# THE ‘EMERGING’ GLOBAL COMMODITY CHAIN: WITHER ETHIOPIAN COFFEE?

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## 1. INTRODUCTION

Since its coherent appearance as a paradigm in 1994, the concept of Global Commodity Chain (GCC) has drawn significant attention from various angles. A great deal of work has been done ranging from identifying operators in the chain through examining winners and losers to assessing both negative and positive effects of it. This applies both for industrial and primary products though GCC was initially applied for industrial products.[1]

Coffee is one of the Primary products that have caught considerable attention in this connection. This attention has grown with recent trends in the last few years when international price of coffee has fallen significantly, reaching the lowest in real terms for 100 Years. The effect of this on the livelihoods of poor people in coffee producing countries is enormous.

*Families dependent on the money generated by coffee are pulling their children, especially girls, out of school. They can no longer afford basic medicines, and are cutting back on food. Beyond farming families, coffee traders are going out of business. National economies are suffering and some banks are collapsing. Government funds are being squeezed dry, putting pressure on health and education forcing governments further into debt. (Gresser and Tickell, 2002).*

Without denying the possible supply-demand explanations and poorly managed market liberalization in producer countries as a possible causes of this crisis, fingers of accusations are also raised to roaster companies where the growing interest in coffee chain comes. What makes the chain approach more interesting is the striking contrast observed among operators in the chain, as the effects of the crisis seem unfelt by large roasting companies that seem to still keep on enjoying huge profits.

[1] See the comparative analysis Raikes et al (2000) have conducted for further reference. It is in this work that they trace the appearance of the concept of GCC as a coherent paradigm to Gereffi's work though that may not equate to coining of the term for the first time.

What are the possible explanations for the recent coffee crisis? Who are the losers and the winners in the restructured system? What happened to the decades old regulated international coffee market that was relatively stable? A series of questions are being raised in this connection.

Neither reviewing the above mentioned and other related questions nor attempting them is the objective of this research paper though every effort will be made to go through them in a bid to seek meaning full explanation to assess where the Ethiopian coffee fits in to this picture. This being the general objective, other specific objectives include:

- To compare and contrast the regulated and unregulated global coffee market in terms of distribution of income.
- To give account of a global coffee chain and assess its impact on developments endeavors of coffee producing countries.
- To assess the performance of Ethiopian coffee in the restructured global coffee chain and offer a preliminary insight as to how it may survive in the system.

Apart from some interviews with leaders of coffee farmers cooperatives and some officials in Ethiopian Coffee and Tea Authority, the Paper is based on Published materials and the main methodological instruments used in this paper are drawn from the literature on GCC. The significance of this study can then be appreciated from two angles. For one thing, as is mentioned above, there is a growing interest in the GCC concept. It is increasingly being applied in the analysis of global trade, where the issue of globalization and the association there of with development comes. Unlike many studies that focus either on the global or local issues only, the significance of this paper comes then from the opportunity it offers to look in to the global economy from both global and local perspectives, or through 'a series of macro-micro links', as Ponte prefers to put it. (Ponte, June 2001).

In other words, the study gives the opportunity to look in to the association of international trade and development in a rather practical manner as it attempts to show the gains and losses involved in the global trading system.

The significance of this paper can also be appreciated from national perspective at it provides a preliminary insight as to how the Ethiopian Coffee may survive in the 'emerging' system.

Though the GCC approach, as is indicated above, offers the opportunity to look in to all operators along a specific product or commodity, this paper has not covered the whole coffee chain. A thorough look in to the Ethiopian coffee Vis a Vis the global chain logically requires a proper study of the local chain preferable by employing primary data. The absence of this should have been compensated by referring to already conducted studies, which seem to be missing in this specific context: hence limiting the possible findings.

Including this introductory one, the paper is organized in to five parts. The second part deals with the concept of global commodity chain while the third part gives an overview of the International Coffee Agreement (ICA) regime and then goes on to give account of the post ICA regime. These discussions will be linked to Ethiopian coffee in the fourth part while concluding remarks will be suggested in the final part.

## 2. THE CONCEPT OF GLOBAL COMMODITY CHAIN

Giving detailed account of the concept GCC is far beyond the scope of this paper. However, as the writer prefers to employ the approach as a methodology, it would appear necessary to point out some of its main features.

Gereffi is repeatedly quoted with discussions on GCC and he employs a GCC approach to argue that organization of production was a major determinant of economic transformation in areas such as East Asia and other regions. This approach then refers to the emergence of a global manufacturing system which takes a form of centrally-coordinated but international-dispersed production of many of the activates along the chain of given commodities or manufactured products. (Greeffi, in Menno, 2002). According to this approach, then "trade is no longer explained as the result of endowments, technology, taste differences, and product differentiation but rather as from how production and marketing is organized." (Raikes et al, 2000)

Gereffi has identified four dimensions of GCC in his consecutive works: the input output structure, the territory they cover, their governance structure, and the institutional frame work (Ponte, September, 2001) The Governance structure where in a distinction is made between producer-driven and buyer-driven commodity chains, has drawn significant attention and it is what is focused on in this study. The distinction between buyer-driven and producer-driven chains goes in such a way that in the case of the former, barriers to entry are located in large scale, high-technology production facilities, involving heavy investment and scale economies; hence making the manufactures the key agents in the chain. In the case of the later, however, entry barriers are relatively low, making the producers rather subordinates to the key agents controlling design and marketing. Hence, the essential role is played by large retailers, designers, and trading companies. (Greffi, in Menno, 2000)

Even if the GCC approach was initially applied to industrial products, recently there are a good number of works that applied the GCC concept to analyze the production and marketing organization of primary commodities such as cotton, cocoa, fresh fruits and/or vegetables, horticulture, and of course coffee. In this manner, it is argued, various operators around a specific product would be analyzed as specific processes within the commodity chain, the 'nodes', which taken together constitute the chain, making commodity chain 'a set of inter-organizational networks clustered around one commodity or product' (Hopkins & Korzeniewicz, 1986, Cited in Ponte, June 2001). It is also argued that this chain coordination leads to genuine increase in efficiency and cost reduction offering ' a means of avoiding a zero sum approach, in which profits are derived solely at the expense of all subordinate agents in a chain' (Gibbon, 2001)

Before 1989, when International Coffee Agreement (ICA) was fully in force, application of the GCC approach to analyze a global coffee trade would not have made much sense due to the complication involved in identifying 'the key agent(s)' driving the market. True that ICO was regulating prices and setting quotas but this was made possible through political negotiations than "driving' the market through economic power and creating core-subordinate relationship. From the roaster companies side, too, even if their power has began to be felt prior to 1989, the degree of drivenness was not as pronounced[2] as it is in the post ICA regime-hence 'emerging' as a core afterwards. That makes a year 1989, When ICA collapsed, a turning point in our discussion with repeated reference to of pre and post 1989. In the following section then a brief account of global coffee trade both during ICA regime and afterwards will be presented.

## 3. THE INTERNATIONAL COFFEE AGREEMENT (ICA) REGIME AND AFTERWARDS

The ICO was set up in London in 1963 under the auspices of the United Nations following the coming in to conclusion in 1962 of the first international coffee agreement that included most producing and consuming countries as signatories.

This was deemed necessary because of the drastic fall down of coffee price in the second half of 1950's and early 1960's. According to ICO[3] then, it is the fear of the

[2] Ponte (Nov. 2002) for instance argues that in the last ten years through strategic choices they make, roaster companies have made entry barriers in both upper and lower segments of the chain. And this is one important characteristics of a commodity chain.
[3] Unless other wise specified, a reference made to the ICO is obtained from the organization's official web site: www.ico.org

serious economic and political consequences that the drastic fall in coffee prices would entail for a large number of coffee producing countries in Latin America and Africa that has called for the intergovernmental initiative to stabilize the market.
Including the provisional one that entered in to force in October 2001, the ICO has administered six International Coffee Agreements (ICAs)[4]. Neither the content nor the background conditions necessitating these six agreements are the same. The first two were negotiated as a response to depressing prices due to increased supply. Hence, the content of the agreements was related to imposition of quotas in a bid to withhold from the market coffee supplies in excess of consumer requirements. (ICO)

The third agreement comes, as a response to a rather different market explanation as fear of demand shortage, following the increase in coffee prices due to the serious frost in Brazil, was the moving factor for the negotiation. This led to the inclusion in the agreement provisions allowing relaxation and reintroduction of quotas, which went on to the fourth agreement. Hence, quotas were being relaxed and tightened depending on, respectively, whether the indicative price rises above or falls below the price band which was set within a range of $1.20/1 b to $ 1.40/1b[55]. (ICO; Ponte, June 2001; Gresser and Tickell, 2002)

The turning point in the history of the ICO comes in 1989 when the system broke up-ICO then losing its power to regulate coffee prices. Issues of price negotiations were left out from the agreement tables in the remaining two negotiations; hence focusing on 'other forms of international cooperation' as ICO claims but making it 'empty organizational Shell' (Ponte, June 2001) in any case, as it has lost its power to regulate international coffee trade. Currently, with Dominican Republic depositing an instrument of ratification on March 5, 2004, ICO has 58 member countries.

Differing explanations have been forwarded concerning the collapse of the ICA regime ranging from economic to political reasons. USA's refusal to be part of the system is explained, for instance, in political terms-end of the cold war which made the left in Brazil less threat and the need to punish the 'enemies' in central America which cannot be done with the then rigid quotas of ICO (Bates 1997, 177-5, cited in Ponte, June 2001). The Oxfam report refers to horse-trading among member countries themselves for more quotas and a question of access from new entrants.

[4] These are, respectively, the 1962, the 1968, the 1976, the 1983, the 1994, and the provisional 2001 agreements. At times, these agreements where subject to extensions-the 1968 agreement twice, the 1983 agreement four times and the 1994 agreement once.

[5] Most International Coffee trade consists of 'green' coffee packed in 60 kg bags.

An increased push from the roaster companies that where worried about supply side rigidity is also mentioned as a possible reason (Ponte, Nov. 2002). However, disagreement among member countries, the main factor being USA's refusal to continue with the system, gets mentioned quiet often.

It is interesting to note though that the collapse of ICA regime is followed by sharp drop in coffee prices. The ICO monthly average price indicator [6](see Annex 2) shows that coffee prices have fallen by half within two-three years after 1989. Prices have risen after wards, but this is rather due to frost and drought in Brazil and the 1997 speculative hikes (Grasser and Tickell, 2002) In any case, the price increase did not last long as beginning from the last year of the century, prices again started to decline reaching a 100 years low in real terms as of September 2001, making coffee crisis a hot issue again.

Taking in to account the upward trend in the international coffee price in the last few months, one might argue that coffee crisis is not an appropriate term to employ currently. However, three points are worth mentioning in this respect. Firstly there are no real indications that the upward trend is sustainable. The main factor behind recent improvement in international coffee price being that there is less Brazilian coffee in the market this year; the trend might be reversed if Brazil's supply increases next year. Secondly as coffee can change hands 150 times before it reaches the consumer, the recent rise in international price of coffee "may not necessarily mean a rise in the income coffee growers get as prices are still lower than cost of production for many (coffee growers" (The observer, April 4,2004). Finally even if there is some rise, the advantage that some exporting countries could have gained from the current upturn in coffee prices will most probably be offset by the fall in US dollar (Ibid).

Be that as it may, to what extent the current coffee crisis is a direct consequence of the collapse of the ICA regime is an issue to be examined carefully. Looking for supply demand explanations would, for instance, make the issue more complex. According to the Oxfam report, the last few months excluded, eight percent more coffee is being produced than consumed. The sudden entrance of Vietnam to the market, overtaking Colombia as a second world supplier just within ten years, and the tremendously supply boast by Brazil itself-a 48% increase between 1997 and 2001 (see annex 1)-surely have played an important role to the crisis raising doubts to the validity of demarcating the crisis line based on per-post ICA regime. How would have

[6] Two sets of international prices are available for coffee: ICO published prices, which are indications of physical trade and prices determined by future markets in New York (Arabica) and London (robusta)

member countries dealt with this situation had ICA still been fully in force? How would ICO set 'fair' quotas among member countries? Is this a proof of the inevitable collapse of the agreement in any case-hence, the sooner the better?
The last question specially merits brief remark. It is to be noted that the success of the ICA regime deepened, among other things, on willingness of both producing (Brazil's acceptance of a shrinking market share, for instance) and consuming countries. The main factor for its collapse is also disagreement among member countries though the role of roaster companies should not be ignored. Ponte (June 2001), for instance, Ponte (September 2001) mentions the case in US where consumers made progressive shift from soluble to grounded coffee putting the roasters in a difficult situation as supply side rigidity did not allow them to follow the demand shift smoothly; hence dissatisfaction with the system. Though beyond the objective of this paper, these issues should be carefully looked in to when assessing a possibility for successful ICA in the future.

However argumentative these issues might be, a fact that cannot be denied is that the years of successful ICAs were surely 'old goods days' from the producing countries point of view as the balance of power is significantly affected afterwards. In words, the collapse of the ICA regime has brought to an end the decades long fairly balanced contest between producers and consumers-a 'golden era' as the Oxfam report notes- as market relations took a form of what Gereffi refers to as a buyer driven chain where in consumer country based operators play a dominant role.

Producer countries have lost their power in the market and are forced to take what the market offers. And that offer, far from being attractive, is not even sufficient to cover cost of production (Gresser and Tickell, 2002). Even in 1994-97, when there were relative price rises, the average composite price was still 20 percent below the 1985-88 period (Gilbert, 1998).

Interestingly, the Vietnamese farmers are among those seriously affected by the crisis covering less than 60 percent of their cost of production (Gresser and Tickell, 2002), which raises genuine doubts as whether things would have been better for Vietnam itself had supply been regulated.

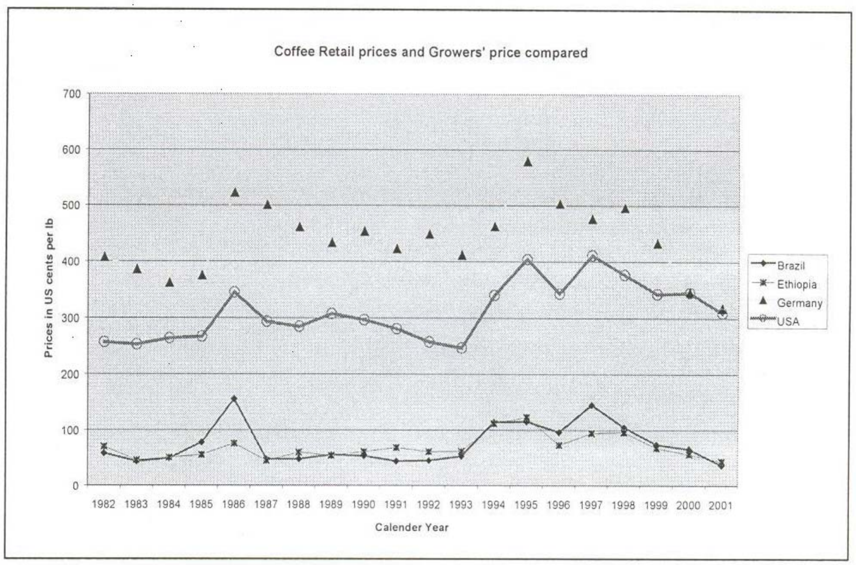
Attempts made by producing countries to bring back those old good days do not seem yielding fruit. For instance the coffee retention scheme tried by 14 members of Association of Coffee Producing Countries (ACPC), which supply 85% of coffee traded globally, was not successful in improving coffee prices (Ponte, Nov. 2002). It seems there necessarily needs to be bad weather in one major producing country for others to get better income. And now, not withstanding the last few months rise, coffee price has reached a 30-year low resulting in enormous economic, social, and political costs to producing countries. Not only were children pulled out of school, families cut back on food, and coffee traders went out of business, but also banks are collapsing and governments are being pushed further into debts (Gresser and Tickeel, 2002).

In an interesting contrast, these effects seem unfelt by other operators in the chain. While the share of producers from the final price consumers pay has dramatically declined, the share of the consuming country based operators has relatively remained unaffected. Between 1989/90 and 1994/95, shortly after the collapse of ICA regime, the share of producing countries from final price of coffee consumed has declined by 7 percent from 20 to 13 percent-as big as 77 percent being retained by consuming countries. (Ponte, June 2002)

Look at what coffee farmers actually get, and the imbalance becomes clearer. According to Oxfam report, it is a meager one-percent or less of the price of coffee sold in a coffee bar and roughly six percent of the value of coffee sold in super markets and grocery items.

The following graph compares prices paid to growers in Ethiopia and Brazil with that of retail prices in Germany and Japan.[7] And it shows the significant vertical difference between the retail price and the price paid to coffee growers.

[7] The selection of these countries makes sense as Germany and US are among major consumers of Coffee Arabica, which Ethiopia and Brazil mainly produce.




Source: Drawn by the author based on ICO statistics.

It is very essential to note here tough that it is few roaster companies, notably the four giants; Kraft, Nestle, Proctor & Gamble, and Sara Lee, that drive and benefit from the coffee chain as neither other developed country operators such as super markets and discount stores nor consumers seem to benefit. In US, for instance, between December 1999 and January 2001, average retail price decreased by just less than 4 per cent, when green coffee prices declined by almost 50 percent (Ponte, June 2001). That leaves roaster companies to comfortable enjoy higher profit marigins-26 percent for Nestle' and nearly 17 percent for Sara Lee, - even when compared with other food and drink brands. (Gresser and Tickell, 2002)

In Ponte's (Nov. 2002) words, "International traders argue that roasters have gained increasing control of the marketing chain in recent years because of oversupply, increased flexibility in blending, and the implementation of 'supplier-managed inventory (SMI)". By discussing SMI, Ponte (June 2001) shows how large roasting companies managed to out-source supply and succeeded in getting access to the coffees they need through forward contacts with trading houses. And they tend to accept coffee for their blends only from first line supplier countries that can guarantee a reliable minimum amount of supply. In the case of Arabica this is around 60,000 tons a year (Raikes and Gibbon, 2000).

> *"... They (roaster companies) gain from the volumes they buy, from the strength of their brands and products, from cost control, from their ability to mix and much blends and from the use of financial tools that give them more buying flexibility. (Greesser and Tickell, 2002)*

The decreased role of producing country governments as a 'nod' in the chain due to increased market liberalization, however argumentative the effect of liberalization might be[8], may have also contributed to the increased market power of roasters. In this connection, Daviron (1996) comments that domestic market liberalization in producing countries entails that state as such cannot be considered market units. But in general, roaster companies are commanding increasing control of the global coffee market and these days coffee is considered a buyer's market. Proponents of free market may argue that this is a temporary phenomenon that occurs until the market reaches equilibrium. However, as Keynes has once pointed out "in the long run we are all dead" (Oxfam, 2002) and the longer the marker takes to clear, the more severe the cost will be to poor coffee growers.

The foregoing analysis of the global coffee chain shows that the increasingly buyer dominated coffee market has not turned out to the advantage of producing countries in general and coffee producing farmers in particular. Unlike the case of industrial products, where application of GCC analysis shows how organization of production and marketing along specific commodities was instrumental in transforming economies, (Greeffi in Menno, 2002)[9] -hence globalization going 'the right way' - global free trade, or at least in its un regulated global coffee market version, has failed the poor.

Neither Reynolds' argument (Greefi et al, 1994) that 'small enterprises (even in Agriculture) retain their competitive edge from greater flexibility in organizing production', Gibbon's (Gibbon, 2001)[10] reference to chain-coordination that help avoid

[8] See Dijkstra and van Donge's work on Uganda (World Development, 29(5) where they identify a pronounced effect of liberalization on coffee in terms of growth in output and Ponte's work on Coffee market in East Africa (September, 2001) where he identifies positive effect of market liberations in Uganda and negative effect in Tanzania.

[9] In this particular work on Asian, American, and European Models of Apparel Sourcing, Gereffi, by applying the GCC approach identifies some positive effects of globalization of production and trade. These include prospects such as forging an innovative entrepreneurial capability that involved the coordination of complex production, trade and financial networks, the possibility it offered for integrated local industrial development, migration of industries to labor intensive areas, etc.

[10] It is in this very article where he starts by mentioning the doing away with the zero sum approach where one party necessarily loses for the other party to gain-that Gibbon concludes his case study on cotton and fish showing the failed attempt of Tanzanian direct cotton producers to upgrade their role on cotton GCC rather ending up worsening it.

zero sum approach, nor upgrading of primary production seem to work in this case. Things have rather worsened once again questioning how much globalization work for the poor as the unregulated coffee market has not brought home the benefit of 'free-trade' as far as million of coffee growers are concerned.

What seems to be the only exception to the above conclusion is the growing notion of fair trade. As a solution to coffee crisis, these days a notion of fair trade is gaining increased recognition in both producing and consuming countries.

In fact, the notion of fair trade is not a few years old mechanism created in response to the recent coffee crisis. As a movement, it began in the late 1950s “as alternative trade organizations (ATOs) emerged in Europe and the US to promote grass roots development through direct equitable trade” (www.equalexchage.com). These ATOs which mainly dealt in handicrafts, bought directly from third world producers, reducing their dependency on commercial intermediaries and helping them raise their incomes by paying them fair prices.

The now operational fair trade certification system was initially proposed in Holland in 1988. The system offered a fair trade seal to mainstream coffee roasters who were willing to trade a fraction of their total volume on fair trade terms. As the system succeeded through time as a viable marketing concept, several groups from other countries adopted the initiative. Currently, there is fair trade certification in 17 different importing countries, which have formed an international umbrella group called Fair Trade Labeling organizations (FLO) International in 1997. Commodities traded under this system include coffee, tea, cocoa, sugar, honey, bananas and orange juice (Unless otherwise specified, the information in this and the subsequent paragraphs is obtained from www.equalexchange.com)

According to the criteria set by FLO, both producers and coffee roasters need to fulfill certain conditions to take part in the fair trade market. One of the main obligations set for the former is paying a minimum purchasing price fixed by FLO- international (the current floor price for conventionally grown Arabica beans is $1.26/pound and 1.41/pound if the coffee is certified organic. [11](Joan Bouddreau, Fortune, 09-05-2004)

[11] There are different types of certifications for organic, shade grown and fair trade coffee. Organic coffee is certified according to strict legal criteria. This means according to the California organic funds Act and in accordance with the standards of the International federation of organic Agricultural movements. There is no comprehensive monitoring procedure for shade (bird-friendly) coffee as several groups give certifications employing slightly different criteria. About 85 percent of fair trade certified coffee is organic and shade

The floor price is meant to act as a safety net protecting small farmers when fluctuating market prices fall extremely low. The 1.26 and 1.10 per pound floor prices are obviously “noticeable premium if we think that robusta is currently trading at 25 cents per pound and Arabica at less than 62 cents per pound" (Ponte, June 2001)

The producer/buyer is also obliged to facilitate the coffee producers’ access to credit facilities at the beginning of the harvest season. This is deemed necessary because without this facility, farmers often are forced to sell the future rights to their harvest to local middlemen at extremely low prices in exchange for some cash upfront during the ‘lean months'.

There are criteria set for producers, too. As the very purpose of fair trade is to improve the livelihood of poor coffee growers, producers that take part in the fair trade need to be small poor farmers who are not dependent on hired labor; hence excluding plantations. Moreover, the farmers need to organize independent and democratic small farmer associations. This would create a proper mechanism for farmers to bypass intermediaries and get significantly more for their coffee by working together in cooperatives.

According to Trans Fair USA, the standard-bearer for the fair trade movement in US, the fair trade market is growing. In 2003, it has certified 187 million pounds of fair trade coffee, showing a 91 percent increase when composed with the 2002 figure.

As a viable solution to the recent coffee crisis, the notion of conscious consumption in its fair trade, organic, and shade grown coffee versions is on a promising track. However, it is far from offering real alternative to the increasingly buyer dominated global coffee trade. When compared with the mainstream conventional global coffee market, the fair trade market still make up just a fraction of the 8.4 billion dollars gourmet coffee market. (Buudddreau, Fortune, 09-05-2004). Volume wise, if we take the 18.7 million pounds of Fair Trade coffee imported to the US last year, it just represents a mere 0.7 percent of the 2.8 billion pounds of coffee imported in to the US that very year. (www.Oxfaminternational.org). True that fair trade market is far from replacing the main stream market but as the long term partnership principle on which it is based helps producers to become more active in market relations, its success would make a meaningful difference in the lives of poor farmers.

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grown though most organic or shade grown coffee is not fair trade, which means one has to look for fair trade certified label to make sure that the farmers get a fair price.

## 4. ETHIOPIAN COFFEE IN THE 'EMERGING' GLOBAL COFFEE CHAIN

Despite the existence of various legends as to how coffee as a drink is discovered, the story of the Ethiopian goat keeper who noticed a strange reaction from his goats when they ate the red berries of the coffee tree, is a prominent one. The legend goes on that the shepherded shared his discovery with monks, who began to use it as a stimulant to stay awake for their religious rituals. The fact that the name of coffee itself is closely related to Kafa[12], a province in Ethiopia where coffee is originally found and where large proportion of the arabica trees still grow wild, gives the legend more weight.

Out of the two commercially relevant coffee species, coffee Arabica and coffee robusta, Ethiopia mainly produces the arabica type. Coffee grows in almost all regions of the country predominantly on smallholder farms (about 95%) that produce organic, shade grown coffees. Though accurate and detailed information is missing concerning coffee production, total green coffee production according to official estimates is well over 200,000 tons per year. (Itana, In Alemayehu et al (eds.), 1999). There have been changes in the marketing structure of coffee and currently the Ethiopian Coffee Export Enterprise-ECEE manages the industry. Before the 1974 Ethiopian revolution, coffee marketing structure was more of market based as the then government made little involvement except for some regulations and quality control. However, government started to play a major role after the 1974 revolution. Though the production side still continued to be in the hands of the small holder farmers, that constituted close to 90 percent of production (Zelalem, 1993), government extended its arms at all levels of the marketing channel by establishing a Coffee marketing Corporation, whose market share grew up substantially. In 1982/83, for instance, it supplied more than 76% of official export (Genzebe, 1997). With the demise of the socialist regime in 1991, however, various reforms were made that allowed the free operation of the market as far as coffee export is concerned. The devaluation of the Ethiopian Birr, removals of price controls (though the Ethiopian Coffee Export Enterprise-the former Corporation still offers floor prices and controls about fifty percent of the market), liberalization of trade licensing, and introductions of investment incentives are some of these reforms. (Itana in Alemayehu et al, 1999.) Currently, coffee reaches the two terminal markets, Addis Ababa and Dire Dawa, where the auction takes place, after passing in the hands of different intermediaries.

[12] The Frence and Spanish call it *Café*, the Italian *Caffé*, the German *Kaffee*, the finish *Kahwi*, the Dutch *Koffie*, the Greek *Kafes*, the Arab *kahwah*, and of course the English coffee, etc, (Ethiopia Coffee and Tea Authority)

Then after export processing, it would be sent to oversees market, the most important destinations being Germany, Japan, Saudi Arabia, France, Italy, USA, Belgium and to some extent the Scandinavians. (Coffee and Tea Authority)

Employing over a quarter of the populations (notwithstanding the multiplier effect to other sectors), generating over 60% of export earnings, and contributing to a significant amount of government revenue, coffee as once indicated in one of the ICO's reports, is a motor of the country's economy. Coffee has consumption value; too, as according to some estimates, local consumption goes up to 50 percent of production.

These factors taken together have made coffee a center of attention by Ethiopian governments and the population at large.[13] That big is coffee to Ethiopians, but not so to the other World. Ethiopia's share in the global coffee trade is about 2.5 percent (Itana, in Alemayehu et al, 1999). As the table below shows, the exported coffee goes to several coffee importers around the world.

[13] Every morning in the national radio broadcast, immediately after the news comes notice about coffee prices followed by a usual song that tells how crucial coffee is to the National Economy.

**Table: Ethiopian Coffee export during 2002/2003 budget year**

| No. | Importers | Amount /in tones/ | | Percentage | |
|---|---|---|---|---|---|
| | | **1994** | **1995** | **1994** | **1995** |
| 1 | Vol Café | 16,067 | 12,040 | 15 | 10 |
| 2 | Wiser International | 1,332 | 3,654 | 1 | 3 |
| 3 | Alkahir General Trading | 5,022 | 4,824 | 5 | 4 |
| 4 | Metsewi | 2,388 | 5,561 | 2 | 4 |
| 5 | Nitch men | 4,637 | 5,660 | 4 | 4 |
| 6 | Mitsubish | 3,052 | 5,376 | 3 | 4 |
| 7 | Toyota tususho | 3,038 | 2,986 | 3 | 2 |
| 8 | Taloka | 2,448 | 5,742 | 2 | 5 |
| 9 | Tishuku | 2,188 | 2,676 | 2 | 2 |
| 10 | Bernhard Fotfos | 8,406 | 8,935 | 8 | 7 |
| 11 | Hamburg Coffee | 3,725 | 1,761 | 3 | 1 |
| 12 | Orebe | 3,567 | 1,800 | 3 | 1 |
| 13 | Bahedi Trading | 3,060 | 2,160 | 3 | 2 |
| 14 | Almustaner | 2,142 | 1,332 | 2 | 1 |
| 15 | Brooks | 1,620 | 4,554 | 1 | 4 |
| 16 | Coffee Handlers | 1,692 | 4,428 | 2 | 4 |
| 17 | Terjestya | 1,980 | 2,682 | 2 | 2 |
| 18 | Effico | 1,728 | 2,448 | 2 | 2 |
| 19 | Salem Abdulkadhef Bdjober | 1,926 | 2,358 | 2 | 2 |
| 20 | Diko Trade | 1,440 | 2,250 | 1 | 2 |
| 21 | Ekom Agro Industrial | 1,555 | 2,142 | 1 | 2 |
| 22 | S Eshimitsyu | 1,276 | 1,810 | 1 | 1 |
| 23 | Azyardi Ruyunte | 1,350 | 1,669 | 1 | 1 |
| 24 | Wisthof | 108 | 1,314 | 0 | 1 |
| 25 | Others | 34,148 | 36,639 | 31 | 29 |
| Total | | 109,895 | 126,801 | 100 | 100 |

Source: Coffee and Tea Authority

Thanks to increased blending that undermines quality, origin-historic importance in the case of Ethiopia-and organic nature of coffee 'Ethiopian coffee', has no special place in the roaster dominated global coffee chain. Like other coffee farmers around the world, coffee growers in Ethiopia are mere receptive at further corner of the chain their share and market power continuously declining. When compared with 1995, for instance, the amount farmers obtained in 2001 have fallen by 65 percent. (See annex 3).

Needless to say, this crisis has tremendously affected the country's economy. It is saddening to note that Ethiopia properly 'fits in' all possible effects of coffee crises identified in Oxfam report; Families going hungry, children forced out of school, worsening health care, destitute seasonal workers and laborers, growing attraction of growing drugs, financial crisis for national economies.

In January 2002, the EU and USAID warned of increased poverty and food security issue in Ethiopia (Usaid.org). - 'Families going hungry'. Coffee farmers interviewed by Oxfam cited coffee price as a problem in ensuring a decent education for their children-Children forced out of school. As is indicated elsewhere, the last few months rise in coffee prices, which is highly unlikely to sustain, is not going to change things significantly at least in the short run. With coffee crisis, the country's ability to deal with the HIV/AIDS crisis, which according to Ministry of Health's projection would account for over 30% of total health expenditure by 2014, is challenged (Gresser and Tickeel, 2002)-Worsening health care. Fall in coffee prices has led to increased production of chat[14] (Dercon and Ayalew, 1995)-growing attraction of growing drugs. Ethiopia lost over $300 million from export earning over two years due to coffee crisis (BBC News, Jan. 7, 2003) where as its projected debt servicing savings in 2002-from HIPC and other debt relief initiatives-is just $58m (Gresser and Tickell, 2002)-financial crisis for national economies.

Now, neither extreme reliance on coffee nor the vulnerability it entails is as such a novelty for Ethiopia as well as other commodity exporting countries. Surely, coffee and price volatility are not completely alien to each other before or after globalization and that is not our focus here. In the context of assessing the association of global trade and development though, something is new. The look in to the commodity chain in light of coffee producing countries in general and Ethiopia in particular leads to an inescapable conclusion that, in this contest, we are not close to applauding the positive correlation of International trade and development. Things are not going the right way and the old 'song' -the rich get richer, the poor get poorer-is on, posing a test in Gresser and Tckeller's (2002) words, "of whether globalization ... can be made to work for poor people."

[14] Chat is a mild stimulant (a green leaf) and it is increasingly popular in Ethiopia and the surrounding countries such as Somalia, Djibouti, Yemen and other Arab countries, in most of which it is legal to take the stimulant. Its users may find ridiculous the labeling of chat as 'drug' but it is still illegal in the majority of Western countries (Dercon and Lulseged, 1995). There is a heated debate to include chat in the category of narcotics, which makes it a prohibited dangerous substance, and on the other hand there are groups, which would prefer to categorize it as a mild stimulant that has nothing to share the character of narcotics.

As is mentioned in the third part of this paper, one clear depiction of that test is channeled through the increased notion of conscious consumption. Ethiopia’s involvement in fair trade market is a recent phenomenon. Coffee farmers organized in different cooperatives societies as per the proclamation No. 147|1998 are taking part in this market. These are the Oromia, Yirga Chefe, and Sidama coffee farmers cooperatives. Each cooperative has its own centralized office that work on marketing, sales, profit distribution, etc while the Federal Cooperative Societies Commission plays the major coordinating role.

The Oromia Coffee Farmers Cooperative is the first to enter the fair trade market and compared with the other two, it has better performance to date. The cooperative was organized in June 1999 and has made significant progress in the last five years. According to sources from the office in Addis Ababa, the cooperative has worked hard on organic and fair trade certification and has managed to get organic coffee certification in 8 of the unions within a year of its formation. By now all of the 38 unions of the cooperative have organic coffee certification.[13]

As is indicated elsewhere, the organic coffee certification is distinct from the fair trade one. Only 11 unions have fair trade certification out of which 3 are certified just the previous year. The fair trade sales volume of the cooperative in the last three years is as is shown below.

[13] The standard of certification is different in different markets and the Unions are certified as per the EU, Japan, and US standards.

| Year (E.C) | Fair Trade Sales (in Kilograms) | Total sales (in kilograms |
|---|---|---|
| 1993\94 | 96,000 | 456, 000 |
| 1994\95 | 414,000 | 967,000 |
| 1995\96 | 2,637,00 | 2,637,00 |

Source: Oromia Coffee Farmers Cooperatives

Compared with the total coffee export (about 130,000 tonnes), the above figure is negligible. This does not mean though that the trend is not promising. As the above table shows, the share of Ethiopian coffee farmers in the fair trade market is increasing. In the last three years, there is a 478 percent increase in the volume of coffee sold in the fair trade market. (Note that this figure does not include the sales volume of the other two cooperatives) and there is every need to give the market due consideration and exploit the opportunity.

Needless to say, the farmers that sell their coffee in the fair trade market are by far better off. The visible benefits are three fold. For one thing, the farmers sell their produce to their respective unions at relatively better price than what other farmers sell to coffee traders. Secondly as they are shareholders of the cooperatives, they are entitled to share amongst themselves 70% of the net profit.[15] The Oromia Coffee farmers' cooperative has, for instance, paid more than 4 million Birr dividend last year. In addition to these two benefits, the farmers have a guaranteed 5 US cents per pound that must go directly to the farmer. In a net shell, the fair trade market is a genuine market alternative to the coffee growers who are increasingly losing their market share in the global coffee trade and efforts should be made to exploit this opportunity.

## 5. CONCLUDING REMARKS

The application of the GCC concept to analyze global coffee trade serves a distinct purpose of showing the association between global trade and development as it provides a macro-micro perspective of the global trade. In the forgoing discussion, the power imbalance between different operators in the coffee chain has been identified. Coffee has become a buyer's market driven by very few roaster companies making it a cash cow for them and a source of crisis for the producers, without even benefiting consumers as such. Things may change in the future, but based on current situations, it is safe to conclude that unregulated market has turned to the

[15] Artic le 32 of the proclamation to provide for the establishment of cooperative societies No 147\1998 stipulates that the society shall deduct 30% of the net profit obtained, and allocate for reserve, for the expansion of work and for social services while the remaining net profit shall be divided among the members.

disadvantage of the poor as producing countries where better off during the ICO regime when markets were regulated. As Ponte (June 2002) notes, "Although there where some problems with the system, most analysts agree that it (ICA regime) was successful in raising and stabilizing coffee prices."

What has the future is store then? Proper and complete answers, which seem missing now, would have made a meaningful difference in the lives of millions of coffee framers. The increasing lobby for fair trade, the likes of Oxfam initiative[15], requesting roaster companies to pay decent prices for coffee producers, though of legitimate causes and on promising track is not yet a real alternative to the mainstream coffee trade. Its success depends on willingness of developed country governments and roaster companies that do not seem to flinch yet. But as the push from consumers side gets stronger, the big giants in the coffee industry may respond to the call. "The emergence of new consumption patterns, with the growth importance of "conscious" consumption, single origin coffees, the proliferation of cafe' chains and specialty shops, and increasing out of home consumption poses new challenges to "traditional roasters." (Ponte, Nov. 2002)

In the mean time, a very long mean time probably-, the following suggestions based on preliminary insights can be forwarded.

The Ethiopian government should recognize the urgency to deal with the coffee crisis, as that seems not to be the case currently. For instance, it is surprising to note that the threat of extreme reliance on coffee is not addressed in the Ethiopian version of PRSP. (Gresser and Tickller, 2002)

The Economic Research Section of the Prime Minister's Office, probably in conjunction with other think thanks, should facilitate a conduct of prompt research on the coffee chain to identify influential parties to work with by adopting to the existing global coffee chain. For instance, the possibility of going to first line supplier stage should be considered. Ethiopia with its average 200,000 tons annual production more than fulfils the requirements (60,000 tons) and may explore that possibility. This may not necessarily increase the bargaining capacity (Ponte, June 2001), but it does provide guaranty of demand.

[15] Oxfam, under the auspices of ICO, is calling for a Coffee Rescue Plan with the objective of overcoming the crisis and bring a more stable market by bringing together the major players in the global coffee trade. Some of the personalities that signed the Oxfam petition include UN Secretary General Koffi Anan, Ethiopia's premier Meles Zenawi and Reverend Dismon Tutu.

Simultaneously, every support should be given to coffee farmers cooperatives in the country to increase their share in the global fair trade market in a sustainable manner. One such support would be undertaking a well-coordinating promotion worldwide. As the fair trade market is growing, all stakeholders should work in coordination to identify and exploit the alternative market opportunities. The Ethiopian diplomatic missions for instance can play a main role in identifying and creating contact with small and big roasters that work in the fair trade market. Moreover, as a number of promotional bazaars and trade shows are organized quiet often worldwide, efforts should be made to take part in these forums and work in unison on promotion. Moreover, this should be combined with story selling[16] as Ethiopia, with that strong legendary that makes it an origin of coffee, has distinctive advantage in that respect. The ECEE can play a coordinating role in this regard.

In the long run, however, real alternatives should be sought. Even if coffee prices improve temporarily, it is highly unlikely that coffee finance the much-sought fast economic development in the country.

[16] Story selling, according to Paul Homely, a business development expert and a master storyteller who coined and trademarked the word, "...blends the images and appeal of storytelling with the logic and intention of selling ... you take the benefits and features of your product and tell a story about them."

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**Annex. 1**

| TOTAL PRODUCTION OF EXPORTING COUNTRIES | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| CROP YEARS 1998/99 TO 2003/04 | | | | | | | | | |
| (000 bags) | | | | | | | | | |
| Crop year commencing | | **1998** | **1999** | **2000** | **2001** | **2002** | | **2003** | |
| TOTAL | | **106 123** | **114 523** | **112 334** | **109 483** | **119 947** | | **102 477** | |
| | | | | | | | | | |
| *1 April* | | *49 737* | *44 776* | *44 850* | *46 429* | *60 405* | | *41 064* | |
| Angola | (R) | 85 | 55 | 50 | 21 | 56 | | 100 | |
| Bolivia | (A) | 150 | 184 | 173 | 124 | 149 | 1/ | 160 | 2/ |
| Brazil | (A/R) | 34 650 | 32 345 | 32 005 | 33 950 | 48 480 | | 28 460 | |
| Burundi | (A/R) | 356 | 501 | 337 | 257 | 433 | 1/ | 335 | 2/ |
| Ecuador | (A/R) | 1 206 | 1 198 | 871 | 893 | 731 | | 854 | |
| Indonesia | (R/A) | 8 458 | 5 499 | 6 947 | 6 731 | 5 668 | 1/ | 6 050 | 2/ |
| Madagascar @ | (R/A) | 992 | 427 | 366 | 147 | 445 | | 833 | |
| Malawi | (A) | 64 | 59 | 63 | 60 | 44 | 1/ | 65 | 2/ |
| Papua New Guinea | (A/R) | 1 351 | 1 387 | 1 041 | 1 041 | 1 108 | | 1 207 | |
| Paraguay | (A) | 34 | 28 | 31 | 31 | 30 | 1/ | 35 | 2/ |
| Peru | (A) | 2 022 | 2 663 | 2 596 | 2 749 | 2 900 | | 2 525 | |
| Rwanda | (A) | 222 | 308 | 273 | 307 | 280 | 1/ | 325 | 2/ |
| Zimbabwe | (A) | 147 | 122 | 97 | 118 | 81 | 1/ | 115 | 2/ |
| | | | | | | | | | |
| *1 July* | | *2 633* | *3 061* | *2 861* | *2 601* | *2 734* | | *2 721* | |
| Congo, Rep. of @ | (R) | 3 | 3 | 3 | 3 | 3 | | 4 | 2/ |
| Cuba | (A) | 280 | 328 | 313 | 285 | 239 | 1/ | 250 | 2/ |
| Dominican Republic | (A) | 422 | 694 | 437 | 432 | 426 | | 625 | |
| Haiti | (A) | 442 | 402 | 422 | 402 | 413 | 1/ | 420 | 2/ |
| Philippines | (R/A) | 685 | 739 | 775 | 759 | 721 | | 433 | |
| Tanzania | (A/R) | 739 | 837 | 821 | 624 | 824 | | 899 | |
| Zambia | (A) | 62 | 58 | 90 | 96 | 108 | | 90 | 2/ |
| | | | | | | | | | |
| *1 October* | | *53 753* | *66 686* | *64 623* | *60 453* | *56 808* | | *58 692* | |
| Benin @ | (R) | 0 | 0 | 0 | 0 | 0 | | 1 | 2/ |
| Cameroon @ | (R/A) | 1114 | 1370 | 1 113 | 686 | 801 | 1/ | 1 150 | 2/ |
| Central African Rep. @ | (R) | 214 | 241 | 122 | 75 | 92 | 1/ | 117 | 2/ |
| Colombia | (A) | 11 024 | 9 398 | 10 532 | 11 999 | 11 714 | 1/ | 11 750 | 2/ |
| Congo, Dem. Rep. of | (R/A) | 644 | 457 | 433 | 430 | 392 | 1/ | 700 | 2/ |
| Costa Rica | (A) | 2 350 | 2 404 | 2 253 | 2 166 | 1 976 | | 2 243 | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Cote d'Ivoire @ | (R) | 1 991 | 6 321 | 4 846 | 3 492 | 2 680 | 1/ | 2 325 | 2/ |
| El Salvador | (A) | 2 056 | 2 599 | 1 706 | 1 667 | 1 442 | | 1 252 | |
| Equatorial Guinea @ | (R) | 1 | 0 | 0 | 0 | 0 | | 3 | 2/ |
| Ethiopia | (A) | 2 745 | 3 505 | 2 768 | 3 756 | 3 693 | | 4 333 | |
| Gabon @ | (R) | 4 | 2 | 0 | 1 | 1 | | 2 | 2/ |
| Ghana | (R) | 45 | 44 | 38 | 17 | 25 | 1/ | 35 | 2/ |
| Guatemala | (A/R) | 4 893 | 5 120 | 4 940 | 3 669 | 4 265 | 1/ | 3 500 | 2/ |
| Guinea | (R) | 140 | 112 | 114 | 101 | 109 | 1/ | 115 | 2/ |
| Honduras | (A) | 2 195 | 2 985 | 2 667 | 3 036 | 2 497 | | 2 850 | 2/ |
| India | (A/R) | 4 434 | 5 495 | 4 526 | 4 970 | 4 588 | 1/ | 4 615 | 2/ |
| Jamaica | (A) | 29 | 39 | 37 | 30 | 45 | 1/ | 43 | 2/ |
| Kenya | (A) | 1 173 | 1 502 | 988 | 992 | 899 | 1/ | 1 075 | 2/ |
| Liberia | (R) | 5 | 5 | 5 | 5 | 5 | | 5 | 3/ |
| Mexico | (A) | 4 801 | 6 219 | 4 815 | 4 200 | 4 000 | 1/ | 4 550 | |
| Nicaragua | (A) | 1073 | 1532 | 1595 | 1 116 | 1 124 | | 1 263 | |
| Nigeria | (R) | 46 | 43 | 45 | 41 | 48 | 1/ | 43 | 2/ |
| Panama | (A) | 192 | 167 | 170 | 160 | 140 | | 170 | 3/ |
| Sierra Leone | (R) | 24 | 76 | 28 | 15 | 13 | | 35 | 3/ |
| Sri Lanka | (R/A) | 35 | 38 | 43 | 31 | 32 | | 40 | 3/ |
| Thailand | (R) | 916 | 1 271 | 1 692 | 548 | 707 | 1/ | 1030 | 2/ |
| Togo @ | (R) | 321 | 263 | 197 | 116 | 80 | 1/ | 225 | 2/ |
| Trinidad and Tobago | (R) | 17 | 16 | 14 | 14 | 14 | | 12 | 3/ |
| Uganda | (R/A) | 3 298 | 3 097 | 3 205 | 3 166 | 2 910 | | 3 100 | |
| Venezuela | (A) | 1001 | 717 | 956 | 821 | 961 | 1/ | 860 | 2/ |
| Vietnam | (R) | 6 972 | 11 648 | 14 775 | 13 133 | 11 555 | | 11 250 | |
| 1/ Derived on the basis of gross opening stocks in 2003 as given in Table I-4 | | | | | | | | | |
| 2/ Estimate to be confirmed by the Member | | | | | | | | | |
| 3/ Estimated | | | | | | | | | |

**Annex.2**

Brazilian and Other Naturals Group

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1984 | 155.15 | 155.38 | 152.82 | 149.80 | 145.91 | 149.45 | 146.99 | 150.62 | 151.55 | 147.63 | 144.93 | 145.59 |
| 1985 | 152.10 | 157.25 | 155.56 | 146.33 | 143.84 | 136.71 | 130.81 | 133.25 | 139.03 | 150.27 | 174.28 | 201.70 |
| 1986 | 303.42 | 276.26 | 286.68 | 288.55 | 280.24 | 229.10 | 183.40 | 190.43 | 210.36 | 187.89 | 175.58 | 162.40 |
| 1987 | 119.75 | 114.42 | 97.41 | 101.68 | 111.96 | 98.34 | 89.95 | 91.40 | 100.67 | 111.68 | 122.05 | 117.09 |
| 1988 | 117.35 | 130.40 | 126.21 | 123.30 | 121.02 | 122.81 | 120.01 | 111.89 | 118.79 | 115.65 | 118.53 | 136.11 |
| 1989 | 145.29 | 128.72 | 128.06 | 131.45 | 128.94 | 115.02 | 78.75 | 67.32 | 67.75 | 60.32 | 65.53 | 67.93 |

**Monthly averages of ICO Indicator prices in US cents per lb**

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1990 | 70.36 | 77.59 | 86.17 | 87.45 | 86.31 | 82.94 | 78.94 | 90.25 | 92.20 | 85.78 | 77.46 | 80.17 |
| 1991 | 75.59 | 79.39 | 83.83 | 81.58 | 75.56 | 72.44 | 69.24 | 68.15 | 75.08 | 65.91 | 66.03 | 62.14 |
| 1992 | 62.03 | 58.05 | 59.60 | 54.94 | 51.11 | 49.08 | 48.53 | 46.40 | 49.43 | 59.64 | 64.64 | 74.39 |
| 1993 | 67.13 | 66.34 | 62.60 | 54.92 | 57.26 | 55.70 | 65.76 | 73.25 | 75.58 | 71.65 | 74.20 | 74.51 |
| 1994 | 71.42 | 80.14 | 84.72 | 87.14 | 118.37 | 136.43 | 211.81 | 192.38 | 212.73 | 191.21 | 172.83 | 159.73 |
| 1995 | 162.81 | 161.07 | 171.48 | 166.54 | 161.72 | 145.22 | 139.68 | 149.54 | 130.26 | 127.23 | 125.33 | 110.46 |
| 1996 | 127.54 | 144.05 | 140.99 | 132.92 | 134.76 | 125.44 | 106.93 | 108.28 | 103.10 | 105.77 | 103.76 | 103.71 |
| 1997 | 127.28 | 160.21 | 179.75 | 183.73 | 209.62 | 184.21 | 158.52 | 158.25 | 167.77 | 152.12 | 149.07 | 171.12 |
| 1998 | 179.83 | 177.78 | 154.84 | 141.11 | 124.89 | 104.09 | 96.22 | 101.92 | 92.76 | 91.32 | 96.67 | 100.28 |
| 1999 | 99.43 | 91.72 | 88.90 | 86.14 | 96.29 | 91.69 | 78.13 | 76.67 | 70.43 | 78.74 | 98.41 | 109.47 |
| 2000 | 97.68 | 91.51 | 89.93 | 86.46 | 87.23 | 78.32 | 79.89 | 70.57 | 71.14 | 72.28 | 68.95 | 64.39 |
| 2001 | 62.38 | 62.50 | 60.35 | 55.11 | 57.19 | 51.86 | 46.43 | 46.49 | 42.42 | 38.63 | 42.82 | 42.21 |
| 2002 | 43.14 | 43.17 | 48.70 | 49.52 | 45.39 | 43.00 | 43.31 | 40.18 | 44.53 | 46.08 | 49.25 | 46.55 |
| 2003 | 49.31 | 48.97 | 43.77 | 48.55 | 51.12 | 46.88 | 49.50 | 52.48 | 54.86 | 52.81 | 50.73 | 54.79 |

**Monthly averages of ICO Indicator prices in US cents per lb**

**Colombian Mild Arabicas Group**

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1984 | 150.43 | 148.45 | 149.69 | 151.19 | 152.34 | 150.94 | 147.79 | 146.14 | 146.34 | 141.08 | 142.21 | 141.38 |
| 1985 | 146.03 | 149.00 | 146.88 | 144.85 | 0.00 | 148.07 | 0.00 | 0.00 | 147.56 | 151.94 | 165.82 | 202.69 |
| 1986 | 263.77 | 248.24 | 252.93 | 241.95 | 237.45 | 215.44 | 191.36 | 194.05 | 211.11 | 207.62 | 206.69 | 169.86 |
| 1987 | 158.83 | 148.81 | 117.59 | 111.85 | 119.98 | 118.02 | 112.52 | 111.24 | 114.12 | 121.55 | 0.00 | 0.00 |
| 1988 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1989 | 0.00 | 0.00 | 149.17 | 151.05 | 146.65 | 134.16 | 94.41 | 83.15 | 83.25 | 74.10 | 77.34 | 78.13 |
| 1990 | 82.07 | 91.55 | 103.24 | 101.79 | 99.14 | 96.01 | 92.45 | 103.30 | 102.21 | 97.20 | 92.38 | 97.06 |
| 1991 | 91.55 | 94.21 | 99.36 | 97.27 | 91.51 | 90.18 | 88.02 | 88.09 | 91.95 | 82.88 | 82.43 | 79.70 |
| 1992 | 78.40 | 71.75 | 73.67 | 69.55 | 64.93 | 64.10 | 62.50 | 56.49 | 56.18 | 64.77 | 71.72 | 81.52 |
| 1993 | 71.61 | 72.45 | 67.07 | 59.77 | 67.35 | 68.13 | 76.40 | 84.18 | 86.58 | 83.02 | 85.56 | 87.33 |
| 1994 | 85.85 | 93.04 | 93.23 | 97.53 | 133.90 | 151.85 | 222.75 | 210.61 | 231.52 | 206.07 | 186.96 | 173.94 |
| 1995 | 177.23 | 175.07 | 185.75 | 180.30 | 177.18 | 170.89 | 157.22 | 163.21 | 141.49 | 132.08 | 129.09 | 110.47 |
| 1996 | 119.08 | 134.94 | 130.60 | 134.31 | 142.56 | 133.25 | 135.39 | 137.68 | 123.30 | 127.77 | 129.41 | 126.41 |
| 1997 | 146.18 | 188.62 | 212.96 | 199.22 | 318.50 | 227.15 | 190.57 | 193.46 | 196.29 | 169.40 | 161.38 | 183.32 |
| 1998 | 184.21 | 190.59 | 166.07 | 158.17 | 146.33 | 135.83 | 125.03 | 129.45 | 117.56 | 115.01 | 121.74 | 123.96 |
| 1999 | 123.07 | 116.92 | 117.05 | 114.02 | 123.95 | 121.45 | 107.05 | 105.28 | 97.77 | 103.69 | 126.76 | 140.35 |
| 2000 | 130.13 | 124.73 | 119.51 | 112.67 | 110.31 | 100.30 | 101.67 | 91.87 | 89.98 | 90.25 | 84.01 | 75.81 |
| 2001 | 75.33 | 76.70 | 76.94 | 78.25 | 80.92 | 74.38 | 69.70 | 73.50 | 68.80 | 62.88 | 64.89 | 62.33 |
| 2002 | 62.51 | 62.67 | 68.27 | 69.63 | 65.95 | 62.94 | 60.60 | 58.10 | 64.15 | 67.92 | 70.70 | 65.38 |
| 2003 | 67.27 | 67.47 | 62.16 | 64.40 | 65.74 | 61.61 | 64.87 | 65.65 | 67.55 | 66.17 | 64.39 | 66.68 |

**Annex. 3**

Price paid to coffee growers in Ethiopia, 1982-2001
(Source: Drawn by the author based on ICO data- http://www.ico.org/frameset.htm)

| Calendar Year | Yearly Average |
|---|---|
| 1982 | 70.10583 |
| 1983 | 46.1275 |
| 1984 | 50.57333 |
| 1985 | 55.47417 |
| 1986 | 75.83 |
| 1987 | 44.80833 |
| 1988 | 59.945 |
| 1989 | 54.175 |
| 1990 | 61.14583 |
| 1991 | 68.25417 |
| 1992 | 61.26167 |
| 1993 | 61.775 |
| 1994 | 112.4 |
| 1995 | 123.405 |
| 1996 | 73.00583 |
| 1997 | 94.32 |
| 1998 | 96.33583 |
| 1999 | 67.74 |
| 2000 | 56.42083 |
| 2001 | 43.78083 |