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# Kenya

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# East African Community Region Coffee Report

**Report Categories:**
Coffee

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**Report Highlights:**

As a result of recent record high coffee prices, Arabica coffee farmers in the East African Community (EAC) region have invested to replace old coffee bushes with new, higher-yielding, more disease-resistant varieties that will keep them competitive in the world coffee market for years to come. EAC Robusta coffee producers too have enjoyed record prices recently but they may not have so heavily reinvested, because, while prices have been historically high, they aren't high enough to permit extensive reinvestment in the Robusta sector.

**Executive Summary:**

International coffee interests have encouraged EAC Member State coffee Governments, coffee farmers and traders to focus greater attention to the production of specialty coffees for U.S., European and Japanese markets. As examples, the Governments of Rwanda and Burundi are liberalizing coffee production, washing station ownership and permitting direct trades; private voluntary organization (PVOs) have increased efforts to inform and organize coffee producers; and, world coffee buyers have promoted and paid premium prices for high-quality specialty coffee.

On the complete opposite side of the world coffee market, where “specialty” remains a foreign concept, Ugandan and Tanzanian Robusta coffee farmers produce approximately 40 percent of Africa’s Robusta exports and about six percent of the world’s Robusta coffee production. All of the EAC’s Robusta coffee farmers are small-scale producers who rely on intercropping Robusta trees with food crops to provide food to sustain their families and the chance for a meager cash return from the ancillary Robusta-coffee production.

This report contains PSD tables for all EAC Member States: Kenya, Tanzania, Uganda, Rwanda and Burundi. FAS/Nairobi staff has also recently published individual annual coffee reports, analyzing the Arabica and Robusta coffee production, supply and distribution in Kenya, Tanzania and Uganda (please follow the same link used to access this report).

This report reflects the analysis and opinions of the FAS/Nairobi Office of Agricultural Affairs and does not necessarily represent the views or opinions of the U.S. Department of Agriculture in Washington, D.C.

## Production:

### EAC

| EAC Coffee S&D | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Beginning Stocks (1000 60 KG BAGS) | 1,347 | 1,410 | 911 | 864 | 982 |
| Arabica Production (1000 60 KG BAGS) | 2,975 | 2,280 | 2,589 | 2,537 | 2,900 |
| Robusta Production (1000 60 KG BAGS) | 3,114 | 2,254 | 3,018 | 3,050 | 3,100 |
| Total Production (1000 60 KG BAGS) | 6,089 | 4,534 | 5,607 | 5,587 | 6,000 |
| Soluble Imports (1000 60 KG BAGS) | 0 | 0 | 0 | 0 | 0 |
| Total Imports (1000 60 KG BAGS) | 0 | 0 | 0 | 0 | 0 |
| Total Supply (1000 60 KG BAGS) | 7,436 | 5,944 | 6,518 | 6,451 | 6,982 |
| Bean Exports (1000 60 KG BAGS) | 5,807 | 4,804 | 5,414 | 5,225 | 5,850 |
| Soluble Exports (1000 60 KG BAGS) | 1 | 1 | 2 | 1 | 1 |
| Total Exports (1000 60 KG BAGS) | 5,808 | 4,805 | 5,416 | 5,226 | 5,851 |
| Rst,Ground Dom. Consum (1000 60 KG BAGS) | 218 | 228 | 238 | 243 | 243 |
| Soluble Dom. Cons. (1000 60 KG BAGS) | 0 | 0 | 0 | 0 | 0 |
| Domestic Use (1000 60 KG BAGS) | 218 | 228 | 238 | 243 | 243 |
| Ending Stocks (1000 60 KG BAGS) | 1,410 | 911 | 864 | 982 | 888 |
| Total Distribution (1000 60 KG BAGS) | 7,436 | 5,944 | 6,518 | 6,451 | 6,982 |

Revised EAC Member State Coffee Board estimates and FAS/Nairobi estimates and forecasts

| World Robusta Coffee Production (Thousand 60 Kg Bags) | | | | | |
|---|---|---|---|---|---|
| **MY** | **Africa** | EAC* | % Africa* | **Total** | % World* |
| 2001 | 10,789 | 3,028 | 28.1% | **43,624** | 6.9% |
| 2002 | 8,279 | 3,041 | 36.7% | **40,685** | 7.5% |
| 2003 | 8,177 | 2,628 | 32.1% | **41,158** | 6.4% |
| 2004 | 7,430 | 2,377 | 32.0% | **42,628** | 5.6% |
| 2005 | 6,629 | 2,555 | 38.5% | **39,819** | 6.4% |
| 2006 | 6,209 | 1,700 | 27.4% | **42,144** | 4.0% |
| 2007 | 7,170 | 2,654 | 37.0% | **47,447** | 5.6% |
| 2008 | 7,529 | 3,240 | 43.0% | **43,256** | 7.5% |
| 2009 | 8,056 | 3,114 | 38.7% | **49,454** | 6.3% |
| 2010 | 6,683 | 2,254 | 33.7% | **50,009** | 4.5% |
| 2011 | 6,006 | 3,018 | 50.2% | **48,993** | 6.2% |
| 2012 | 7,385 | 3,050 | 41.3% | **47,809** | 6.4% |

Source: ICO   *FAS estimates

## Kenya

| Kenyan Coffee PSC--FAS/Nairobi | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Beginning Stocks (1000 60 KG BAGS) | 270 | 140 | 50 | 26 | 31 |
| Arabica Production (1000 60 KG BAGS) | 900 | 700 | 680 | 780 | 850 |
| Robusta Production (1000 60 KG BAGS) | 0 | 0 | 0 | 0 | 0 |
| Total Production (1000 60 KG BAGS) | 900 | 700 | 680 | 780 | 850 |
| Soluble Imports (1000 60 KG BAGS) | 0 | 0 | 0 | 0 | 0 |
| Total Imports (1000 60 KG BAGS) | 0 | 0 | 0 | 0 | 0 |
| Total Supply (1000 60 KG BAGS) | 1,170 | 840 | 730 | 806 | 881 |
| Bean Exports (1000 60 KG BAGS) | 980 | 740 | 654 | 725 | 800 |
| Total Exports (1000 60 KG BAGS) | 980 | 740 | 654 | 725 | 800 |
| Rst,Ground Dom. Consum (1000 60 KG BAGS) | 50 | 50 | 50 | 50 | 50 |
| Soluble Dom. Cons. (1000 60 KG BAGS) | 0 | 0 | 0 | 0 | 0 |
| Domestic Use (1000 60 KG BAGS) | 50 | 50 | 50 | 50 | 50 |
| Ending Stocks (1000 60 KG BAGS) | 140 | 50 | 26 | 31 | 31 |
| Total Distribution (1000 60 KG BAGS) | 1,170 | 840 | 730 | 806 | 881 |

Revised Coffee Board of Kenya estimates and FAS/Nairobi estimates and forecasts

## Tanzania

| Tanzania Coffee--FAS/Nairobi | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Beginning Stocks (1000 60 KG BAGS) | 362 | 279 | 39 | 49 | 153 |
| Arabica Production (1000 60 KG BAGS) | 644 | 392 | 600 | 640 | 700 |
| Robusta Production (1000 60 KG BAGS) | 504 | 202 | 450 | 350 | 300 |
| Total Production (1000 60 KG BAGS) | 1,148 | 594 | 1,050 | 990 | 1,000 |
| Total Supply (1000 60 KG BAGS) | 1,510 | 873 | 1,089 | 1,039 | 1,153 |
| Bean Exports (1000 60 KG BAGS) | 1,200 | 803 | 1,008 | 850 | 950 |
| Soluble Exports (1000 60 KG BAGS) | 1 | 1 | 2 | 1 | 1 |
| Total Exports (1000 60 KG BAGS) | 1,201 | 804 | 1,010 | 851 | 951 |
| Rst,Ground Dom. Consum (1000 60 KG BAGS) | 30 | 30 | 30 | 35 | 35 |
| Soluble Dom. Cons. (1000 60 KG BAGS) | 0 | 0 | 0 | 0 | 0 |
| Domestic Use (1000 60 KG BAGS) | 30 | 30 | 30 | 35 | 35 |
| Ending Stocks (1000 60 KG BAGS) | 279 | 39 | 49 | 153 | 167 |
| Total Distribution (1000 60 KG BAGS) | 1,510 | 873 | 1,089 | 1,039 | 1,153 |

Revised Tanzania Coffee Board estimates and FAS/Nairobi estimates and forecasts

### Uganda

| Uganda Coffee--FAS/Nairobi | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Beginning Stocks (1000 60 KG BAGS) | 561 | 641 | 701 | 613 | 593 |
| Arabica Production (1000 60 KG BAGS) | 650 | 818 | 644 | 630 | 650 |
| Robusta Production (1000 60 KG BAGS) | 2,610 | 2,052 | 2,568 | 2,700 | 2,800 |
| Total Production (1000 60 KG BAGS) | 3,260 | 2,870 | 3,212 | 3,330 | 3,450 |
| Total Supply (1000 60 KG BAGS) | 3,821 | 3,511 | 3,913 | 3,943 | 4,043 |
| Bean Exports (1000 60 KG BAGS) | 3,050 | 2,670 | 3,150 | 3,200 | 3,400 |
| Total Exports (1000 60 KG BAGS) | 3,050 | 2,670 | 3,150 | 3,200 | 3,400 |
| Rst,Ground Dom. Consum (1000 60 KG BAGS) | 130 | 140 | 150 | 150 | 150 |
| Domestic Use (1000 60 KG BAGS) | 130 | 140 | 150 | 150 | 150 |
| Ending Stocks (1000 60 KG BAGS) | 641 | 701 | 613 | 593 | 493 |
| Total Distribution (1000 60 KG BAGS) | 3,821 | 3,511 | 3,913 | 3,943 | 4,043 |

Revised Uganda Coffee Development Authority estimates and FAS/Nairobi estimates and forecasts

### Rwanda

Rwanda’s coffee stakeholders embarked on a concerted effort to help Rwanda climb from the malaise and neglect rampant during the late 1990s. They have rebuilt and improved Rwandan coffee production and marketing to where Rwanda now has a respected “name” for high-quality specialty coffee. Stakeholders have increased the number of washing stations from two in 2002 to more than 60 today.

Production remains highly cyclical and specialty coffee lags well behind the production of “standard” coffee, but coffee producers have, reportedly, taken advantage of recent historically high Arabica coffee prices to replace old, diminishing productivity bushes with higher-yielding and more disease tolerant varieties. The sector will be better prepared to survive the likely world-wide glut of Arabica beans in the coming years.

Rwandan producers appear poised to build on their success in the specialty coffee world market. By producing for the specialty coffee market, producers have historically been able to operate within a narrower price band, when compared with New York Commodity Exchange “C” or standard coffee.

| Rwanda Coffee--FAS/Nairobi | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Beginning Stocks (1000 60 KG BAGS) | 130 | 170 | 121 | 139 | 156 |

| | | | | | |
|---|---|---|---|---|---|
| Arabica Production (1000 60 KG BAGS) | 369 | 258 | 316 | 270 | 350 |
| Total Production (1000 60 KG BAGS) | 369 | 258 | 316 | 270 | 350 |
| Total Supply (1000 60 KG BAGS) | 499 | 428 | 437 | 409 | 506 |
| Bean Exports (1000 60 KG BAGS) | 326 | 304 | 295 | 250 | 350 |
| Total Exports (1000 60 KG BAGS) | 326 | 304 | 295 | 250 | 350 |
| Rst,Ground Dom. Consum (1000 60 KG BAGS) | 3 | 3 | 3 | 3 | 3 |
| Domestic Use (1000 60 KG BAGS) | 3 | 3 | 3 | 3 | 3 |
| Ending Stocks (1000 60 KG BAGS) | 170 | 121 | 139 | 156 | 153 |
| Total Distribution (1000 60 KG BAGS) | 499 | 428 | 437 | 409 | 506 |

Revised ICO estimates and FAS/Nairobi estimates and forecasts

**Burundi**

Belgian colonists first introduced coffee to Burundi and established a business sector that provided Belgium with coffee and Belgium operators with transaction-related profits. At Burundi's independence in 1962, the newly formed Government of Burundi (GOB) privatized the coffee industry. Following privatization, the GOB repatriated the industry in 1976 and then re-privatized it in 1991.

During the second repatriation period, the GOB invested World-Bank-borrowed money into the coffee sector building washing stations and planting coffee bushes. Reportedly, the GOB added 130 million new coffee seedlings to production and built over 130 washing stations (please note above that Rwanda had two washing stations at this point in history). Today, there are just over 150 washing stations in operation and most are now privately owned. Coffee producers can trade directly with exporters or importers, putting them much closer to the market.

In spite of all the domestic political turmoil, including civil war, coffee producers have continued to increase, albeit in a highly cyclical fashion, the quantity and quality of their exports. For MY2013, Burundians will likely be on track to reach the highest export level since MY2006.

| Burundi Coffee--FAS/Nairobi | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Beginning Stocks (1000 60 KG BAGS) | 24 | 180 | 0 | 37 | 49 |
| Arabica Production (1000 60 KG BAGS) | 412 | 112 | 349 | 217 | 350 |
| Total Production (1000 60 KG BAGS) | 412 | 112 | 349 | 217 | 350 |
| Total Supply (1000 60 KG BAGS) | 436 | 292 | 349 | 254 | 399 |
| Bean Exports (1000 60 KG BAGS) | 251 | 287 | 307 | 200 | 350 |
| Total Exports (1000 60 KG BAGS) | 251 | 287 | 307 | 200 | 350 |
| Rst,Ground Dom. Consum (1000 60 KG BAGS) | 5 | 5 | 5 | 5 | 5 |
| Domestic Use (1000 60 KG BAGS) | 5 | 5 | 5 | 5 | 5 |
| Ending Stocks (1000 60 KG BAGS) | 180 | 0 | 37 | 49 | 44 |
| Total Distribution (1000 60 KG BAGS) | 436 | 292 | 349 | 254 | 399 |

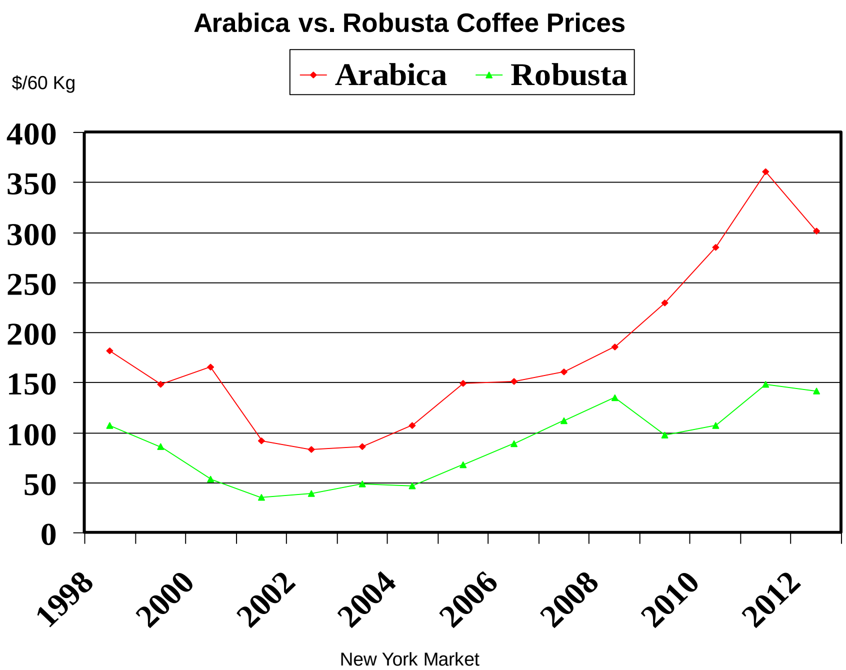
Revised ICO estimates and FAS/Nairobi estimates and forecasts

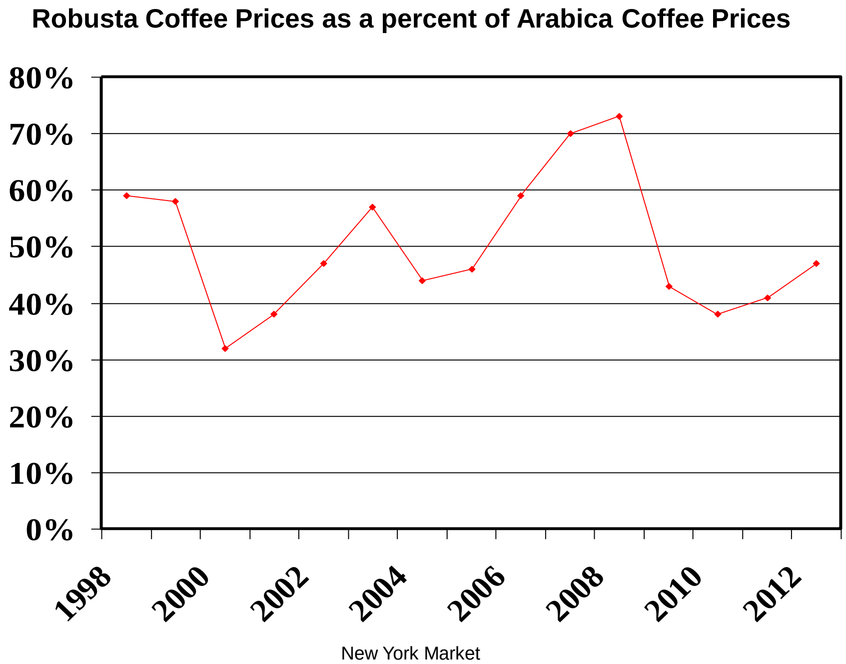
**Consumption:**

For general analytical and marketing purposes, citizens within the EAC drink tea.

**Prices**

In the EAC coffee export table above, the price differentials between Robusta and Arabica paid at auction are striking. On average during MY2011, Arabica yielded $4.66/60 Kg bag while Robusta averaged just $1.75/60 Kg bag. The price data from the New York Commodities Exchange represented in the charts here below corroborates the premium paid for Arabica coffee during the period of the exports noted above.




Robusta Coffee Prices as a percent of Arabica Coffee Prices
80%
70%
60%
50%
40%
30%
20%
10%
0%
1998
2000
2002
2004
2006
2008
2010
2012
New York Market