



INTERNATIONAL COFFEE ORGANIZATION
ORGANIZACIÓN INTERNACIONAL DEL CAFÉ
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**Gradings results for Arabica and
Robusta coffees
Coffee year 2008/09**

Background

1. The promotion of quality as a means to enhance sustainability of the coffee economy by increasing consumption, by adding value and providing consumer satisfaction is a primary target of the Coffee Quality-Improvement Programme – CQP – (see document ICC-90-9).
2. In order to provide additional information on the quality of coffee exports, the Organization monitors the results of gradings on futures exchanges. This document shows these results based on the information extracted from the websites of the Inter-Continental Exchange (ICE) for Arabica coffee and on the NYSE Euronext (Liffe) exchange for Robusta coffee, in coffee year 2008/09.
3. The previous progress report on the gradings results for Arabica and Robusta coffees in the New York and London futures markets is contained in document EB-3963/09.

Action

The Executive Board is requested to take note of this report.

GRADINGS RESULTS FOR ARABICA AND ROBUSTA COFFEE COFFEE YEAR 2008/09

1. During coffee year 2008/09 (October 2008 to September 2009) the Organization has systematically monitored progress in the gradings results posted on the ICE website for Arabica coffee and on the NYSE Euronext website for Robusta coffee.

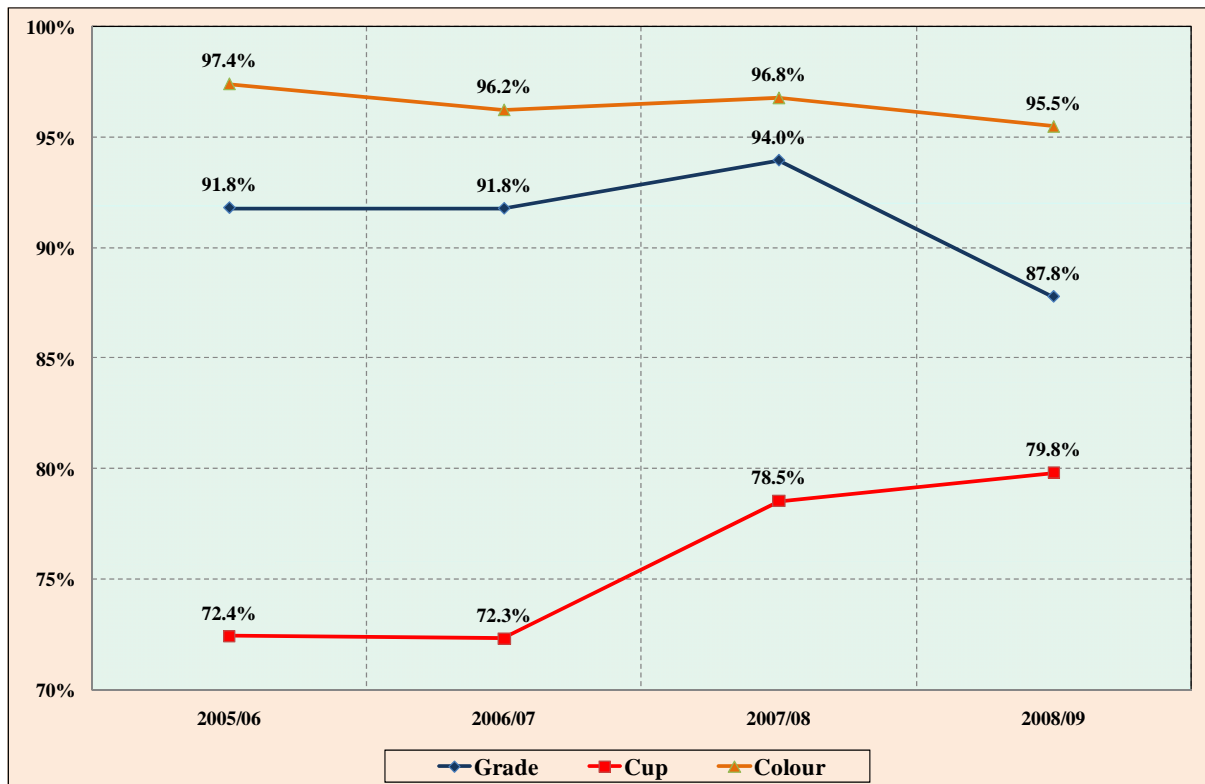
Gradings results for Arabica coffee

2. Regular reports on the Coffee 'C' contract gradings analysis posted on the ICE website show the monthly summary and year-to-date data on the pass/fail results by origin. Based on these reports, over 80% of the coffee graded by ICE passed the original gradings analysis in coffee year 2008/09. The original analysis on grade, cup and colour quality achieved 'pass' levels over 87%, 79% and 95%, respectively – see Table 1.

3. In coffee year 2008/09, El Salvador, Mexico, Nicaragua and Peru together accounted for a total of 1,613 lots that passed the original gradings. These origins accounted for over 73% of the approved graded coffee.

4. Graph 1 below shows the percentage pass in the original gradings for colour, grade and cup analysis from crop year 2005/06 to 2008/09. The percentage pass for the colour analysis has remained relatively stable over the four years whereas the grade analysis fell from 91.8% in 2005/06 to 87.8% in 2008/09 and the cup analysis went up from 72.4% to 79.8% from the first to the last year under reference.

Graph 1
Colour, cup and grade analysis results by ICE



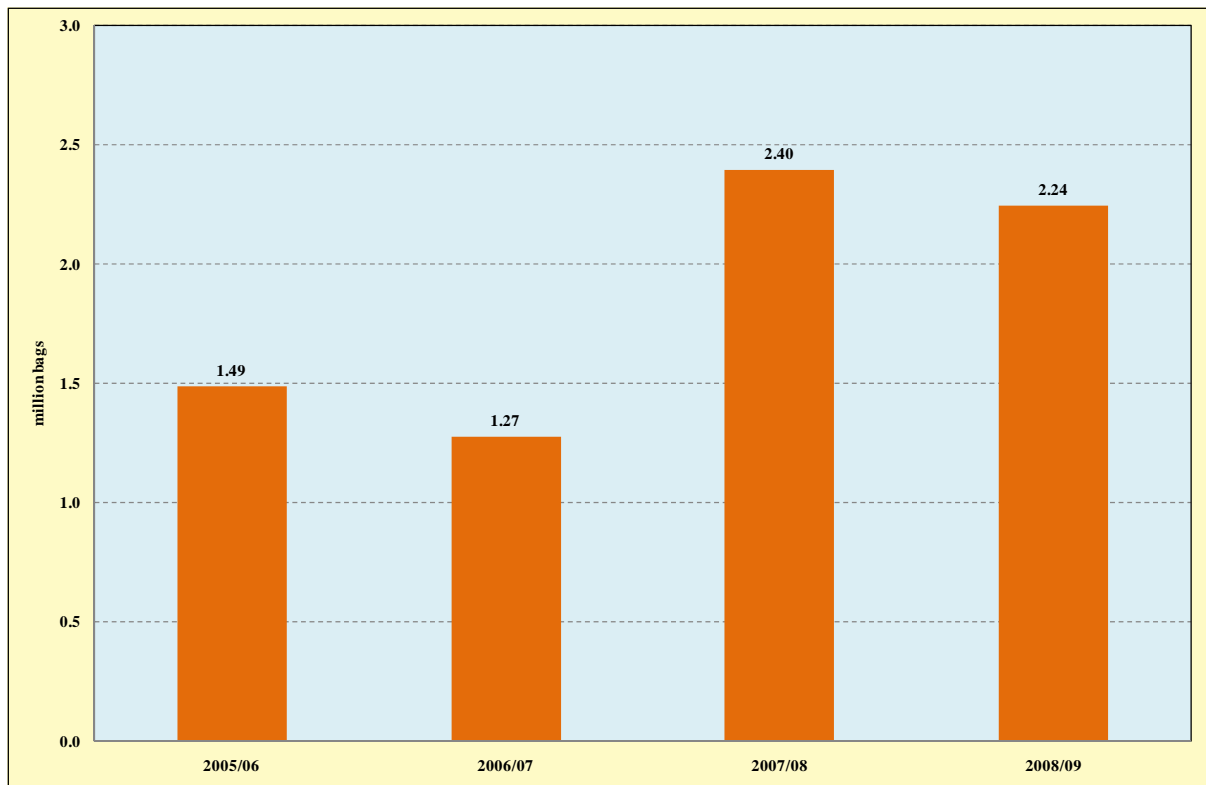
Gradings results for Robusta coffee

5. In coffee year 2008/09, the total volume of coffee graded by the NYSE Euronext amounted to 5.59 million bags. Of this total, 2.24 million bags (40.1%) are deemed to have fallen below the target standards set out in Resolution 420.

6. The volume of the coffee that is deemed to have failed the CQP standards in 2008/09 originated mainly from Vietnam (72%) and Indonesia (10%) – see Table 2. The 2.24 million bags that were deemed to fail to comply with the target standards set out in Resolution 420 were located mainly in Antwerp (63%) and Trieste (17%).

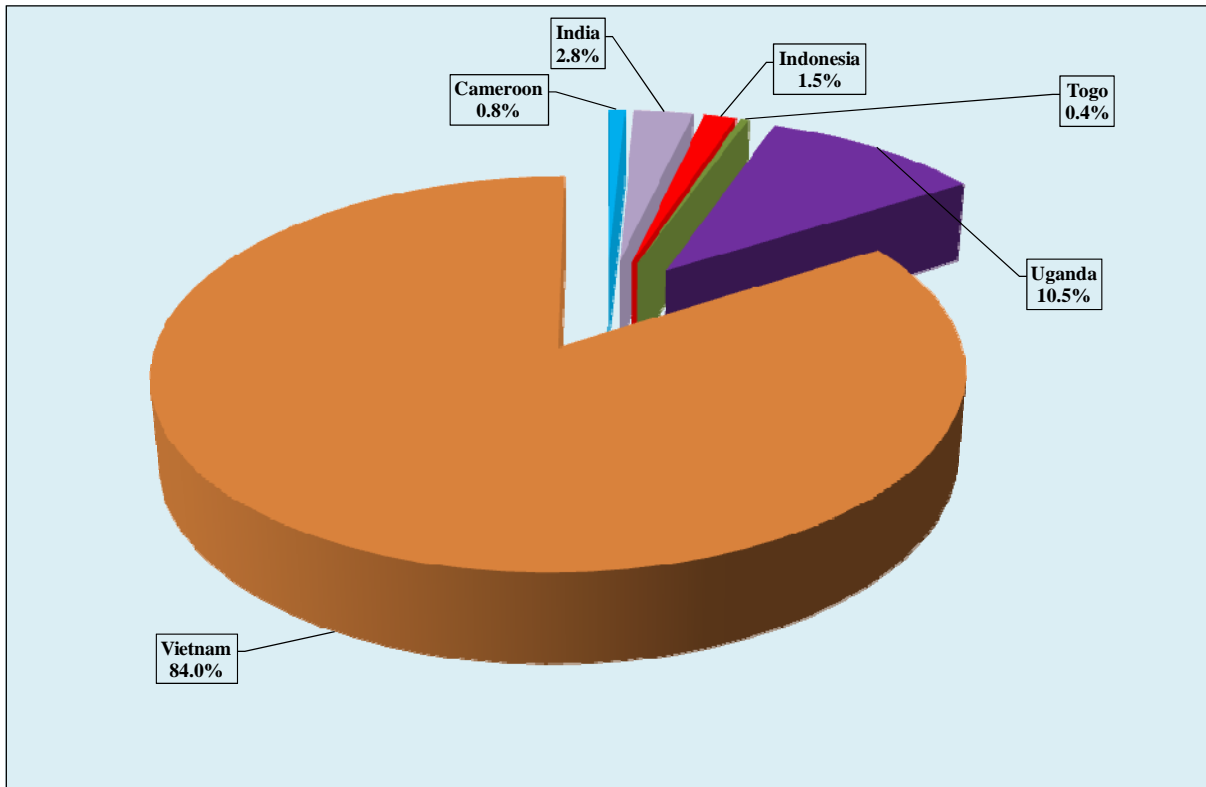
7. The volume of 2.24 million bags considered to have failed the CQP standards in 2008/09 represents a decrease of over 6% compared to the volume that failed in 2007/08, when 2.4 million bags failed the NYSE Euronext gradings standards. However, it represents increases of 76% compared to that of 2006/07 and of 51% compared with that of 2005/06. Graph 2 below shows the evolution of the gradings results by NYSE Euronext from coffee year 2005/06.

Graph 2
Gradings results by NYSE Euronext
Deemed to be below CQP standards



8. As reported in September 2009, an additional tenderable grade has been included in the NYSE Euronext classification since February 2009 to the coffee classified thereby. This new grade received a classification ‘P’, for *Premium Class*, and refers to coffee that exceeds the usual classification standards grades 0 to 4. From February to September 2009, a total of 175,667 bags have been classified as *Premium class* coffee, of which 147,500 bags – equivalent to nearly 84% – are from Vietnam. The other origins which have also had some coffee under this classification include Cameroon, India, Indonesia, Togo and Uganda – see Graph 3 below.

Graph 3
Premium class coffee by origin
Coffee year 2008/09



9. The Organization will continue to monitor the gradings results for Arabica and Robusta coffee as posted on the ICE and NYSE Euronext websites.

TABLE 1

**ICE Futures: Coffee "C" gradings summary analysis
October 2008 to September 2009**

Country of origin	Original			Appeals				Total		Pass
	Pass	Fail		Pass	Fail	Total		Pass	Fail	%
Burundi	85	83		21	47	68		106	62	63.1
Colombia										
Costa Rica										
Dominican Republic										
Ecuador										
El Salvador	260	72		35	15	50		295	37	88.9
Guatemala	17	12		7	6	13		24	5	82.8
Honduras	432	217		109	93	202		541	108	83.4
India	4	7		2	0	2		6	5	54.5
Kenya										
Mexico	589	232		134	90	224		723	98	88.1
Nicaragua	144	72		45	54	99		189	27	87.5
Panama										
Papua New Guinea										
Peru	620	238		131	93	224		751	107	87.5
Rwanda	12	17		3	9	12		15	14	51.7
Tanzania	5	22		0	2	2		5	22	18.5
Uganda	11	12		1	1	2		12	11	52.2
Venezuela										
Total	2 179	984		488	410	898		2 667	496	84.3

	Original					Appeals			
	Pass	Fail	Total	Pass %		Pass	Fail	Total	Pass %
Grade	2 802	390	3 192	87.8		711	191	902	78.8
Cup	2 548	644	3 192	79.8		688	214	902	76.3
Colour	3 048	144	3 192	95.5		861	41	902	95.5

ORIGINAL GRADING: These statistics for original gradings are based on individual grading of cup, colour, grade and other imperfections such as odour and/or bean size graded between 01/10/08 and 30/09/09

APPEAL GRADING: The owner of the coffee submitted as an original grading may appeal for any decision of the graders, for cup, colour, grade and any other imperfections such as odour and/or bean size and represents appeal gradings between 01/10/08 and 30/09/09 regardless of the date of original grading

Note from ICO: Date format converted to dd/mm/yy

TABLE 2

NYSE Euronext gradings results
Volume of coffee deemed to be below CQP standard
Coffee years 2005/06 to 2008/09

(60-kg bags)				
Origin	2005/06	2006/07	2007/08	2008/09
Brazil	80 583	40 000	115 667	85 500
Cameroon	22 167	22 083	63 917	29 417
Congo, Dem. Rep. of	500	0	18 250	3 250
Congo, Rep. of	0	0	0	1 000
Côte d'Ivoire	108 500	194 000	217 833	57 417
Ecuador	0	0	1 583	0
Ghana	5 083	1 667	417	2 583
Guinea	59 583	41 500	38 250	62 833
India	5 000	167	2 917	12 667
Indonesia	4 667	2 917	273 083	226 833
Lao, People's Dem. Rep. of	0	0	0	4 833
Liberia	0	0	583	0
Madagascar	28 417	5 667	38 333	7 417
Nigeria	333	167	167	0
Sierra Leone	2 500	4 917	16 667	25 583
Tanzania	1 750	6 333	24 583	26 500
Thailand	51 250	7 083	34 750	0
Togo	26 083	10 083	44 667	24 000
Uganda	14 750	3 000	30 333	42 083
Vietnam	1 074 500	935 167	1 474 833	1 632 333
Grand Total	1 485 667	1 274 750	2 396 833	2 244 250

(% share by origin in annual total)				
Origin	2005/06	2006/07	2007/08	2008/09
Brazil	5.42	3.14	4.83	3.81
Cameroon	1.49	1.73	2.67	1.31
Congo, Dem. Rep. of	0.03	0.00	0.76	0.14
Congo, Rep. of	0.00	0.00	0.00	0.04
Côte d'Ivoire	7.30	15.22	9.09	2.56
Ecuador	0.00	0.00	0.07	0.00
Ghana	0.34	0.13	0.02	0.12
Guinea	4.01	3.26	1.60	2.80
India	0.34	0.01	0.12	0.56
Indonesia	0.31	0.23	11.39	10.11
Lao, People's Dem. Rep. of	0.00	0.00	0.00	0.22
Liberia	0.00	0.00	0.02	0.00
Madagascar	1.91	0.44	1.60	0.33
Nigeria	0.02	0.01	0.01	0.00
Sierra Leone	0.17	0.39	0.70	1.14
Tanzania	0.12	0.50	1.03	1.18
Thailand	3.45	0.56	1.45	0.00
Togo	1.76	0.79	1.86	1.07
Uganda	0.99	0.24	1.27	1.88
Vietnam	72.32	73.36	61.53	72.73
	100.0	100.0	100.0	100.0