

Eastern Africa Fine Coffee Association Conference
Addis Ababa, 16/17 February 2011
Comments by EU Ambassador Xavier Marchal

It is a great privilege for the European Union, and for me, to be offered a platform in this Conference.

I will focus mainly on Ethiopia, where it all began, demonstrate the power of coffee as a means to poverty eradication and food security, to bring millions of Ethiopian becoming economic actors, and what it takes to reach these goals.

This being an international conference, I shall also give a few elements of the wider regional picture, in the same perspective.

Can I speak with sufficient authority? Consider these: 1) the EU which I represent has been and is a major partner to all EAFCA countries into the development of their coffee sector, particularly for the benefit of smallholder growers; 2) I spent the first 15 years of my life venturing in the family coffee farm in Eastern Congo; hence my association with coffee is almost genetic.

Focusing on Ethiopia

Looking at the figures related to the Ethiopian coffee sector, a few facts are striking.

Coffee is the backbone of Ethiopian economy, generating nearly half of the foreign currency earnings that this country obtains from agricultural commodity export. From the 2 Billion USD exports earnings of Ethiopia in 2010/11, 842 million USD are from coffee.

At the same time, most of the production is in the hands of small farmers, resulting in almost 4 million of them being directly engaged in its cultivation, in addition to jobs opportunities created for more than 20% of the economically active population. This is massive.

Participants to the field trip to Southern Ethiopia organised a few days ago certainly noticed how the coffee tree finds its intricate place in the agricultural system, in highly densely populated areas.

But what this means mainly, is that coffee makes those millions of farmers to be direct economic actors of Ethiopia. It is a powerful poverty eradication asset, and a wide avenue towards food security.

Reinforcing this reality, about 40% of the production is exported. Although the total share of its coffee exports in world trade is small (less than 2%), Ethiopia plays an important role in the 'global value chain' because of the fine quality of its coffees.

Adding the cherry on the cake, Ethiopia is of particular interest to the world because it is where *Coffea arabica* originated, with what this means in term of marketing, a unique asset that no one else can claim.

It is not at all surprising that coffee has become a ritual and tradition indispensable to conviviality in Ethiopia. Offering coffee, and drinking it, is a way of life, across cultural and religious divides. In this sense coffee has certainly largely contributed to the establishment of a national space and identity.

All in all, coffee is a perfect storm for Ethiopia and for millions of Ethiopians. They are small scale operators, and coffee can bring them out of poverty and make of them real economic actors.

No free ride to success

But there is no free ride to success. There are challenges, and issues to address. The Growth and Transformation Plan has inevitably placed coffee development very high on its agenda. It targets to nearly double acreage, production and export from a 2010 baseline by 2015.

This is a quantum leap forward, but insufficient by itself, as increasing production and productivity has to be complemented by decisive action to capture world markets.

An updated coffee sector strategy, that looks at the coffee value chain in a holistic manner making sure that all Ethiopian competitive advantages are captured may be a good way forward.

Interventions seizing the competitive advantages of Ethiopia due to its high potential for the production and marketing of non-differentiated (bulk) and differentiated (specialty) coffees would be essential.

Giving guidance on how Ethiopia should pursue the growth of differentiated coffee trade along the non-differentiated coffee marketing would be as well important. Enhancing fine coffee trade would contribute a lot in terms of improving rural livelihoods.

This is mainly focusing on smallholder farmers, as should be the case since the coffee sector is in their hands, connecting the coffee industry to livelihoods and poverty eradication.

The EU is prepared to be directly associated to this.

Through the Coffee Improvement Programme, known as CIP, the EU has significantly supported the coffee sector in Ethiopia for more than 30 years (1977 - 2010) with the main purpose of realizing its potential and ensuring that an increased share of the earnings would be for small producers. This is well known across "coffee land" Ethiopia.

The EU is now also supporting the Ethiopian Commodity Exchange, the Ethiopian Conformity Assessment Enterprise and the Ministry of Trade in the area of market information system and to enhance the quality and standards of exportable commodities.

The ultimate objective is poverty eradication. The main goal of EU support was and will thus be to assist the sector to realize its potential, so that it will have meaningful contribution in the livelihoods of the small farmers, who produce nearly 95% of Ethiopia's coffee, to be better off, get their fair share and hence improve their livelihoods.

The wider EAFCA picture and in conclusion

What has been said about Ethiopia is also valid in most other EAFCA countries where EU has a long history of supporting the coffee sector.

I have glimpsed at what the EU is doing to support them. There are similar trends. Small farms are the main focus, and increasing income from coffee is seen as necessary to support livelihoods. One major way to achieving this and guarantee sustainability is to increase yield and enhance quality by facilitating smallholder farmers access to finance, and enabling them to effectively use relevant technologies and respond to effects of climate change.

This should lead to reductions in the number of persons living below the poverty line and thus meet national and international development goals such as the MDG.

There are country to country variations. But it always comes to the same fact: the smallholder coffee grower should be at the forefront.

Zimbabwe, my previous posting, is an interesting case in this context. We all know that the issue of commercial farming has exacerbated the overall situation. But small farmers need commercial farmers for technical and economic reasons, at the same time than commercial farmers need small farmers for social and political reasons. On that basis, the coffee sector of Zimbabwe can come back.

For emotional reasons, I have to conclude with the Congo. In Eastern DRC, there are hundreds of thousands of small coffee farmers. Years of war have ravaged their assets and many of their coffee trees have been destroyed. But the human capital is still there, waiting for proper support and environment, proper research, to one day prosper again.

This is my concluding wish: give the small farmer a proper environment to produce and benefit from his work, and you will see the result.

Thank you