Interview

To lift coffee industry, let us step up value addition

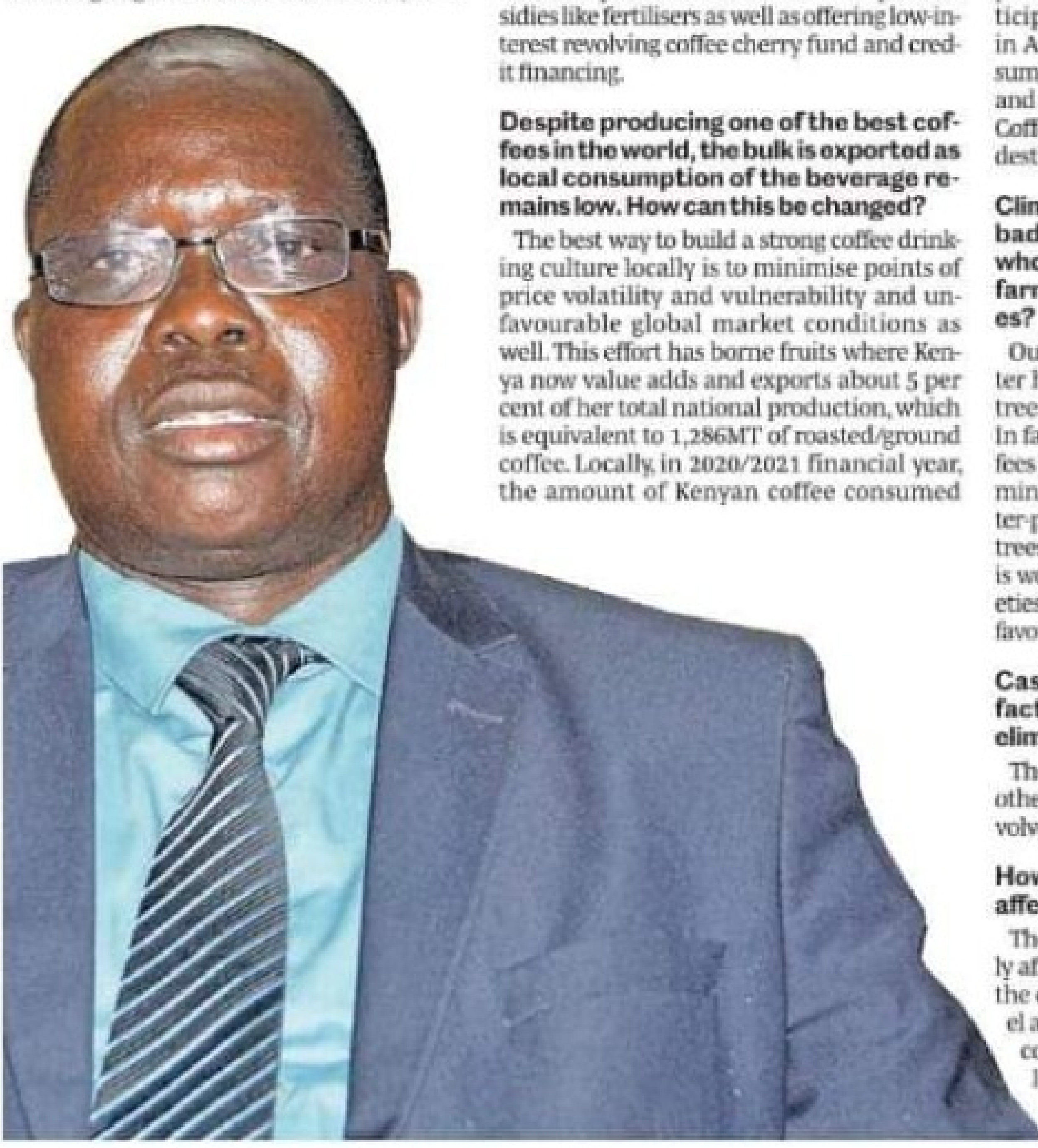
Dr Benson Apuoyo is the deputy director, market research and product development at the Coffee Directorate. He spoke to Seeds of Gold on the status of the coffee industry, what can be done to boost local consumption of the produce and how farmers can adequately respond to effects of climate change

Paint the picture of the current status of the coffee industry?

The coffee industry is in good shape and its performance in terms of hectares, production, yields, coffee price and returns is encouraging. Reforms and interventions put in place by the government are paying off. Notable expansion of areas under coffee have been witnessed in Western Kenya and demand for coffee seedlings, especially high-yielding and drought and disease-resistant varieties are on the rise.

For over a year, Kenyan coffee farmers have enjoyed boom due to rising global prices amid decline in production in Brazil. But reports now indicate that demand for Kenyan coffee is on the decline due to a resurge in production in Brazil, should this worry local farmers?

It is incorrect to say that the boom in Kenya is due to decline of coffee production in Brazil. Coffee production in Brazil recorded marginal decrease in 2020 and 2021 but before that, there was good production of about 65 million 60kg bags in 2019 from 49 million 60kg bags in 2018. In coffee trade, there are major reasons behind decline in prices. These include the collapse of the International Coffee Agreement (ICA) quota system in 1989, the oversupply of coffee in the global market, the introduction of high-yielding varieties by some countries, high–yield enhancing technologies, and partly, the increased power concentration in the retail end of the market.



As a long-term solution, coffee farmers have been trained to produce, at no additional cost, the type of coffee that the market requires through production of specialty coffee for markets such as the US. Second, there has been diversification to emerging markets such as South Korea, Malaysia and the Gulf region. South Korea is currently the fourth largest market destination of Kenya's specialty coffee importing about 12 per cent of our total coffee production.

Third, expanding domestic market for the consumption of Kenyan coffee to protect the income of farmers. Lastly, the government has minimised market-based price risks through formulation and development of legal instruments that include policies, regulations and provisions of coffee farm input subsidies like fertilisers as well as offering low-interest revolving coffee cherry fund and credit financing.

Despite producing one of the best coffees in the world, the bulk is exported as local consumption of the beverage remains low. How can this be changed?

The best way to build a strong coffee drinking culture locally is to minimise points of price volatility and vulnerability and unfavourable global market conditions as well. This effort has borne fruits where Kenya now value adds and exports about 5 per cent of her total national production, which is equivalent to 1,286MT of roasted/ground coffee. Locally, in 2020/2021 financial year, the amount of Kenyan coffee consumed was 1,655MT green coffee equivalent (GBE), up from 1,577MT in 2019/20. Generally, the domestic coffee consumption of coffee in 2020/21 translates to 4.8 per cent of Kenya's national total production. According to our Coffee Houses Census and Quantity of Kenyan Coffee Consumption Survey Report of 2021/22, there are 506 coffee houses in the country. Even though the coffee consumption per capita in Kenya is 0.036, there is a good progress fanned by the youth in public universities with whom the directorate is working closely to establish a number of coffee houses. The coffee consumption per capita is expected to grow to a single digit in 2030. However, people should not lose the fact that coffee is primarily a source of export revenues and on average accounts for good foreign exchange revenues. Thus, exporting coffee is a necessity rather than an option.

There has been an increase in number of small outlets processing coffee for sale in urban areas. How does the directorate support such businesses and ensure they offer quality?

The directorate encourages value addition of coffee by the private sector. In partnership with the county governments where coffee is grown, we have trained technical officers on coffee production, processing and value addition. The directorate has also supported the establishment of coffee cottage industries in a number of counties such as Kisii, Bungoma, Kirinyaga, Kericho, Nandi, Meru and Machakos. Further, the directorate has organised a number of Coffee Barista Competitions where the overall champion participated in the World Barista Champion in Australia in September. The coffees consumed in different outlets are of high quality and are sourced competitively at the Nairobi Coffee Exchange just as the same for coffees destined for export.

Climate change effects like drought are badly affecting coffee farmers mainly who rely on rains. What is your advice to farmers grappling with such challenges?

Our advice to farmers is to practice better husbandry practices by planting shade trees on farms for sustainable production. In fact, there is an untapped market for coffees grown in micro-climates where farmers minimise the effects of deforestation by inter-planting coffee trees with recommended trees on their farms. Further, the directorate is working on high-yielding and quality varieties that are drought-resilient and can adapt favourably to climate change.

Cases of coffee theft on farms and in factories are still rife, how can this be eliminated?

Theft of coffee is a criminal offence like any other crime thus eliminating it needs the involvement of security agencies.

How has the Russian-Ukraine conflict affected Kenya's coffee exports?

The Russian–Ukraine conflict has negatively affected coffee business in terms of raising the cost of farm input such as fertilisers, fuel and reducing market share of the Kenyan coffee in the two countries. This means lost opportunities.

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