

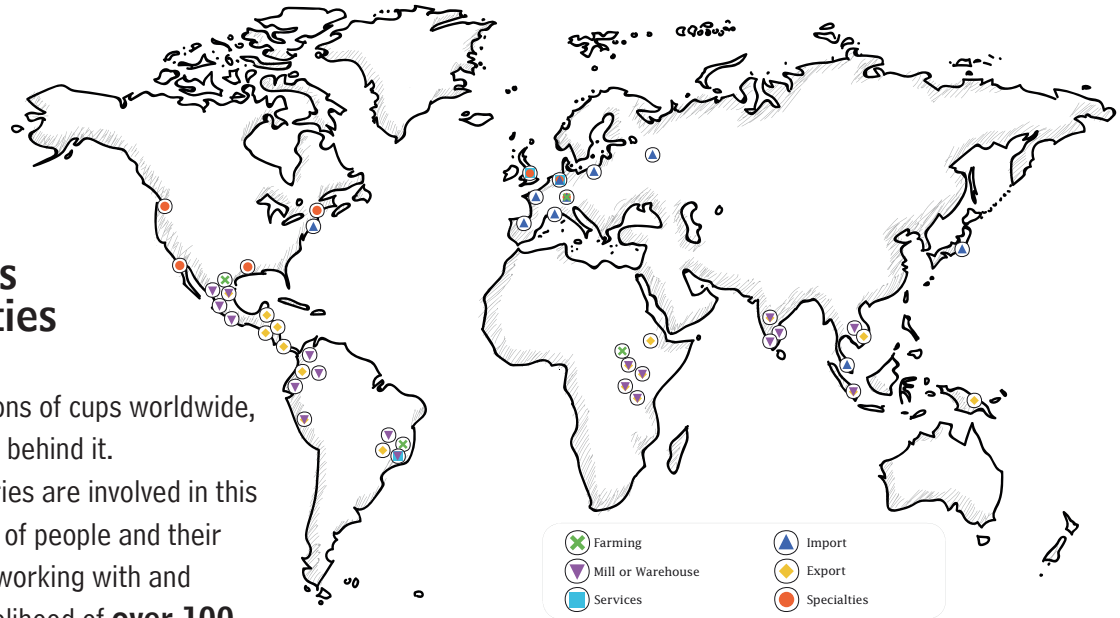
Coffee FACTS

One of the world's largest commodities

Before coffee arrives in billions of cups worldwide, it already has a long journey behind it.

And many people and countries are involved in this journey. Worldwide, millions of people and their relatives owe their living to working with and for coffee: it ensures the livelihood of **over 100 million people**, who work in its production and further processing all over the world.

For countries like Columbia for example, which counts as one of the largest coffee-producing countries in the world, coffee is one of the main sources of foreign exchange. Today over **150 million sacks are produced in 80 countries** annually and every year more and more people around the globe are drinking coffee. Raw coffee is therefore one of the most important global export commodities. With an annual **total value of 20 billion euros**, it is also the perfect vehicle for development projects.



Coffee is a truly global commodity, produced in over **50 countries worldwide** and consumed in all of them. The world trade in coffee has grown consistently over time, with total exports by producing countries reaching some **118 million 60kg bags in calendar year 2017**, resulting in export revenues of over **US\$21 billion**. Two countries alone account for over half of global production on average over the last

five years, with Brazil responsible for roughly a third of the world total and Vietnam another sixth. Colombia and Indonesia are the next largest coffee producers, accounting for just **under 10% of the total**, with no other single country

accounting for more than **5% of global production**. The market share for these top producers has also been increasing over time, as the market becomes more concentrated. Since 2000, **around 75% of extra supply** in the coffee market (nearly 50 million bags), has come from Brazil, Vietnam and Colombia.

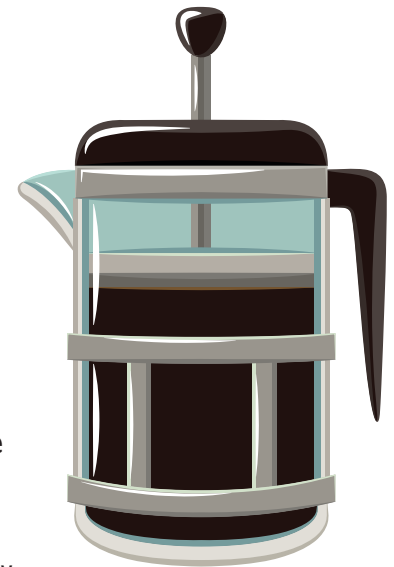
Coffee can also be a very important in developing countries, providing an Total export earnings for all producing **billion per year**, and over the last five for **over 10% of total export value** for



and Honduras. However, the international price of coffee can also be very volatile over time. Over the last ten years, the New York 'C' contract, the baseline price for commodity Arabica coffee, has ranged from **over US\$3/lb to just 96 cents/lb**, which can cause significant uncertainty in the market. As an agricultural commodity, coffee is vulnerably to supply-side shocks from unexpected weather events or disease outbreaks, particularly as climate change affects the coffee-growing regions, which could further exacerbate market volatility.

export crop for producers, particularly essential source of foreign exchange. countries come to around **US\$20** years, coffee exports have accounted Timor-Leste, Burundi, Ethiopia, Uganda

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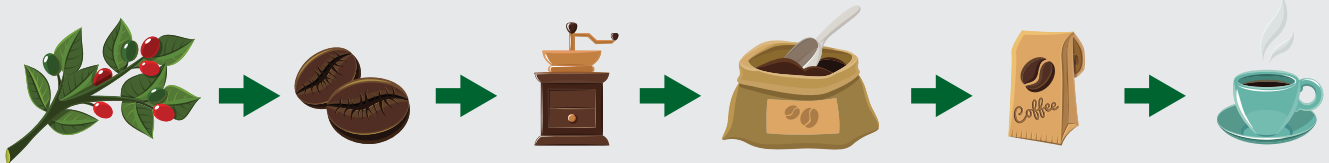


A small, affordable luxury

People have been enjoying coffee for thousands of years. And almost every region and generation has rediscovered the cult beverage in its own way.

While coffee was poured in coffee houses as the **“Wine of Islam (quawa)”** in Arabia for the first time at the beginning of the 16th century, today trendy coffee shops across the world serve nitro coffee with carbon dioxide and **“cold brew”**.

Whether it’s to get you going in the morning, in a take-away cup on the way to work or with a circle of friends in a café – coffee is drunk all over the world in many diverse ways. And the **“black gold”** continues to increase in popularity. Western-influenced and modern societies are unthinkable without the trend drink coffee. The way we consume coffee has evolved significantly in recent years. Worldwide, coffee consumption has been on a long-term upward trend, hitting new record volumes each year. **Global coffee demand has more than doubled in the last 35 years**, and at **current growth rates of around 2%**, it could potentially double again over the next 35 years.



Over the last fifty years, coffee consumption has moved from being a traditionally homogenous commodity to today’s highly differentiated market, catering to a wide variety of tastes and consumer experiences.

In more traditional consuming markets, much of the growth in recent years has been fueled by the emergence of a dynamic specialty coffee market, while increasing out-of-home consumption has also driven the market forwards. The so-called second, third, and potentially fourth waves of coffee have engaged new consumers and stimulated innovation in new products,

while the increasing prevalence of coffee shops has also driven overall demand. Central to this development has been an increased interest in origin and transparency with the coffee value chain.

While the specialty coffee market is focused on higher quality Arabica coffee, over the last ten years demand for Robusta has been, if anything, even more dynamic. This has been driven largely by the rapidly growing demand for coffee in producing countries and emerging markets, where a new range of products which generally utilize lower-cost beans,

such as ready-to-drink beverages and instant coffee mixes have boomed in popularity. As disposable incomes rise, not only does overall consumption rise, but consumers also tend to trade up and consume higher qualities of coffee.

