



COFFEE VALUE CHAIN IN SELECTED IMPORTING COUNTRIES

Denis Seudieu, Chief Economist
International Coffee Council
London, March 2011

International Coffee Organization - www.ico.org



**Table 1: Average consumption in
selected importing countries (60-kg bags)**

	Average consumption 1975- 2009	Share in total
France	5 264 869	7.2%
Germany	8 941 395	12.1%
Italy	4 579 222	6.2%
Japan	5 182 963	7.0%
Netherlands	2 043 768	2.8%
Spain	2 470 151	3.4%
Sweden	1 465 958	2.0%
UK	2 377 187	3.2%
USA	18 875 293	25.6%
Sub-total selected countries	51 200 806	69.6%
Total all importing countries	73 606 240	

International Coffee Organization - www.ico.org



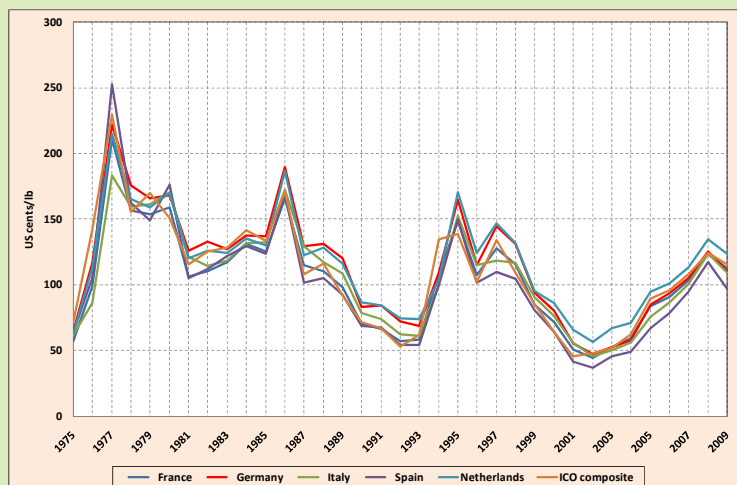
Table 2: Average imports of selected importing countries (60-kg bags)

	Average imports 1975-2009	Share in total
France	6 116 347	6.8%
Germany	12 990 037	14.5%
Italy	5 316 310	6.0%
Japan	5 240 165	5.9%
Netherlands	2 866 662	3.2%
Spain	3 008 410	3.4%
Sweden	1 633 859	1.8%
UK	2 933 870	3.3%
USA	20 752 991	23.2%
Sub-total selected countries	60 858 650	68.1%
Total all importing countries	89 304 842	

International Coffee Organization - www.ico.org



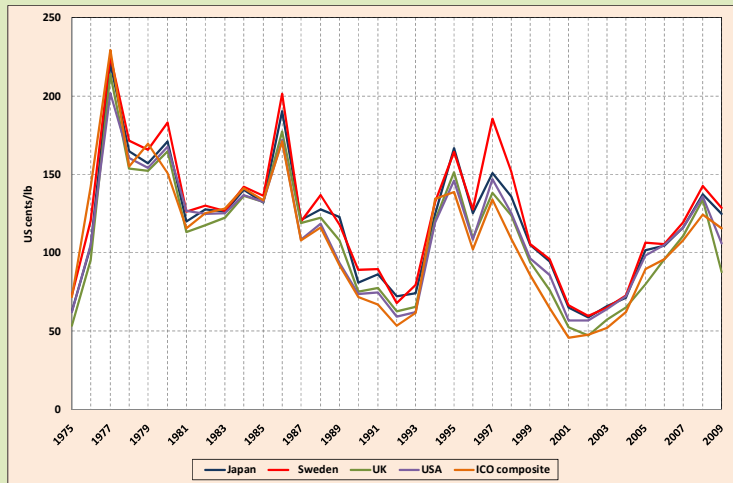
Graph 1: Unit value of imports of green coffee – France, Germany, Italy, Netherlands, Spain – and the ICO composite indicator price



International Coffee Organization - www.ico.org



Graph 2: Unit value of imports of green coffee – Japan, Sweden, UK, USA – and the ICO composite indicator price



International Coffee Organization - www.ico.org



Table 3: Correlation coefficients between the unit values of imports of green coffee and the ICO composite price

	France	Germany	Italy	Japan	Netherlands	Spain	Sweden	UK	USA	ICO composite
France	1.00	0.99	0.98	0.99	0.99	0.98	0.97	0.98	0.98	0.97
Germany	0.99	1.00	0.98	0.98	0.99	0.97	0.97	0.98	0.97	0.95
Italy	0.98	0.98	1.00	0.97	0.97	0.95	0.95	0.97	0.96	0.92
Japan	0.99	0.98	0.97	1.00	0.99	0.96	0.99	0.99	0.98	0.94
Netherlands	0.99	0.99	0.97	0.99	1.00	0.97	0.98	0.98	0.97	0.94
Spain	0.98	0.97	0.95	0.96	0.97	1.00	0.94	0.97	0.95	0.96
Sweden	0.97	0.97	0.95	0.99	0.98	0.94	1.00	0.97	0.98	0.94
UK	0.98	0.98	0.97	0.99	0.98	0.97	0.97	1.00	0.98	0.95
USA	0.98	0.97	0.96	0.98	0.97	0.95	0.98	0.98	1.00	0.96
ICO composite	0.97	0.95	0.92	0.94	0.94	0.96	0.94	0.95	0.96	1.00

International Coffee Organization - www.ico.org



Table 4: Correlation coefficients between unit values of imports and retail coffee prices in selected importing countries (US cents/lb)

	Correlation coefficient	Coefficient of determination (R ²)
France	0.76	57.14%
Germany	0.67	44.90%
Italy	-0.13	1.66%
Japan	0.13	1.69%
Netherlands	0.48	23.18%
Spain	0.43	18.55%
Sweden	0.74	54.29%
UK	-0.12	1.45%
USA	0.39	15.26%

International Coffee Organization - www.ico.org



Determination of gross added value

A. Gross added value

- ▶ Retail prices may be used to arrive at an estimate of the total revenue obtained by roasters based on the imports of green coffee. The gross added value is thus the difference between the retail price and the unit value of imports of green coffee.
- ▶ It should be noted that the gross added value includes processing/roasting and distribution/marketing costs as well as administrative costs, various taxes and profit.

International Coffee Organization - www.ico.org



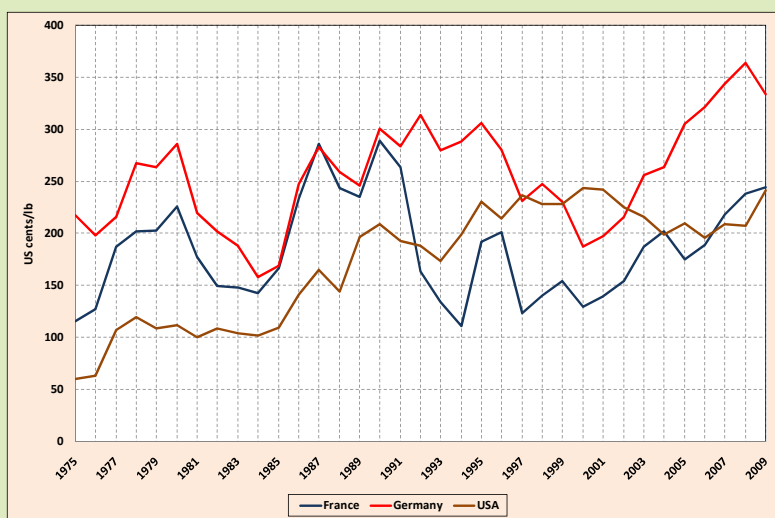
Determination of gross added value (cont'd)

- ▶ Conversion factors are used to calculate the equivalent of roasted coffee to green coffee by multiplying the net weight of the roasted coffee by 1.19.
- ▶ Similarly, the equivalent of soluble coffee to green coffee is estimated by multiplying the net weight of the soluble coffee by 2.6 (for the UK only).
- ▶ Annex 2 shows unit values of green coffee imports calculated on the basis of these conversion factors and Annex 3 shows annual averages of retail prices.

International Coffee Organization - www.ico.org



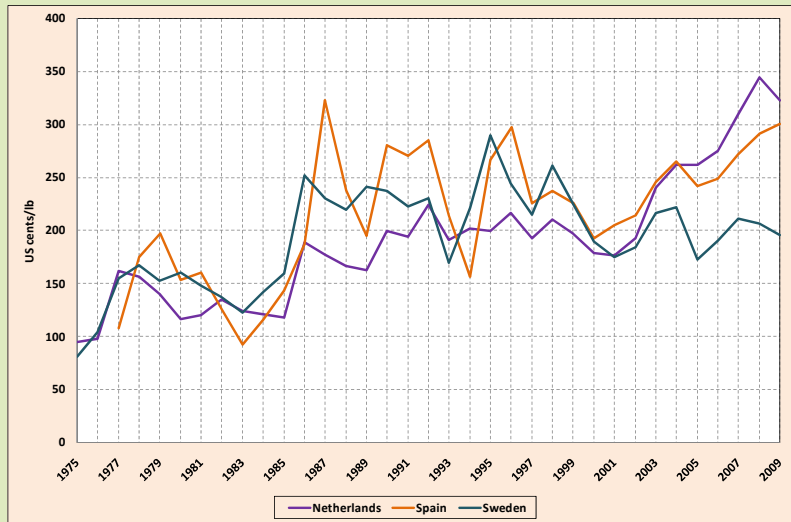
Graph 3: Gross added values in France, Germany and USA



International Coffee Organization - www.ico.org



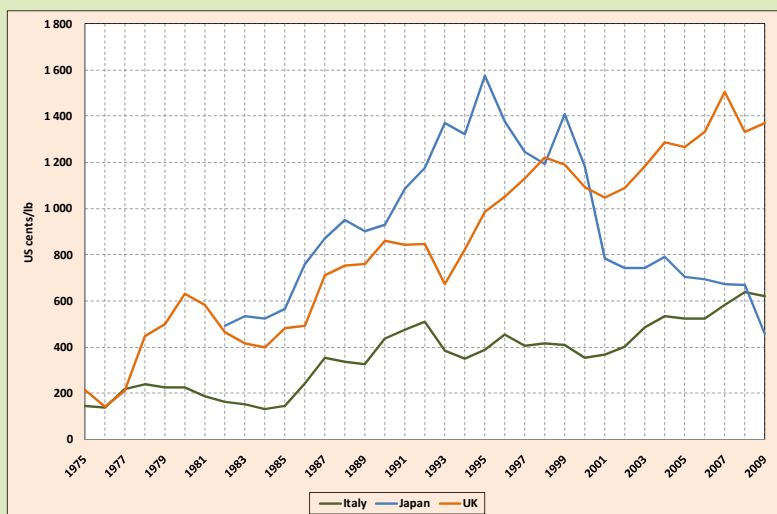
Graph 4: Gross added values in the Netherlands, Spain and Sweden



International Coffee Organization - www.ico.org



Graph 5: Gross added values in Italy, Japan and UK



International Coffee Organization - www.ico.org



**Table 5: ICO composite
and group indicator prices**
Averages per period (US cents per pound)

	1975-2009	1975-1989	1990-2009	2000-2009
ICO composite	108.81	136.49	88.06	80.43
Colombian Milds	132.86	158.29	115.06	106.62
Other Milds	123.75	145.24	107.64	99.20
Brazilian naturals	123.96	161.21	96.02	85.50
Robustas	91.28	125.69	65.46	55.65

International Coffee Organization - www.ico.org



**Table 6a: Retail prices, unit value
of imports and gross added values**
Averages during the period 1975 to 1989

	Retail price	Unit value of imports	Gross added value	Gross added value as a % of retail price
France	341.60	152.08	189.52	55.5%
Germany	398.15	170.08	228.07	57.3%
Italy	370.84	156.10	214.74	57.9%
Japan	859.94	165.57	698.24	81.2%
Netherlands	303.33	164.60	138.74	45.7%
Spain	335.39	156.33	170.43	50.8%
Sweden	337.48	172.59	164.89	48.9%
UK	824.75	343.86	480.89	58.3%
USA	273.42	157.78	115.64	42.3%

International Coffee Organization - www.ico.org



Table 6b: Retail prices, unit value of imports and gross added values
Averages during the period from 1990 to 2009

	Retail price	Unit value of imports	Gross added value	Gross added value as a % of retail price
France	285.86	103.37	182.49	63.8%
Germany	389.35	111.86	277.49	71.3%
Italy	567.36	104.11	463.24	81.6%
Japan	1 127.38	122.70	1 004.68	89.1%
Netherlands	349.27	119.57	229.70	65.8%
Spain	341.16	94.19	246.97	72.4%
Sweden	342.11	128.23	213.88	62.5%
UK	1 343.55	237.53	1 106.02	82.3%
USA	327.00	113.60	213.99	65.4%

International Coffee Organization - www.ico.org



Table 6c: Retail price, unit value of imports and gross added values
Averages during the period from 2000 to 2009

	Retail price	Unit value of imports	Gross added value	Gross added value as a % of retail price
France	282.04	94.34	187.70	66.5%
Germany	375.50	96.71	278.79	74.2%
Italy	596.42	92.93	503.49	84.4%
Japan	854.34	111.86	742.48	86.3%
Netherlands	365.56	109.00	256.56	86.9%
Spain	330.12	82.27	247.85	75.1%
Sweden	310.65	114.48	196.17	63.1%
UK	1 460.27	209.96	1 250.30	85.6%
USA	325.20	106.72	218.48	67.2%

International Coffee Organization - www.ico.org



Determination of gross added value

B. Total gross added value

- ▶ The total gross added value is the overall revenue obtained by the roasting industry from total consumption in the country concerned. The total gross value added is thus an indicator of the formation of the total resources created from roasting coffee in the country.
- ▶ The overall gross value added is calculated by multiplying the country's total volume of consumption by the gross added value. Table 7 shows the average of total gross value added obtained in selected importing countries in the sub-periods under reference.

International Coffee Organization - www.ico.org



Table 7: Total gross added value average in selected countries (US\$ million)

	Sub-periods			
	1975 to 2009	1975 to 1989	1990 to 2009	2000 to 2009
France	1 292.90	1 292.80	1 292.97	1 314.35
Germany	3 059.22	2 461.19	3 507.74	3 364.85
Italy	2 285.23	1 110.26	3 166.45	3 711.00
Japan	7 080.56	4 070.89	8 284.43	6 795.41
Netherlands	508.45	373.57	609.62	584.31
Spain	757.20	435.08	966.58	994.86
Sweden	367.59	353.56	378.12	316.54
UK	2 746.94	1 411.90	3 748.22	4 413.14
USA	4 318.10	2 768.81	5 480.07	5 894.72
Total	22 416.19	14 278.07	27 434.19	27 389.17

International Coffee Organization - www.ico.org



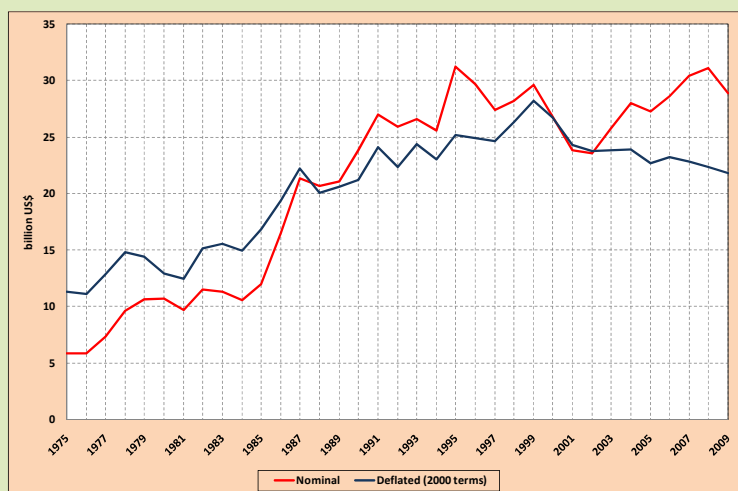
Table 8: Deflated Total gross value added averages in selected countries (US\$ million)

	Sub-periods			
	1975 to 2009	1975 to 1989	1990 to 2009	2000 to 2009
France	1 365.52	1 691.01	1 121.39	1 115.91
Germany	3 126.15	3 242.99	3 038.52	2 843.23
Italy	2 171.93	1 423.66	2 733.13	3 132.53
Japan	6 579.09	4 666.59	7 344.09	6 001.11
Netherlands	513.59	492.81	529.18	496.24
Spain	715.11	525.67	838.24	843.63
Sweden	388.22	463.12	332.04	273.57
UK	2 611.98	1 775.11	3 239.64	3 727.83
USA	4 300.76	3 614.33	4 815.58	5 117.89
Total	21 772.35	17 895.31	23 991.81	23 551.95

International Coffee Organization - www.ico.org



Graph 6: Total gross added values – nominal and deflated (2000 terms) 1975 to 2009



International Coffee Organization - www.ico.org



Conclusion

- This exercise highlighted the global added value of the roasting industry from coffee consumption in nine importing countries.
- Gross added value totalled US\$28.8 billion and US\$31.1 billion in 2009 and 2008 for total consumption of 56.3 and 58.4 million bags, respectively.

International Coffee Organization - www.ico.org



Conclusion (cont'd)

- The gross added value of these nine importing countries is very much higher than the total export earnings of all exporting countries in the same period, which were estimated at US\$13.3 and US\$15.4 billion in 2009 and 2008 for a volume of exports totalling 96.2 million and 97.6 million bags, respectively.
- After introducing the UN deflator index, gross added value is estimated at US\$22.4 and US\$21.8 billion in 2008 and 2009, respectively.

International Coffee Organization - www.ico.org



Conclusion (cont'd)

- Moreover, it may be noted that gross added value shares in retail prices have increased during recent years and are above those obtained during the regulated market period from 1975 to 1989.
- Recent market developments indicate further marked increases of gross added value shares.