Myanmar – EU Trade Helpdesk

EU Export Market Scan: Coffee

Myanmar Coffee

Green coffee beans are seeds of the coffee plant (*Coffea Arabica* and *Coffea Canephora*). Roasting activities commonly take place in consuming markets. Therefore, this market scan identifies market opportunities for green coffee exports from Myanmar to the European Union (EU) (HS code 090111).

Coffee picking in Myanmar

Source: Sithar Coffee

Myanmar is an emerging coffee producing country. It can supply quality Arabica beans as well as superior grades of Robusta. Currently, around 80% of coffee produced in Myanmar is Arabica and 20% is Robusta. The majority (60-70%) of coffee is produced in Shan State, followed by Mandalay and Chin State.

Coffee in the EU

The EU is the world's largest coffee market, more than twice the size of the United States. The EU accounts for around 30% of global consumption.

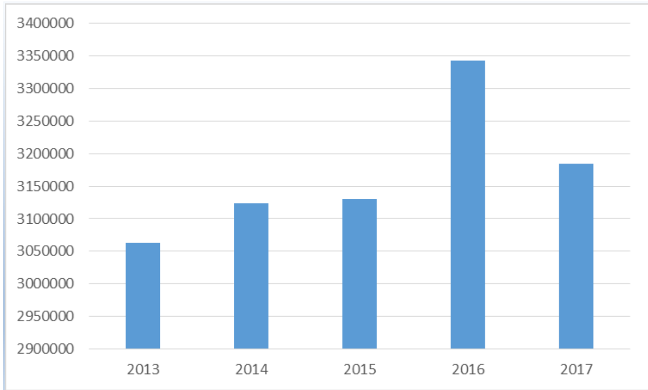
EU imports of green coffee have been increasing at an average annual growth rate of 1% in quantity and 5% in value since 2013. This indicates an increase in import prices. A decrease of imports in 2017 was not caused by lower demand, but by a lower global production of Arabica coffee that year. EU imports reached 3.2 million tonnes and EUR 8 billion in 2017. EU imports of green coffee are expected to continue growing at an average annual growth rate of 2% in the coming years.

The main drivers for this expected increase in EU coffee consumption are:

- Increased consumption of soluble coffee and single-use coffee pods
- Increased interest in ethical sourcing
- Interest in different coffee preparation methods
- Interest of younger consumers to prepare specialty coffee at home

Due to climatic conditions, the EU does not cultivate coffee. This means that most of the imported green coffee is roasted and consumed within the EU (around 2.8 million tonnes). Export of green coffee is not significant.

Figure 1: EU import of green coffee (in tonnes)



Source: International Trade Centre (ITC) Trade Map, 2018

Potential Target Markets in the EU

The EU market for coffee imports is very concentrated. Two leading importers – Germany and Italy – represent more than half of total EU imports. Therefore, Germany and Italy are recommended as the two primary markets for Myanmar exporters to explore. Germany and Italy are also the main coffee roasting countries in the EU and the leading exporters of roasted coffee.

Myanmar coffee exporters can also find opportunities in other large and fast-growing markets, such as the Netherlands, Scandinavia, the United Kingdom and Poland. However, it must be taken into consideration that the Netherlands is the largest European re-exporter of imported green coffee, re-selling nearly 150,000 tonnes of green coffee to other EU countries.

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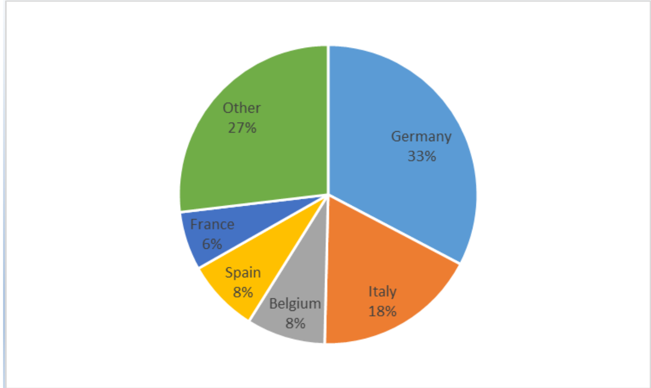
All proposed EU target markets for Myanmar coffee should be considered markets for premium coffee in the high-end market segments. Commercial types of coffee are not recommended for EU markets, due to lower prices and tough competition from major supplying countries.

Figure 2: EU green coffee import structure in 2017, share of imported volume



Source: International Trade Centre (ITC) Trade Map, 2018

Myanmar specialty coffee can be sold in almost all major EU markets. Sweden and Finland may be interesting markets, since they are leading per capita coffee consumption with a developed interest in specialty coffee.

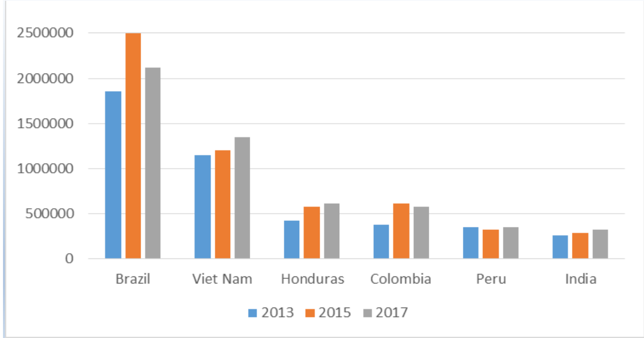
EU Market Characteristics

The leading external supplier of coffee to the EU is Brazil, followed by Vietnam, Honduras, Colombia, Peru, and India. Among these leading suppliers, Colombia is gaining the largest market share with Arabica coffee; with increasing exports to the EU from 130,000 tonnes in 2013 to 190,000 tonnes in 2017.

Arabica coffee accounts for around two-thirds of the EU coffee market, while the remaining one-third consists of Robusta varieties. The overall ratio of Arabica:Robusta has shifted somewhat towards Robusta. Within the Arabica group, the share of Brazilian naturals dropped while that of Colombian milds and other milds increased.

The majority of coffee in the EU is consumed at home (around 80%). Out of home consumption (food service) accounts for the remaining 20%. However, this ratio differs across countries, ranging from a 55% home consumption in Portugal to 95% in Slovakia.

Figure 3: Leading suppliers of coffee to the EU (in EUR thousand)



Source: International Trade Centre (ITC) Trade Map, 2018

EU Market Access Requirements

- Testing coffee on the presence of Ochratoxin A (OTA) is a common requirement as it is frequently found in beans due to poor storage conditions.
- Quality classification of Myanmar coffee is recommended. Myanmar producers should take part in cupping competitions (according to cupping protocols such as World of Coffee).
- The most important types of certification for coffee are: Fair Trade, Organic, Rainforest Alliance, UTZ Certified and 4C (Coffee Assurance Services).

How to Find Buyers in the EU?

You can search and find potential buyers in the EU via several sources, such as:

- **Trade Fairs:** COTECA (biannual, Germany), Anuga (biannual, Germany), SIAL Paris (biannual, France), BIOFACH (annual, Germany), Tea & Coffee World Cup (annual, different places)
- **Member lists of associations:** The European Coffee Federation, Specialty Coffee Association, and International Coffee Organisation
- **Specialised online directories:** Cropster, algrano

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