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**Coffee consumption in East and  
Southeast Asia: 1990 – 2012**

### **Background**

In accordance with Article 34 of the International Coffee Agreement 2007, the International Coffee Organization is required to provide Members with studies and reports on relevant aspects of the coffee sector. This document contains a report on coffee consumption in East and Southeast Asia since 1990, looking at the dynamics of regional and national markets and prospects for future growth.

### **Action**

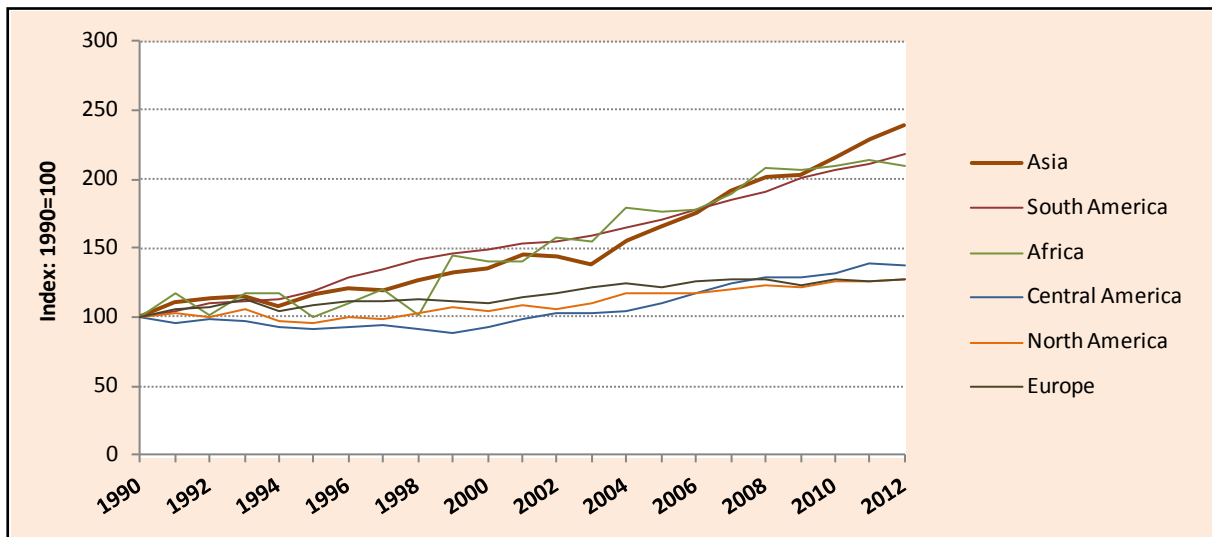
The Council is requested to take note of this document.

## COFFEE CONSUMPTION IN EAST AND SOUTHEAST ASIA: 1990 – 2012

### INTRODUCTION

1. The hot drinks market in Asia has traditionally been dominated by tea consumption, rather than coffee. However, in recent years, the Asian coffee market has increasingly become the focus of the world coffee industry. Since 1990, Asia has experienced the most dynamic growth in coffee consumption in the world (see Figure 1), growing by an average rate of 4% per annum, increasing to 4.9% since the year 2000. As such, the region is of increasing interest to the coffee sector, both for producers and consumers, and represents a significant potential market for the coffee industry.

Figure 1: Growth in coffee consumption by region (1990 - 2012)



2. This study focuses specifically on the dynamics of coffee consumption in East and Southeast Asia since 1990, and expands on the study *Coffee in China* ([ICC-111-8](#)), published in August 2013. It gives an overview of coffee demand growth in the region<sup>1</sup> as a whole, before giving a brief summary of developments in selected individual markets, specifically Japan, Indonesia, South Korea, the Philippines, Vietnam, Thailand, China (including Macao and Hong Kong), Taiwan, Malaysia, Laos and Myanmar. The remaining markets of Brunei, North Korea, Cambodia, Mongolia and Timor-Leste are discussed in less detail, as the overall volumes involved are still very low. Finally, due to the lack of consistent data, coffee consumption in Singapore is not included in this analysis, although external sources suggest there is a relatively strong coffee culture present.

<sup>1</sup> This study refers to the geographical region of Eastern and Southeastern Asia, as defined by the United Nations Statistics Division, with the addition of Taiwan. Furthermore, the term 'country' is used in a broad sense for what are officially classed as 'customs territories', but which may not be countries in the usual sense of the word. The denomination and classification used herein do not imply, on the part of the ICO, any judgement as to the legal or other status of any territory, or any endorsement or acceptance of any boundary.

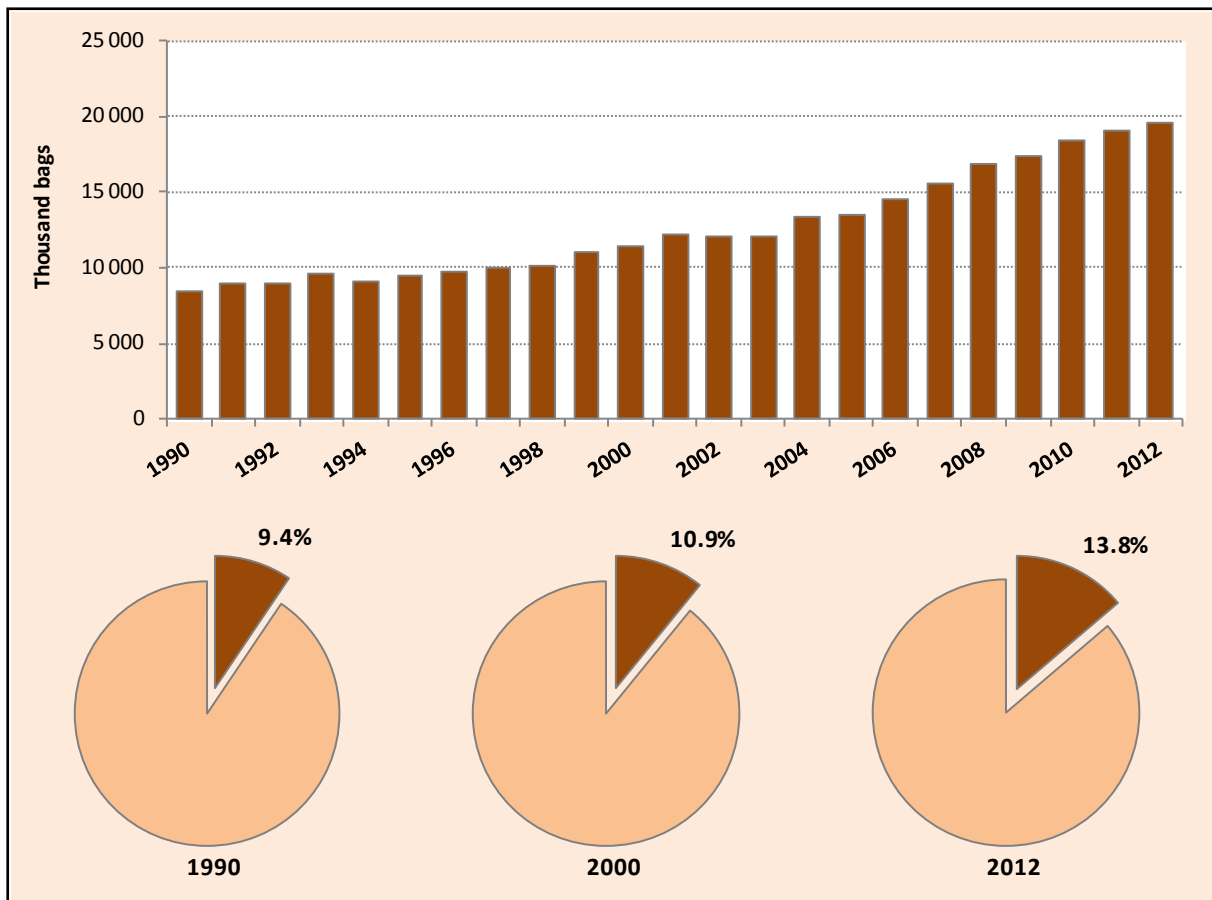
3. Out of the sixteen countries in East and Southeast Asia, only Indonesia, the Philippines, Thailand, Timor-Leste and Vietnam are currently Members of the ICO. As such, data availability for many of the remaining countries can be limited in some cases, with the result being that the accuracy of the information contained in this report may vary. Indonesia, Laos, the Philippines, Thailand, Timor-Leste and Vietnam are all coffee-exporting countries, while Brunei, Cambodia, China, Japan, North and South Korea, Malaysia, Mongolia, Myanmar, Singapore, and Taiwan are classed as coffee importers.

4. This study covers total consumption since 1990, including where possible data on per capita consumption, trade data and market composition. However, there are still several aspects missing from this analysis. Although total coffee consumption generally increases with income, it would be useful to observe more detailed trends, such as the relationship between consumption, gender and age, or the effect of an existing preference for tea consumption. Furthermore, it would be interesting to break down the national and regional markets further, to observe trends in fresh coffee compared to instant, the development of single-serve pods, or patterns of at-home compared to out-of-home consumption. More detailed data on such aspects are not currently publicly available, but would certainly merit further study.

### Regional Summary

5. Coffee consumption in the region has been growing strongly over time, more than doubling from 8.4 million 60kg bags in 1990 to 19.5 million bags in 2012. This represents an average growth rate of 3.9% per annum. Furthermore, the share of East and Southeast Asia in world coffee consumption has also been increasing, accounting for 13.8% of the world total in 2012, up from 9.4% in 1990 and 10.9% in 2000 (see Figure 2).

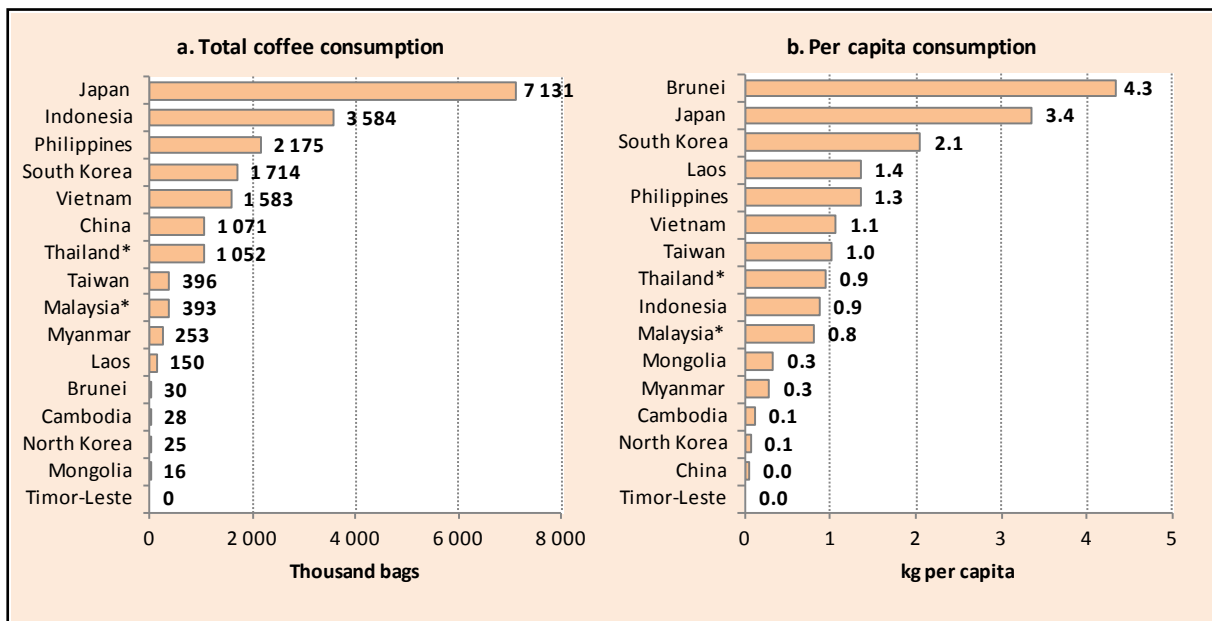
Figure 2: Coffee consumption in East and Southeast Asia and % share in world consumption (1990 – 2012)



6. Consumption growth in many Asian countries has been driven primarily by demand for Robusta coffee, which is used in soluble coffee and ready-to-drink products such as 3-in-1 mixes (coffee with whitener and sweetener) or 4-in-1 preparations (coffee with whitener, sugar and flavourings or dietary additions). This is particularly true in several Southeastern markets such as Indonesia, the Philippines, Thailand and Malaysia, which tend to have large populations and a low but increasing per capita consumption. More developed markets tend to exhibit a higher percentage of Arabica consumption and specialty coffee industry, as can be seen in Japan, Taiwan and South Korea.

7. Japan is by far the largest coffee market in the region, consuming 7.1 million bags in 2012, and nearly twice the size of Indonesia. Relatively significant consumption can also be found in the Philippines, South Korea, Vietnam and Thailand, while China is also emerging as a major consumer. In terms of per capita consumption, the situation is slightly different. Japan is still one of the most significant markets, consuming 3.4kg per person, but behind Brunei which consumed 4.3kg. South Korea is also a fairly developed market, with 2.1kg per person, while Laos, the Philippines, Vietnam and Taiwan also consume over 1kg per person (see Figure 3).

Figure 3: Coffee consumption in 2012 in East and Southeast Asia



\*Estimated

8. The region as a whole certainly exhibits significant potential for future growth in coffee consumption, both in terms of volume and value. The total population of East and Southeast Asia comes to 2.2 billion people, which gives an average per capita consumption of just over 0.5kg, whereas the European Union averages nearly 5kg and North America 4.4kg. Disposable income is generally growing, and several multinational coffee companies are increasingly investing to expand their presence in the area.

9. The next section gives a brief summary of individual markets since 1990.

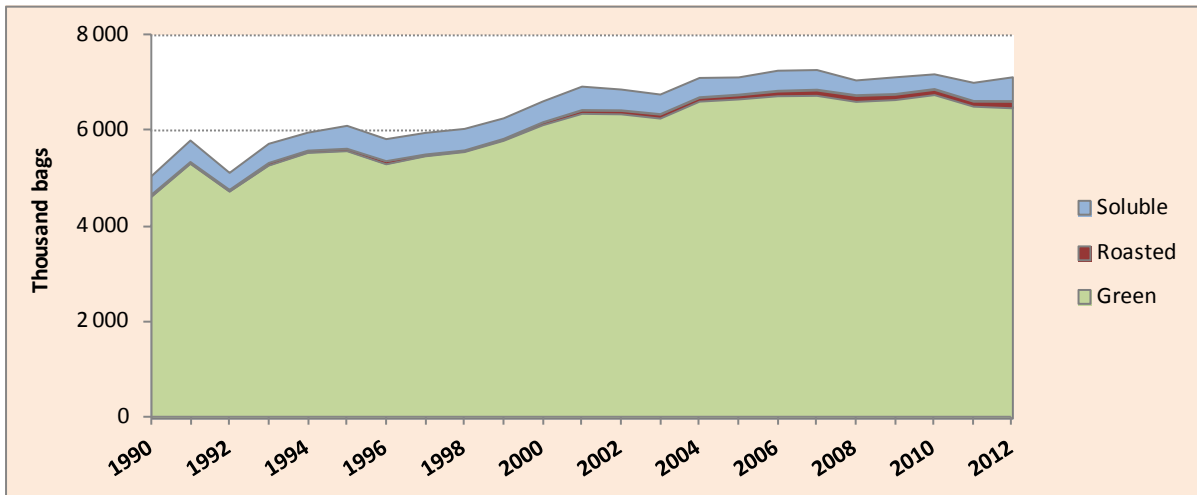
### Japan

10. Coffee consumption in Japan grew rapidly in the second half of the 20th century, recording double-digit growth rates in the 1960s and 1970s. However, this growth has slowed over time, as the Japanese market becomes more mature and saturated. Average

annual growth rates fell to 4.4% in the 1980s, 2.4% in the 1990s and just 0.6% since 2000. In 2012, coffee consumption was 7.1 million bags, making it by far the largest coffee drinker in the region, and behind only the USA, Brazil and Germany in the world. Per capita consumption was around 3.4kg per person, and has remained relatively unchanged since 2000.

11. According to export data, the majority of coffee consumption is Arabica, consistently accounting for 70 to 80% of the market over the time period. However, Robusta has been growing more quickly since 2000, at around 4% per annum, while Arabica use has stayed relatively constant. The vast majority of Japan’s imports are of green coffee (see Figure 4), at over 90% of the total every year since 1990, which indicates a very strong domestic processing industry. Japan re-exports very little coffee, just 1 to 2% of its total imports, with the remainder consumed domestically. Brazil is the single largest origin, accounting for around 29% of total imports since 2000, followed by Colombia (19%), Indonesia (14%) and Vietnam (10%). However, it is notable that imports from other East and Southeast Asian countries have increased significantly since 2000, by 2.8% per year, while those from South America have stagnated, and Central America and Africa have fallen. In terms of value, Japan imported some US\$1.8 billion in 2012, down slightly from \$2.2 billion in 2011, making it easily the most valuable market in the region.

Figure 4: Net imports by type of coffee in Japan

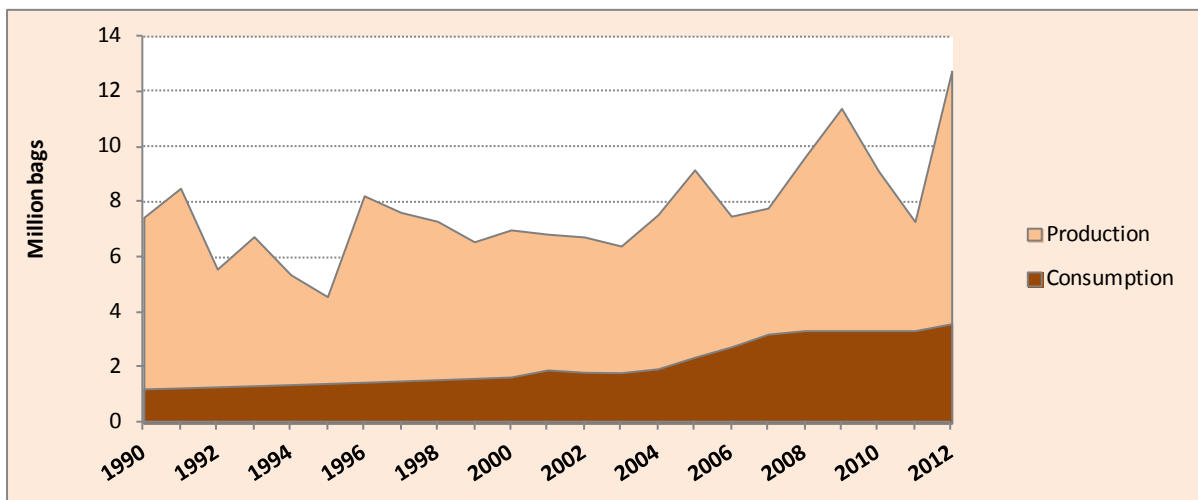


## Indonesia

12. With total consumption of 3.6 million bags in 2012, Indonesia is the second-largest consumer in the region, after Japan, and the 8<sup>th</sup> largest in the world. Consumption has been increasing quickly, averaging 6.6% growth since 2000, and 5% per annum going back to 1990. However, with a population of nearly 250 million, per capita consumption is less than 1kg per person, and shows significant potential for further growth.

13. It can be assumed that the majority of consumption in Indonesia is of national production, which is 80% Robusta. However, Indonesia also imports around 1 million bags of coffee, predominantly from Vietnam, which further suggests that most consumption is of Robusta coffee. Domestic consumption as a percentage of total coffee production has increased from an average of 22% in the 1990s to around 33% over the last five years (see Figure 5). If consumption in Indonesia continues to grow at current rates, the country could reach nearly 6 million bags by 2020, exceeding the current consumption of France.

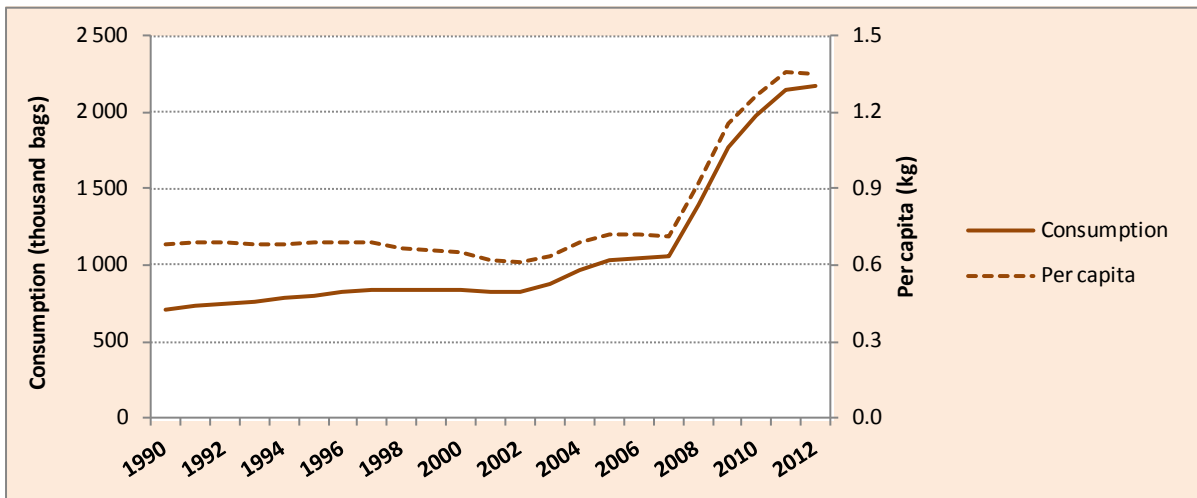
Figure 5: Domestic consumption as a share of total production by Indonesia



## Philippines

14. Although the Philippines is a coffee producer, it is a net importer of coffee overall, with domestic consumption as much as ten times higher than production. Most sources indicate that consumption is predominantly of soluble coffee, particularly instant preparations such as 3-in-1 ready-to-drink products, mostly imported from Indonesia. Total coffee consumption is estimated at 2.2 million bags in 2012, and has increased significantly in recent years. Per capita consumption is also one of the highest in the region, at an estimated 1.3kg, and with a population of over 96 million people, the Philippines has a significant potential market for coffee consumption (see Figure 6).

Figure 6: Consumption and per capita consumption in the Philippines

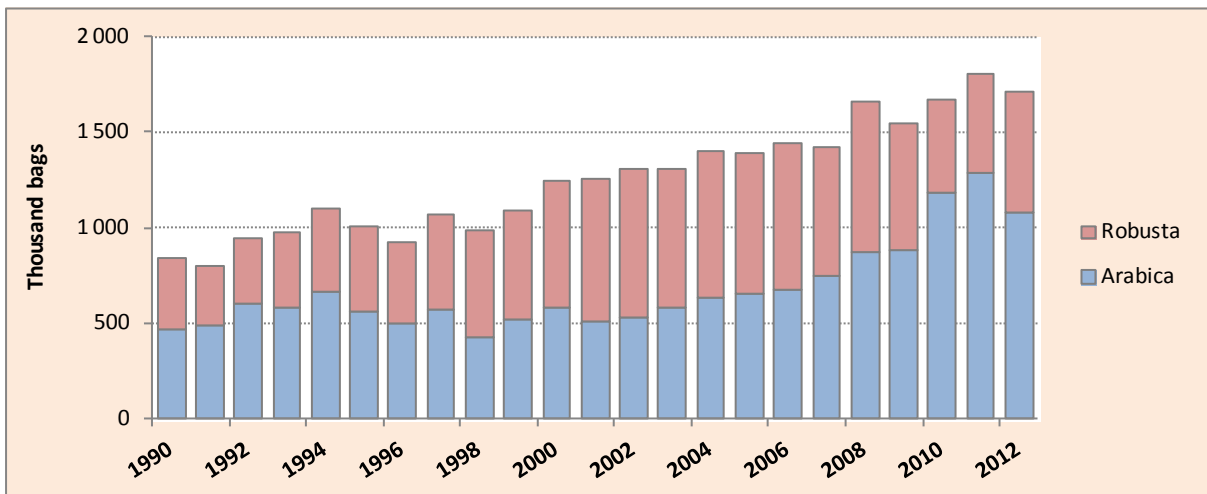


### South Korea

15. Coffee consumption in South Korea has been increasing strongly over time, averaging an annual growth rate of 3.3% since 1990. Total consumption was around 1.7 million bags in 2012, making it the 18th largest coffee drinker in the world. The slight decline observed between 2011 and 2012 is likely due to unobserved changes in pipeline stocks, as consumption has generally been on the rise. Per capita consumption is around 2.1kg per person, and has nearly doubled since 1990. Total net imports in 2012 amounted to a value of around US\$583 million, down from a high of US\$701 million in 2011 as international coffee prices declined.

16. Based on export figures to South Korea, consumption is estimated to comprise around two thirds Arabica coffee, compared to one third Robusta (see Figure 7). This estimate further suggests that Arabica consumption has been growing at around 5% per annum since 2000, while Robusta use has fallen slightly by 0.4%.

Figure 7: Coffee consumption in South Korea

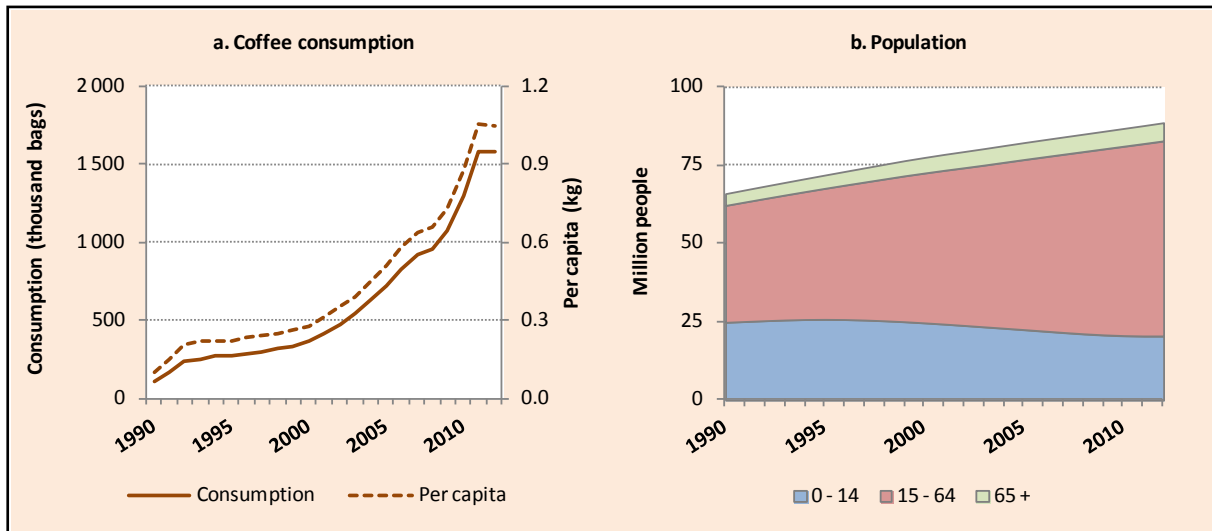




## Vietnam

17. Some of the most dynamic growth in coffee demand in the region has been observed in Vietnam. Since 2000, domestic consumption has increased by an average of 13% per annum to an estimated 1.6 million bags in 2012. The vast majority of this consumption is of domestic production, as Vietnam imports very little coffee. Vietnam is home to a vibrant coffee drinking and café culture, with a significant domestic and multinational private sector presence. Per capita consumption is estimated at over 1kg per person, and is also growing at over 10% per year. Furthermore, Vietnam’s demography is conducive to further growth, as indicated below. With a total population of nearly 90 million, Vietnam has a growing base of young, well-educated consumers with disposable income (see Figure 8).

Figure 8: Consumption and population trends in Vietnam

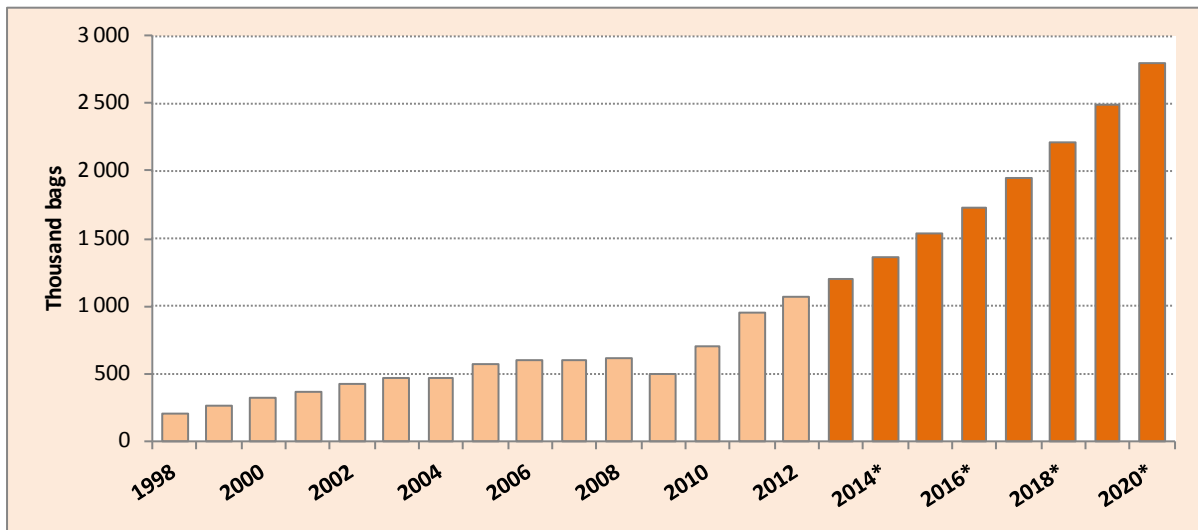


## China

18. Estimates of coffee consumption in China (including Hong Kong and Macao) are hampered by a lack of reliable statistics. However, on the basis of the available information, coffee consumption in 2012 is estimated at 1.1 million bags, and has been growing at over 10% per annum since 1998 (the first year for which data is available). With a total population of 1.3 billion people, per capita consumption in China comes to just 47.6 grams, although this is believed to be higher in urban areas. For example, per capita consumption in the significantly more urbanized region of Hong Kong is estimated at around 2.2kg

19. If these growth rates in China are maintained, total consumption could reach 2.8 million bags by 2020 (see Figure 9), roughly equivalent to current consumption in the United Kingdom, which makes the Chinese market a particularly promising prospect for the world coffee trade. For more information on the coffee industry in China, see document [ICC-111-8](#) Coffee in China.

Figure 9: Coffee consumption prospects in China

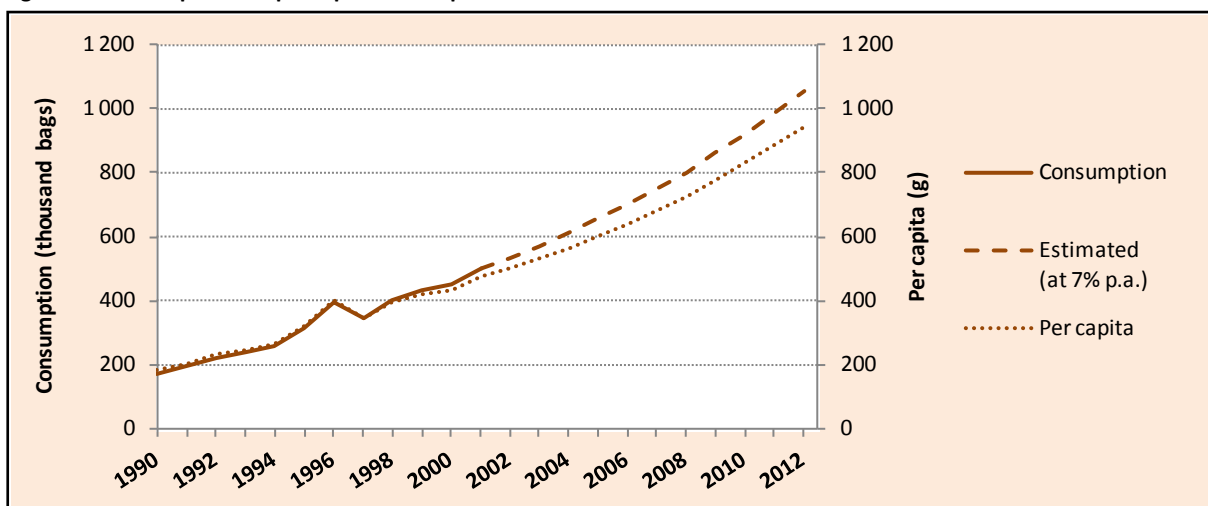


### Thailand

20. Consumption data for Thailand are incomplete, with the most recent figure available dating from 2001. However, external sources suggest that domestic consumption has been growing at between 7% and 10% over the last decade. Applying a relatively conservative rate of 7% per annum since 2001 would suggest that Thailand consumed just over 1 million bags of coffee in 2012. Furthermore, with a population of nearly 67 million people, this would equate to around 950 grams per capita (see Figure 10).

21. The domestic market is mostly composed of instant coffee or 3-in-1 mixes, which according to the International Trade Centre account for around 95% of coffee consumption. Moreover, given Thailand’s production is around 90% Robusta, and coffee exports to Thailand are an estimated 95% Robusta, the evidence suggests that the Thai market could absorb over 1 million bags of Robusta yearly, and is showing strong signs of growth.

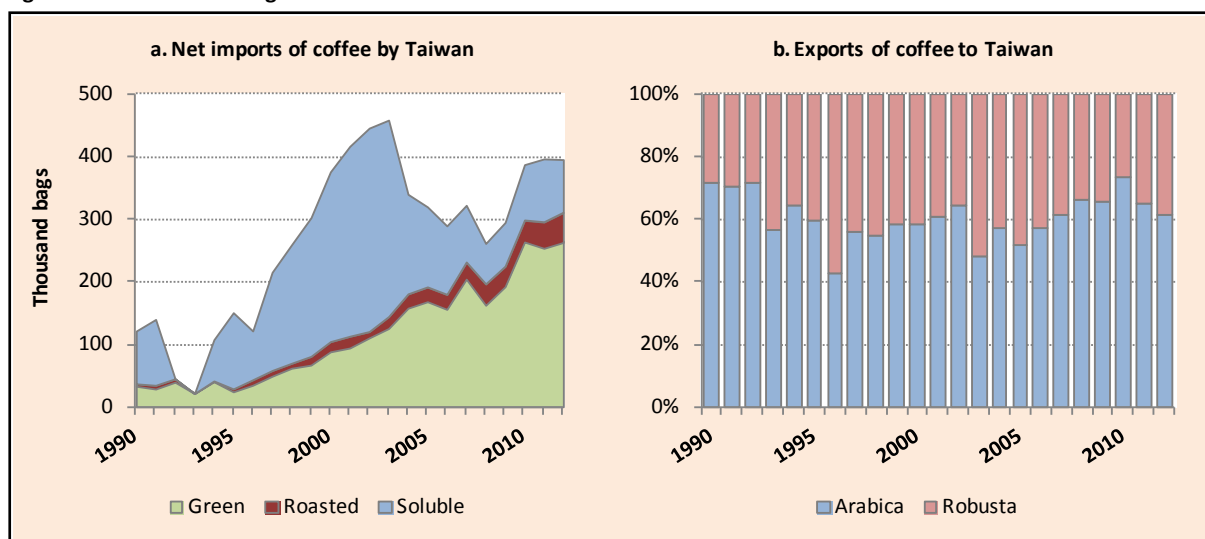
Figure 10: Consumption and per capita consumption in Thailand



## Taiwan

22. According to the net import data, coffee consumption in Taiwan has averaged around 362,000 bags per year since 2000, more than double the yearly average of 178,000 bags consumed in the 1990s. Per capita consumption has also increased significantly, from 0.4kg per person in 1990 to over 1kg in 2012. Taiwan has a relatively developed coffee culture; according to media reports the number of cups consumed quadrupled between 1999 and 2010, and the number of coffee establishments increased to over 10,000. Taiwan also has an increasingly urbanized population, with one of the highest population densities in the world, which is conducive to further growth in the market. Most imports are of green coffee (67% in 2012), but soluble coffee played a key role in developing the coffee market in the late 1990s (see Figure 11). Furthermore, the market share of Arabica in the Taiwanese coffee market is one of the highest in the region, estimated to have exceeded 60% on average since 2000.

Figure 11: Coffee market segmentation in Taiwan



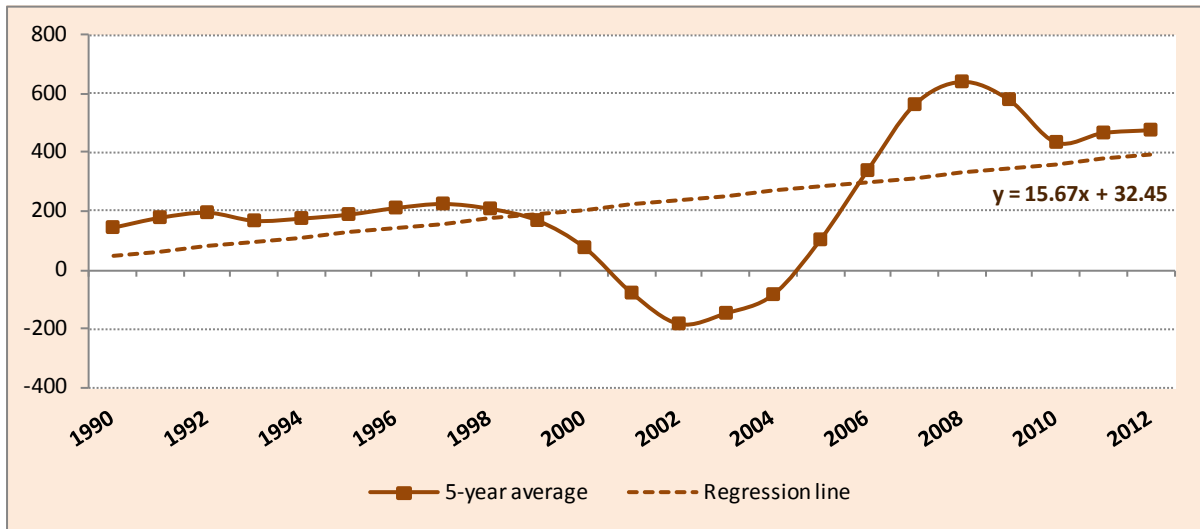
## Malaysia

23. Coffee consumption is very difficult to measure in Malaysia, as the available international trade statistics suggest that the country is frequently a net coffee exporter, implying negative domestic consumption. This discrepancy could be potentially explained by changes in unobserved stock levels or unrecorded inflows of coffee.

24. Figure 12 below shows an attempt to derive some more realistic information from these contrary statistics. The solid line shows a rolling five-year average of net disappearance (production + imports – exports) from 1990 to 2012, which follows a very volatile and inconsistent trend. The dotted line represents a least-squared regression of this series, which indicates a clear upward trend overall. This regression suggests that coffee consumption in Malaysia is currently around 400,000 to 500,000 bags, which would

correspond to some 800 grams per person, roughly equivalent to external estimates. Furthermore, in terms of market composition, alternative sources suggest that consumption is predominantly of soluble coffee, although an increasing out-of-home sector is promoting consumption of fresh coffee.

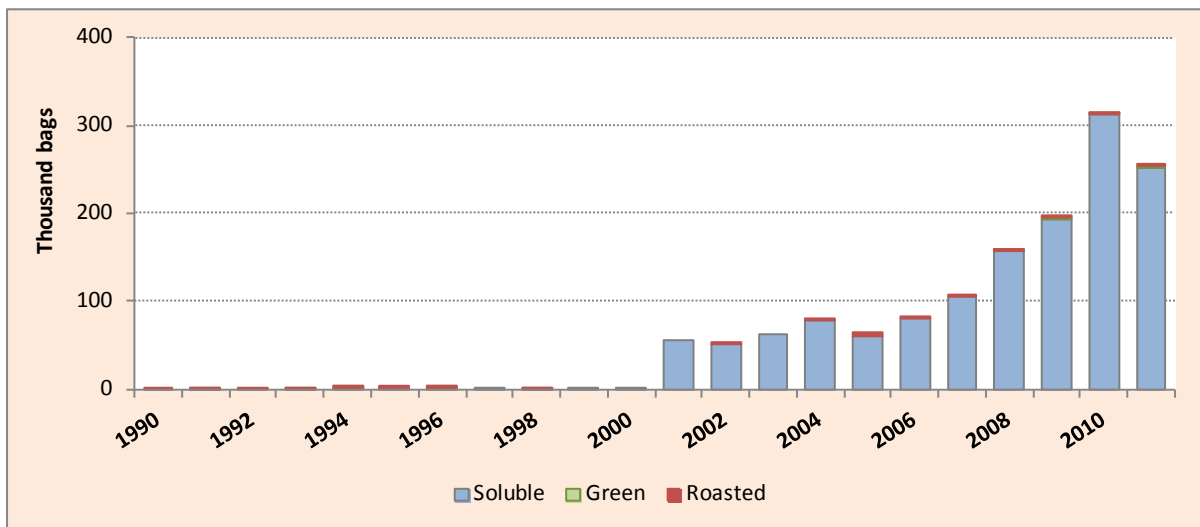
Figure 12: Basic regression analysis of coffee consumption in Malaysia



## Myanmar

25. Coffee consumption in Myanmar is relatively minor in world terms, estimated at some 253,000 bags in 2011 (the last year for which data is available). However, it is growing quickly, more than doubling since 2007 alone, up to some 290 grams per capita. According to international trade statistics, the market is almost entirely composed of soluble coffee, as indicated below. However, there is a small amount of coffee produced in Myanmar, both Arabica and Robusta, so domestic consumption could actually be higher.

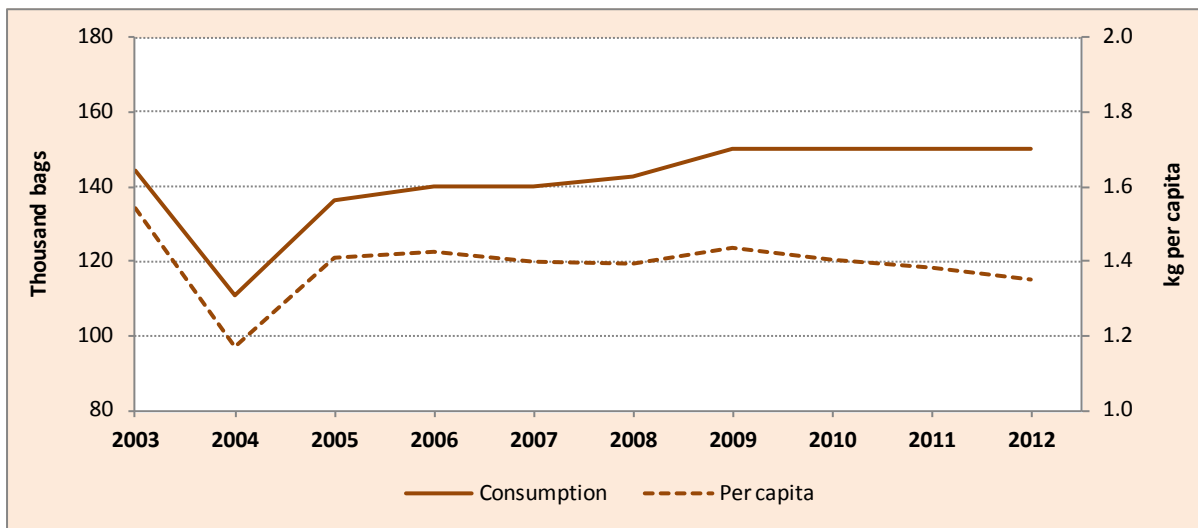
Figure 13: Coffee consumption in Myanmar



## Laos

26. Based on the information available, coffee consumption in Laos is estimated at around 150,000 bags per year. However, this translates to a relatively high level of per capita consumption of 1.4kg per person, one of the highest rates in the region. Most of this consumption is thought to come from domestic production, which was 497,000 bags in 2012/13. Furthermore, external sources suggest that the highest quality coffee is predominantly destined for export, while the rest is consumed locally. According to a 2007 study<sup>2</sup>, the strongest development in Laos has been in instant coffee consumption, although there has been evidence of growing demand for roasted coffee in urban areas. Complete data for Laos are not available, but consumption and per capita consumption since 2003 are shown below.

Figure 14: Consumption and per capita consumption in Laos



## Other consuming countries

### Brunei

27. Due to its small population, Brunei has a very high per capita consumption, reaching 4.4kg in 2012. However, the overall market is very small, accounting for some 30,000 bags. Consumption fluctuated heavily from the beginning of the period up until the early 2000s, but has since increased consistently. However, due to its size, it does not seem likely that Brunei will become a major coffee consumer on the international level.

### North Korea

28. Net imports for North Korea range from 3,000 to 30,000 bags per year since 2000, with no clear trend. Taking an average of 19,000 bags since 2000 would give a per capita

<sup>2</sup> *Groupe de Travail Café (2007) Participative analysis of coffee supply chain in Lao PDR.*

consumption of around 50 grams per person. Average consumption since 2000 has been considerably higher than in the 1990s, but remains exceedingly low. There are a handful of Western-style coffee shops appearing in Pyongyang, although the potential market is severely limited due to the cost.

### Cambodia

29. According to the data available, Cambodia has exhibited very low overall levels of coffee consumption, amongst the lowest in the region. However, consumption has been growing quickly, at over 10% per annum since 2000. Based on Cambodia's import/export statistics, the vast majority of this consumption is composed of imported soluble coffee, made from Robusta beans, mostly from Thailand. Furthermore, there is mounting evidence of increasing demand in Cambodia as the economy develops and a growing middle class emerges. Though per capita consumption remains relatively low, at just over 100 grams per person, there is certainly potential for growth.

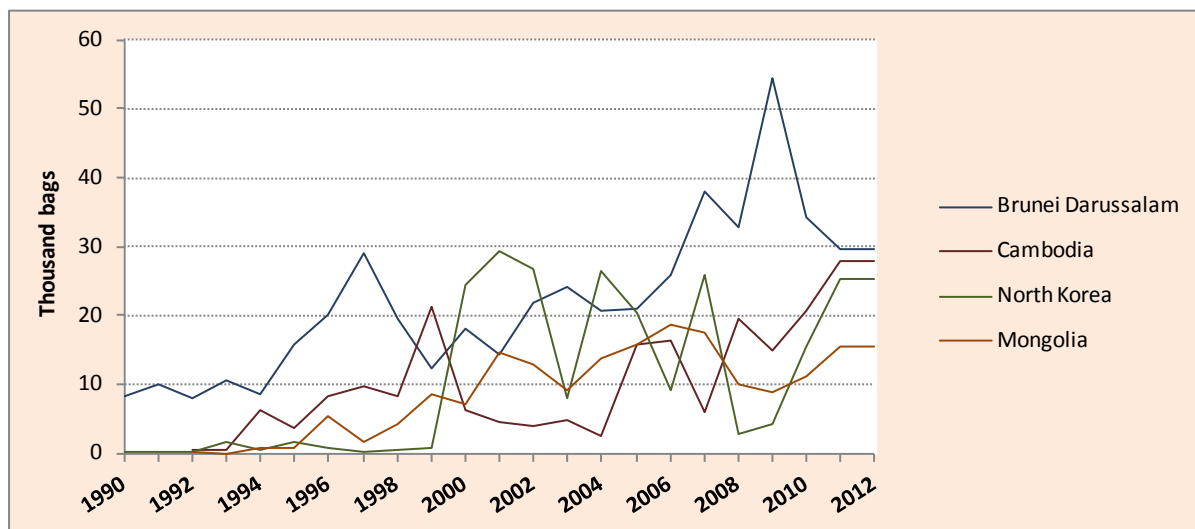
### Mongolia

30. Consumption in Mongolia has averaged some 13,000 bags since 2000 and there have been clear signs of growth over time, reaching 25,000 bags in 2012. This gives a per capita consumption of around 300 grams. With population of 2.8 million which is steadily increasing there could be potential for a small increase in consumption, but it remains unlikely to become a major market in the near future.

### Timor-Leste

31. Consumption data for Timor-Leste is currently unavailable; there is however some evidence that rural producers consume some of their own domestic production.

Figure 15: Coffee consumption in other importing countries



## CONCLUSION

32. New and emerging markets tend to show a preference for Robusta-based products, particularly soluble coffee and 3-in-1 or 4-in-1 ready-to-drink products. However, as the coffee market develops, it undergoes a transition towards Arabica-based ground coffee consumption. This transition is usually correlated with increasing GDP, as well as urbanization and demographic evolution. Finally, as a market becomes more mature, volume growth in consumption slows and is replaced by value augmentation, with a higher preference for specialty coffee. In East and Southeast Asia, this is best exemplified by the Japanese coffee market.

33. Nevertheless, consumption in East and Southeast Asia remains one of the most dynamic and high potential markets for future coffee demand. With 31% of the world's population and 29% of world GDP, the sixteen countries in this report currently account for just 14% of world coffee consumption. However, this share is rising, and if current trends continue, the region could potentially consume 28 to 30 million bags of coffee by 2020.

## FULL CONSUMPTION DATA FOR EAST AND SOUTHEAST ASIA

Table 1: Total coffee consumption

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Brunei	8	10	8	11	9	16	20	29	20	12	18	14	22	24	21	21	26	38	33	55	34	30	30
Cambodia			0	0	6	4	8	10	8	21	6	5	4	5	3	16	16	6	20	15	21	28	28
China									199	263	326	371	426	462	474	564	607	607	619	500	706	950	1 071
Indonesia	1 236	1 271	1 309	1 349	1 390	1 432	1 475	1 521	1 567	1 614	1 664	1 919	1 834	1 820	1 958	2 375	2 750	3 208	3 333	3 333	3 333	3 333	3 584
Japan	5 060	5 809	5 132	5 740	5 973	6 116	5 838	5 968	6 052	6 273	6 626	6 936	6 875	6 770	7 117	7 128	7 268	7 282	7 065	7 130	7 192	7 015	7 131
Laos													40	144	111	136	140	140	143	150	150	150	150
Malaysia*	48	64	79	95	111	126	142	158	174	189	205	221	236	252	268	283	299	315	330	346	362	377	393
Mongolia			0	0	1	1	5	2	4	9	7	15	13	9	14	16	19	17	10	9	11	16	16
Myanmar	0	0	1	0	1	2	1	0	0	0	0	53	52	57	76	61	81	108	158	194	313	253	253
North Korea	0	0	0	2	1	2	1	0	0	1	25	29	27	8	27	20	9	26	3	4	16	25	25
Philippines	710	735	750	760	780	800	821	842	832	836	841	821	825	873	969	1 030	1 050	1 060	1 390	1 770	1 973	2 150	2 175
South Korea	842	801	942	975	1 095	1 009	926	1 065	988	1 087	1 246	1 258	1 306	1 305	1 401	1 394	1 437	1 425	1 665	1 551	1 666	1 801	1 714
Taiwan	122	141			108	152	122	216	260	303	376	417	446	459	340	320	290	323	262	295	388	397	396
Thailand*	172	196	223	237	258	317	396	347	401	433	450	1 000	535	572	613	655	701	750	803	859	919	984	1 052
Timor-Leste																							
Vietnam	113	170	235	254	267	271	286	302	318	336	363	416	475	541	629	722	829	922	959	1 068	1 302	1 583	1 583

\* Estimated

In thousand bags

Table 2: Per capita consumption

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Brunei	1 938	2 337	1 761	2 258	1 791	3 160	4 002	5 617	3 671	2 218	3 299	2 539	3 736	4 149	3 448	3 424	4 174	5 998	5 459	8 388	5 119	4 354	4 354
Cambodia			3	2	35	19	42	49	41	103	295	213	185	222	121	737	722	259	846	637	862	115	115
China									10	13	15	17	20	21	22	26	28	27	28	22	31	42	47
Indonesia	418	423	429	435	442	449	456	463	471	478	486	553	522	544	540	635	725	833	854	843	839	823	880
Japan	2 464	2 819	2 481	2 764	2 866	2 925	2 785	2 841	2 875	2 975	3 137	3 279	3 245	3 215	3 368	3 369	3 438	3 434	3 329	3 359	3 389	3 358	3 362
Laos													423	1 544	1 168	1 412	1 424	1 398	1 393	1 435	1 463	1 384	1 353
Malaysia*	159	205	248	290	329	366	401	434	466	496	525	553	580	607	633	658	681	704	726	747	767	787	806
Mongolia	8		5	2	24	23	140	42	112	220	182	362	315	224	334	376	438	425	228	197	250	338	338
Myanmar	0	0	2	0	2	3	1	0	0	0	280	687	656	690	914	733	957	127	185	226	362	290	290
North Korea	0	1	1	4	2	5	2	0	1	2	65	77	69	20	67	51	23	64	7	11	38	61	61
Philippines	682	690	688	681	684	686	689	692	669	659	650	621	613	634	690	721	722	716	923	1 156	1 267	1 357	1 349
South Korea	1 176	1 108	1 293	1 329	1 483	1 355	1 234	1 408	1 296	1 414	1 696	1 616	1 670	1 682	1 796	1 779	1 824	1 798	2 865	1 932	2 633	2 217	2 984
Taiwan	359	410			307	426	341	596	711	823	1 013	1 117	1 188	1 218	900	844	761	844	682	767	1 004	1 025	1 019
Thailand*	183	206	232	245	265	322	399	346	395	422	433	951	503	533	565	600	639	681	728	778	831	886	946
Timor-Leste																							
Vietnam	102	151	204	217	224	223	231	240	250	260	277	313	353	389	449	511	582	639	658	726	878	1 564	1 464

\* Estimated

In grams per capita