

MEASURES TO DEVELOP PRODUCTION AND EXPORT OF COFFEE

by Ass. Prof. Dr. ĐÀO DUY HUÂN
& Dr. HỒ NGỌC MINH

1. Coffee production in Vietnam

Since 1990, the coffee area has increased in Western Highlands and Central coastal provinces especially during the years 1995-2001 when the coffee price rose. And as a result the supply of coffee for domestic consumption and export rose, more jobs were supplied to local residents and standard of living of coffee planters was improved remarkably. Vietnamese coffee is now sold in some 70 countries all over the world.

These data show that:

- The coffee area reduced some 20,000 hectares since 2000 because of fluctuations in the world coffee price. Many coffee planters suffered losses.

- Reduction in the coffee area led to a 100,000-ton fall in the output, which made the coffee share in the GDP lower.

- In the years 2000-03, Daklak accounted for over 50% of the national output.

- Vietnamese Robusta coffee is appreciated by European countries. Many buyers, especially ones from France, always ask for coffee from Daklak. This makes coffee one of important industrial crops in Vietnam.

- Development of coffee production and export have helped improve the living standard of coffee planters, create new jobs, develop new residential areas on highlands and reduce the nomadic lifestyle.

2. Coffee export

These data show that:

- The coffee export fell from 873,943 tons in 2001 to 713,735 tons in 2002. The highest falls were found in the American and German markets.

- Because of no changes in the coffee price, the export value of coffee fell from US\$381,910,000 in 2001 to 263,260,000 in 2002.

- The biggest markets for the Vietnamese coffee are the U.S., the E.U., and Asian countries.

- The export is the decisive factor to the coffee production in Vietnam as a whole and in Daklak in particular because the domestic consumption rose slowly. If the export is not promoted in the coming years, coffee planters will face great risks.

3. Measures to develop the coffee production and export

a. Selecting the strains:

At present, TN1 and TN2 strains give a yield of 4 or 5 ton per hectare, from 10% to 15% higher than the Catimor one but they are produced by cloning, which is costly. Research centers must make more efforts to reduce the production cost. In addition, coffee companies should look for new imported strains that are suitable to Daklak natural conditions.

In Vietnam the Arabica coffee gains yields higher than the Robusta one, so the Arabica area could be reduced in order to ensure equal output for those two classes of coffee. The Robusta coffee is more suitable to natural conditions in Vietnam than the Arabica one. Moreover, the Arabica coffee could be sold at higher prices than the Robusta one. This means that coffee planters should replace the Robusta with the Arabica one. However, this replacement requires huge investment. For example, to plant a hectare of coffee requires some VND25 million. In addition, it takes from four to five years to have the first crop output, so the replacement must be considered carefully in order to ensure the profitability.

Table 1: Coffee output in 2000-2003

Region & province	2000-2001 crop		2001- 2002 crop		2002- 2003 crop	
	Area (ha)	Output (ton)	Area (ha)	Output (ton)	Area (ha)	Output (ton)
Total	554,665	891,000	536,665	756,000	519,200	633,000
Northern mountainous areas	11,480	1,069	11,480	1,000	12,500	1,500
ThanhHoá, Nghệ An	8,367	2,500	8,367	1,900	10,000	1,420
Bình - Trị - Thiên	2,674	5,000	2,674	3,960	3,000	2,700
Phước Yên	1,944	1,631	1,944	1,476	1,700	1,100
Gia Lai - Kontum	86,200	130,000	82,200	79,644	82,000	70,000
Daklak	274,000	455,000	270,000	390,000	230,000	310,920
Lâm Đồng	100,000	160,800	100,000	160,780	115,000	170,000
Đồng Nai	60,000	100,000	50,000	86,000	50,000	45,000
Other provinces	10,000	35,000	10,000	30,720	15,000	30,360

Source: VICOFA & NKG Statistical Unit

Table 2: Markets for Vietnamese coffee

Market	2001/2002 crop			2000/2001 crop			2001/2002 compared with 2000/2001
	Output (ton)	Value (1,000 USD)	as % of export value	Output (ton)	Value (1,000 USD)	as % of export value	
Germany	112,532	42,000	15.95	118,812	50,577	13.24	-6,280
The U.S	89,745	32,336	12.28	136,308	55,976	14.66	-46,563
Italy	46,646	17,752	6.74	49,389	17,690	4.63	-2,743
The U.K	46,093	16,670	6.33	83,346	27,690	7.25	-21,399
Spain	44,856	15,894	6.04	67,492	23,460	6.14	-22,636
Belgium	47,809	18,014	6.86	117,897	47,042	12.32	-70,088
Japan	47,930	18,054	5.72	41,452	15,270	4.00	6,478
Switzerland	44,896	15,048	4.66	118,522	45,888	12.01	-73,626
Holland	31,952	12,269	4.40	56,240	20,452	5.36	-24,288
France	30,346	11,574	4.13	35,966	13,177	3.45	-5,620
Poland	26,341	10,876	3.42	17,884	7,342	1.92	8,457
The Philippines	25,338	9,016	3.25	13,592	5,336	1.40	11,746
South Korea	23,834	8,548	2.27	15,258	6,468	1.69	8,576
Singapore	17,454	5,968	1.70	37,221	14,443	3.78	-19,767
Australia	12,004	4,468	1.70	12,506	4,440	1.15	-502
China	8,710	3,536	1.34	6,705	2,462	0.64	2,005
Malaysia	8,710	2,952	1.12	5,198	2,154	0.56	2,220
Canada	4,701	1,572	0.60	8,260	3,562	0.93	-3,559
Others	45,139	16,713	6.35	50,617	18,481	4.87	-5,478

Source: Ministry of Trade, 2002.

According to experts from the Vinacafe Corporation, the Arabica coffee requires more capital, fertilizer and insecticide but it is more saleable. So programs to replace the Robusta with the Arabica coffee will certainly supported by local residents, including minority groups.

b. Taking care of coffee crop:

- Coffee planters had better increase the tree density in their plantations in order to gain higher output.

- Amount of fertilizer supplied must be based on soil and leave analyses and the demand of the tree.

- Crop protection materials must be used carefully and on time. They must be non-toxic and eco-friendly.

- Technical and electronic advances could be applied to coffee classifying and processing in order to ensure the product quality during storage.

c. Changing the harvesting practices:

When harvesting only ripe beans are picked in order to ensure the ripe one represents at least 95% of the output. Don't put them in piles more than 24 hours. Only after drying could coffee beans be put in storage with the humidity of 15% at most.

d. Zoning coffee areas:

Coffee plantation of low yield could be planted with other crops, such as cotton, maize or manioc. Information about new techniques and market demand must be given through training courses at commune level in order to reach all coffee planters.

e. Processing:

Coffee processing factories must install modern production lines and ensure the quality of raw materials bought from private planters. The coffee processing technology hasn't been modernized at the same speed of production development, which causes

huge losses to both coffee planters and the tax take.

f. Distribution:

The coffee association must support individual companies in their efforts to carry out market researches and marketing campaigns. The amount exported must be kept under control when the price falls. Making direct contact with foreign importers is a good way to avoid middlepersons. More brand names, besides famous ones such as Buôn Mê Thuột and Trung Nguyên, must be built when the product quality is ensured. ■