COFFEE INDUSTRY
Road Map Localization

By: MYRNA P. PABLO
Regional Director, DTI-CAR,
DTI National Industry Cluster Coordinator for Coffee
PRESENTATION OUTLINE

- COFFEE INDUSTRY UPDATES
- COFFEE ROAD MAP / LOCALIZATION
- COFFEE JOURNEY TO NEXT MILESTONES
**Coffee QUICK FACTS**

**Area Planted**

- Robusta: 90,350 ha
- Arabica: 19,200 ha
- Excelsa: 9,100 ha
- Liberica: 1,400 ha

**Volume 2012**

- Robusta: 64.039 MT (72%)
- Arabica: 18.678 MT (21%)
- Excelsa: 5.692 MT (6.4%)
- Liberica: 534 MT (.6%)

### TOP 5 COFFEE PRODUCING REGIONS

<table>
<thead>
<tr>
<th>Region</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOCCSKSARGEN</td>
<td>27,868.53 MT (31%)</td>
</tr>
<tr>
<td>Davao Region</td>
<td>18,949.88 MT (21%)</td>
</tr>
<tr>
<td>ARMM</td>
<td>10,628.57 MT (12%)</td>
</tr>
<tr>
<td>CALABARZON</td>
<td>8,568.05 MT (10%)</td>
</tr>
<tr>
<td>Northern Mindanao</td>
<td>5,225.30 MT (6%)</td>
</tr>
</tbody>
</table>

### TOP 10 ARABICA PRODUCING REGIONS

<table>
<thead>
<tr>
<th>Region</th>
<th>Volume (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SOCCSKSARGEN</td>
<td>11,767.34 MT</td>
</tr>
<tr>
<td>2. Davao Region</td>
<td>2,690.52 MT</td>
</tr>
<tr>
<td>3. ARMM</td>
<td>1,681.97 MT</td>
</tr>
<tr>
<td>4. Western Visayas</td>
<td>878.91 MT</td>
</tr>
<tr>
<td>5. CAR</td>
<td>555.12 MT</td>
</tr>
<tr>
<td>6. Zamboanga Peninsula</td>
<td>420.84 MT</td>
</tr>
<tr>
<td>7. Northern Mindanao</td>
<td>378.35 MT</td>
</tr>
<tr>
<td>8. Cagayan Valley</td>
<td>150.06 MT</td>
</tr>
<tr>
<td>9. Bicol Region</td>
<td>74.38 MT</td>
</tr>
<tr>
<td>10. Calabarzon</td>
<td>69.16 MT</td>
</tr>
</tbody>
</table>

Data Source: DA-HVCC. Draft Coffee Road Map
**MARKET INFORMATION**

- Philippines consumption-production gap (Robusta and Arabica) = 108,000 tons
- 90% Soluble Coffee
- Nestle Phil imports 75% of 100,000 ton requirements from Vietnam.
- Rise in popularity of ‘Third Wave’ & ‘Fourth Wave’ Coffee
- Single Origin becoming an effective marketing tool
- Fair Trade is encouraged and practiced
- Regional Branding
- Greening the Coffee Industry promotion

<table>
<thead>
<tr>
<th>ROBUSTA Market</th>
<th>Existing</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPECIALTY</td>
<td>10%</td>
<td>30%</td>
</tr>
<tr>
<td>SOLUBLE</td>
<td>90%</td>
<td>70%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARABICA Market</th>
<th>Existing</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPECIALTY</td>
<td>99%</td>
<td>100%</td>
</tr>
<tr>
<td>SOLUBLE</td>
<td>1%</td>
<td>0%</td>
</tr>
</tbody>
</table>
### COFFEE PROFILE - CAR (6 provinces)

<table>
<thead>
<tr>
<th>Production:</th>
<th>metric tons</th>
<th>Robusta</th>
<th>5,251</th>
<th>88%</th>
<th>Kalinga, Apayao, Abra</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arabica</td>
<td>579</td>
<td>10%</td>
<td>Benguet, MP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exelsa</td>
<td>79</td>
<td>2%</td>
<td>Ifugao</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liberica</td>
<td>16</td>
<td>1%</td>
<td>Abra</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Area Planted:** 6,681 hectares

**Where our Coffee is sold:**
- Robusta 5,251
  - 70% to Soluble Coffee Market
  - 30% Specialty Coffee Market
- Arabica 100% Specialty Market

**Form of Products:**
- Green Coffee Beans
- Roasted Whole Coffee
- Roasted Ground Coffee
- Brewed Coffee
- Coffee seedlings from Private and government nurseries

Source: LGUs in CAR
COFFEE ROADMAP

Evolution of the Cordillera Coffee Development Plan

What happened so Far? / Gains / Challenges

Journey to the Next Milestones
FLASH BACK
Draft Coffee Road Map of 2012
Presented by: Ms. Jennifer Remoquillo, NPC-DA-HVCC

- Benchmarking Analysis of the Philippine coffee industry with Indonesia and Vietnam;
- Typical versus modern farming for Robusta and Arabica
- Supply chain segments and activities; Area targets and required investments; Industries clustered with coffee;
- Industry vision and mission;
- New planting targets to bring to sufficiency level and strategy to cover the deficits and Logistic support services;
- Strategic directions and action programs on major issues;
- Road Map implementation structure and implantation of the models;
- Indicators of the finalization of master plan with emphasize action from all sectors, government and private sectors alike.
• Difficulty in Maintaining Quality Standards

• Low and decreasing production

Increased productivity

Expand production areas

Improved enforcement of quality standards

Increased profitability

• Low productivity

• Low profit
# NICCEP: the INDUSTRY CLUSTER APPROACH that led to CONVERGENCE

## VISION

The Philippine Coffee Industry that is self-sufficient with a significant share in the export market.

## MISSION

To increase profitability of all players in the value chain of the Philippine Coffee Industry.

## OBJECTIVES

1. More profitable Coffee Farming for all farmers through value adding;
2. Improved quality of coffee appropriate post harvest technologies;
3. Significant increase in export of coffee;
4. Consumption of locally produced coffee nationwide.

## STRATEGIES

1. Plantation and Post Harvest Technology Development
2. Processing Performance Improvement
3. Promotion and Marketing Enhancement
4. Creation of a Sustainable Enabling Business Environment for Coffee
#1. PLANTATION AND POST HARVEST TECHNOLOGY DEV’T:

- BENCHMARKING AND CROSS VISITS
- SKILLS DEVELOPMENT TRAININGS
- DISTRIBUTION OF COFFEE SEEDLINGS: Collaborated w/ PLGUs, NGOs, DAR-RFU; NGP-DENR
- NEW PLANTATIONS: Convergence with DENR, NGOs, PCA
- INFO MATERIALS DISTRIBUTED as ready references of the farmers
#2. PROCESSING PERFORMANCE IMPROVEMENT

- SKILLS TRAININGS ON COFFEE PROCESSING:
  - Coffee 102; BARISTA 101; Quality Improvement Trainings - Cupping Lessons, GMP, PNS, GAP; FDA Licensing and Product Certification /Food Safety Trainings
- 48 SSFs on Coffee established valuing 27.61M of which:
  - 19 SSFs in CAR - 11.68 M
  - 6 SSFs in 2 provinces (IS and IN) in R-1 worth 4,093 M
- DOH-FDA-DTI PARTNERSHIP
- CUPPING SESSIONS for the assessment of coffee quality
- BENCHMARKING on Coffee Processing
#3 PROMOTION AND MARKETING ENHANCEMENT:

- 21 TRADE FAIRS AND EXHIBITS:
  - Coffee products at the Regional OTOP /Pasalubong Centers.
- MARKET MATCHING ACTIVITIES-
  - PACKAGING and LABEL Design
  - TRADE/ENTREP TRAININGS CONDUCTED - Visual Merchandising, Pricing and Costing
- Coffee SME DIRECTORY that led buyers tour the coffee regions
- GEOGRAPHICAL INDICATION Project (CAR)
- CONSULTANCY PROGRAM with International Coffee Experts
- LIVE GUESTING on Negosyo atbp with RDs/ SMEs
- PRESS CONFERENCES and SOCIAL MEDIA PROMOTIONS
#4 CREATION OF SUSTAINABLE/ ENABLING ENVIRONMENT

- ORGANIZATION OF THE REGIONAL RTWG (RDC Res. #34 Series of 2012) and Provincial Coffee Clusters and conduct of PERIODIC MEETINGS
- STRATEGIC PLANNING AT ALL LEVELS including INTRA-DTI MTG at the national level
- ANNUAL VALUE CHAIN ANALYSIS and UPGRADING plus GREENING and GENDER Mainstreaming
- ALIGNING AND PARTICIPATION TO THE PRDP projects for Coffee
- COFFEE INVESTMENT/ BUSINESS OPPORTUNITIES/ FINANCING FORA.
- REGIONAL INDUSTRY PROFILING
GAINS

- Wide inclusive growth- farmers, processors, traders, labor force. A job generating industry.
- Cluster support covers all steps of the value chain through convergence with private and other government bodies;
- Greater consciousness efforts for quality. Research & development initiatives were encouraged in the pursuit of premium quality coffee
- Good Agricultural Practices (GAP) is now practiced. In the region, trees are counted, we target at least 1.2 kg. per tree
- Wide industry coverage- 14 regions
CHALLENGES

- Meeting the growing demand for coffee particularly the growing preference for specialty
- The need for real time data
- The need for literature of the origins
- The need for dynamic research and development
- Coping with dynamic market trends
- All efforts of the regions to contribute to the realization of the national roadmap
An industry that is cost-competitive, aligned with global quality standards, reliable and environment-friendly; and provides sustainable benefits to farmers, processors, traders and exporters.
## Fast Growing Coffee Industry

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of coffee farmers</td>
<td>30% increase</td>
</tr>
<tr>
<td>Number of coffee organization</td>
<td>At least 1 per municipality (coffee area)</td>
</tr>
<tr>
<td>Number of registered coffee shops</td>
<td>At least two per key tourist town and emerging urban area</td>
</tr>
<tr>
<td>Number of quality coffee products (coffee-based)</td>
<td>At least 6 new products developed</td>
</tr>
<tr>
<td>Percentage share to national coffee production</td>
<td>From 7 to 10% national share</td>
</tr>
</tbody>
</table>
JOURNEY TO THE NEXT MILESTONES
1. 2nd Philippine Coffee Conference in October 2016

- Coffee knowledge sharing/build-up;
- Industry updates;
- Business models;
- Investment Forum on Plantation & Coffee Shops;
- Financing Forum;
- Business networking;
- Market Matching;
- Benchmarking;
- Resource Persons from Vietnam & Indonesia invited
2. PUSH FOR A PREMIUM QUALITY OF PHILIPPINE COFFEE
   - Q & R Grading and Cupping
   - Cupping laboratory
3. PROMOTE PROCESSING OF ROBUSTA FOR THE SPECIALTY COFFEE MARKET
4. Facilitate development of Philippine Coffee Branding
## 2016 Major Strategies and Activities

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Major Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Productivity &amp; Efficiency</td>
<td>capability building courses, entrepreneurial, ProGED, benchmarkings &amp; cross visits</td>
</tr>
<tr>
<td>2. Quality Improvement</td>
<td>quality &amp; standards seminars, licensing &amp; product certification, operationalization of the BSU-based cupping laboratory</td>
</tr>
<tr>
<td>3. Product &amp; Market Development</td>
<td>Trade exhibits, pricing &amp; costing seminar, branding, packaging /labeling consultancy, market database build-up, profiling</td>
</tr>
<tr>
<td>4. Investment Promotion</td>
<td>Conduct of Investment For a &amp; Mission on Coffee Processing &amp; establishment of coffee shops</td>
</tr>
<tr>
<td>5. Creation of Enabling Business Environment</td>
<td>Strengthening Coffee Councils &amp; partnerships with private coffee organizations &amp; partner agencies, conventions, conferences</td>
</tr>
<tr>
<td>6. Access to Finance</td>
<td>Strengthen linkage of coffee SMEs to GFIs/MFIs through financing fora or one-on-one matching, directory of financial packages</td>
</tr>
</tbody>
</table>
Implementation Mechanism

1. Regional Coffee Council (RCC) to coordinate the programs, projects, roles/responsibilities of various organizations

2. Members: DA, DENR, DTI, DOST, 6 SUCS, HARRDEC, 1 representative from NGO
THANK YOU!