



MEDIA RELEASE

Regional coffee industry holds up well despite financial crisis

Nairobi, Kenya, 13 January 2010: Eastern Africa's coffee industry has continued to hold up well despite the financial crisis in key coffee markets globally, according to a new report published today by the Eastern African Fine Coffees Association (EAFCO), a body of stakeholders drawn from 10 countries in Eastern Africa.

The report, titled *EAFCO's Coffee Outlook 2010*, indicates that demand for the commodity has continued to rise in the world coffee markets despite the crisis and will be stable in the foreseeable future. Furthermore, EAFCO predicts that demand for coffee globally will outstrip production in 2010 which is good news for the industry.

EAFCO's *Coffee Outlook 2010* has been published ahead of EAFCO's major coffee conference in Mombasa, Kenya next month. *The 7th African Fine Coffees Conference and Exhibition* will be held on February 11-13 and will see coffee producers, processors and marketing people discuss various issues aimed at developing the industry.

Philip Gitao, the Executive Director of EAFCO said: "Coffee prices in Eastern Africa have held up remarkably well compared to other commodities in the world markets despite of the financial crisis witnessed globally. And with the global demand likely to outstrip production, we expect prices to increase this year."

Coffee Outlook 2010 states that production in the EAFCO region is expected to remain flat in the short-term owing to the effects of climate change and the bi-annual fluctuation of coffee production typically witnessed across the region.

Mr Gitao added: "We're expecting coffee production to rise in Ethiopia, Burundi and Tanzania in the 2009/2010 crop year and to fall in Kenya and Uganda. It is estimated that Kenya will produce 45,000 tonnes in the current crop year.

"In the short-term, the market fundamentals will be strongly influenced by external factors such as the role of investment funds in commodity markets, exchange rates as well as low production in Brazil, Colombia and Central America."

Preliminary estimates for crop year 2009/2010 indicate that total production globally will be between 123 and 125 million bags (approximately 7.3 million -7.5 million metric tonnes respectively), according to the International Coffee Organisation (ICO).

EAFCA is working hard to help introduce market interventions aimed at boosting local consumption for countries in the region to shield the industry from adverse price fluctuations in the world market.

Mr Gitao said: "Despite being big coffee producers, Kenya and Uganda consume only about 3 percent of the coffee produced locally, whereas Ethiopia consumes 50 percent of coffee it produces. We are therefore working hard in areas such as processing, packaging, cupping and marketing to boost consumption locally."

The ten EAFCA member countries consumed an estimated 172,000 metric tonnes of coffee in the 2008/09 crop year which represents about a third of the 611,000 metric tonnes they produced. Notably, the biggest coffee drinkers in the region are Ethiopians (135,000 metric tonnes) and South Africans (22,000 metric tonnes). This represents about 90% of the 172,000 mentioned above.

NOTE TO EDITORS:

ABOUT EAFCA

The Eastern African Fine Coffees Association (EAFCA) is a regional non-profit, non-political, member-driven body of coffee producers, processors, marketing people and organisations in ten countries. EAFCA draws members from Kenya, Uganda, Tanzania and Ethiopia. Other countries represented are Rwanda, Burundi, Zambia Zimbabwe, Malawi and South Africa.

EAFCA's mission is to "promote the production, quality, consumption and trade of African Fine Coffees." Eastern African countries produce about 10 percent of the specialty coffees of the world and have a potential to produce more.

The idea of establishing EAFCA was born from exchange of views, experiences and bottlenecks faced with the trade and industry late 1990s. A group of leading coffee traders, exporters and farmers in Eastern and Southern Africa in the western countries therefore sought to establish a leading regional voice for the coffee industry which would be recognized worldwide for its efforts to improve the lives of all those involved in coffee.

Using the synergy of member countries EAFCA has been able to develop the awareness of producing high-quality coffee for the growing market for fine coffees. After the establishment of the EAFCA Secretariat in Kampala, Uganda in 2000, the organization with ten country chapters has worked closely with several development partners like United States Agency for International Development (USAID) and Common Market for Eastern and Southern Africa (COMESA) to implement its numerous coffee development programs in the region. You can get more information from the website www.eafca.org.

For further information, please contact:

David Kimondo, Hill & Knowlton
Tel. +254 445 4461-8
Email: David.Kimondo@hillandknowlton.co.ke

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