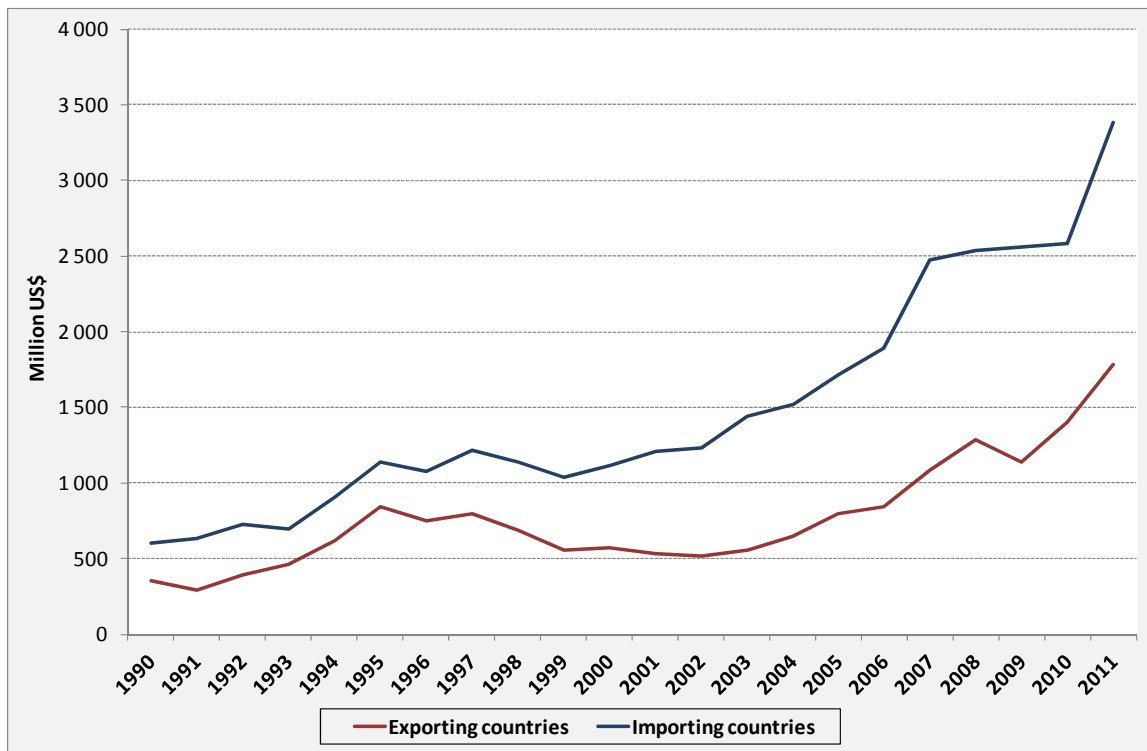
**Graph 7: Value of soluble coffee re-exports by importing countries**



### III. COMPARATIVE ANALYSIS OF THE VALUE OF EXPORTS BY EXPORTING COUNTRIES AND THE VALUE OF RE-EXPORTS BY IMPORTING COUNTRIES

18. The Annex contains a summary of comparative data on the soluble coffee trade in exporting and importing countries. For the period 1990 to 2011 importing countries earned US\$1.5 billion for a volume of 7.7 million bags compared with US\$769 million earned by exporting countries for a volume of 5.4 million bags (Graph 8). The value of re-exports by importing countries far exceeds the value of exports by exporting countries.

**Graph 8: Value of exports by exporting countries and re-exports by importing countries of soluble coffee**



19. With regard to trends in the soluble coffee trade, the growth rate for volume is much higher in exporting countries than importing countries since 2000, at 7.5% compared with 4.1%. However, the growth rate for earnings from these transactions is more or less the same for the two groups.

20. A better understanding of the performance of the two groups (exporting countries and importing countries), can be gained by comparing unit values of re-exports and exports. The unit value of re-exports by importing countries of soluble coffee is much higher than that of exports by exporting countries.

## **CONCLUSION**

21 Many exporting countries have encouraged the establishment of soluble coffee processing units, mostly in partnership with two multinational companies which control over 75% of the world market. Although significant increases were observed in some exporting countries, the percentage share of soluble coffee in exports of all forms of coffee continues to be around 12.5% for the period 2000 to 2011. Ecuador, Thailand, India and Mexico stand out from the other exporting countries in having larger percentage shares of soluble coffee in their total exports of all forms of coffee.

22. In the case of importing countries, the soluble coffee trade with emerging markets shows considerable momentum, with imports increasing rapidly, particularly in the Russian Federation, Ukraine, Turkey and many other countries. Among the traditional markets, soluble coffee accounts for a significant share of imports by the United Kingdom and Greece. On the other hand, soluble coffee re-exports are dominated by Germany, even though they account for less than 25% of total re-exports of all forms of coffee.

23 Finally, it should be noted that the world soluble coffee trade has been growing very rapidly since 2000, suggesting an increase in consumption of this form of coffee, particularly in emerging markets.

## COMPARISON BETWEEN EXPORTING AND IMPORTING COUNTRIES

Volume and value	Exports by exporting countries		Re-exports by importing countries	
	Volume (thousand bags)	Value (million US\$)	Volume (thousand bags)	Value (million US\$)
1990	3 584	350	2 550	602
1999	4 257	559	6 112	1 036
2000	4 703	574	7 769	1 112
2011	10 451	1 781	12 095	3 386
Average 1990-2011	5 440	769	7 700	1 492
Average 1990-1999	4 116	576	4 444	917
Average 2000-2011	6 543	930	10 413	1 971

Growth rates	Exports by exporting countries		Re-exports by importing countries	
	Volume (%)	Value (%)	Volume (%)	Value (%)
Average 1990-2011	5.2%	8.0%	7.7%	8.6%
Average 1990-1999	1.9%	5.0%	40.2%	6.2%
Average 2000-2011	7.5%	10.8%	4.1%	10.7%

% share of all forms	Exports by exporting countries		Re-exports by importing countries	
	Volume (%)	Value (%)	Volume (%)	Value (%)
1990	4.4%	5.1%	24.1%	33.5%
1999	4.9%	5.9%	33.1%	31.4%
2000	5.3%	7.0%	37.9%	34.9%
2011	10.0%	7.2%	29.5%	22.5%
Average 1990-2011	6.3%	7.5%	32.8%	29.6%
Average 1990-1999	5.3%	6.4%	29.6%	32.3%
Average 2000-2011	7.0%	8.3%	34.2%	28.7%

Unit value	Exports by exporting countries (US cents/lb)	Re-exports by importing countries (US cents/lb)	Differential between unit values	
			US cents/lb	Percentage
1990	73.82	178.60	104.78	58.7%
1999	99.19	128.15	28.96	22.6%
2000	92.26	108.17	15.90	14.7%
2011	128.86	211.63	82.77	39.1%
Average 1990-2011	103.76	148.67	44.90	30.2%
Average 1990-1999	103.77	158.51	54.74	34.5%
Average 2000-2011	103.76	140.47	36.71	26.1%