

Sustainable Development for Coffee Production

by MEcon. LŨ BÁ VÂN

At present, coffee is a farm product with the second biggest export earnings, after rice. In 2006, its export earnings passed the US\$1.1-billion mark and became one of the most competitive farm products from Vietnam.

There are some 500,000 hectares of coffee in Vietnam, especially in Western Highlands, Eastern South and some Northern provinces. Western Highlands have long become the center of coffee production with the biggest quantity and highest quality. The coffee production here has experienced many ups and downs, gained reasonable growth rates and become saleable on the world market.

However, the coffee production is facing many problems: the product quality is low in comparison with ones from other countries; and the Vietnamese standard TCVN 4193: 1993 is not suitable to evaluating methods used by foreign buyers but it has not been improved for a long time, which failed to encourage improvements in the product quality and coffee exporters had to sell their goods based on private agreement to

middlepersons because they didn't know how to meet the international standards.

Introduction of the standard TCVN:4193:2001 that estimates coffee according to faults found in a batch has helped deal with these problems but the habit of selling based on private agreements still persists because the standard is not compulsory. Most planters have no drying stoves or machines and they leave their produce in the sun to dry. Shortage of drying yards prolongs the drying stage, which leads to danger of getting moldy. If coffee harvests take place in the rainy season, it is

hard to preserve the product quality during drying and storing.

Although the coffee yield per hectare has been improved over years, this achievement is not sustainable because recent rises in prices of fertilizer, fuel and other materials made the production cost higher. Use of poor selected strains, habit of picking both ripe and unripe bean during the harvest, and poor processing facilities lead to poor product quality and low selling price for coffee exported by Vietnam. This price is from US\$50 to 100 lower than the one required by exporters in other countries for coffee of

the same kind. The domestic market is big (with a population of some 80 million) but it can consume only 10% of the coffee output. This situation explains why coffee planters and exporters depend totally on export and are affected greatly by fluctuations on the world market.

To ensure a sustainable development, in my opinion, the following measures must be taken:

a. Increasing the coffee yield by intensive farming: Reliable supply of water to coffee plantations is a decisive factor of the record coffee yield in Vietnam. With an average yield of



Photo by Huỳnh Thọ

1.7 tonnes per hectare, Vietnam gains the highest yield in the world (the average coffee yield in other countries is some 0.7 tonne per hectare). This leads to the habit of supplying more and more water to the coffee plantations, which means huge waste of water and energy and reduction in necessary nutrients for

prove the coffee yield. Spread of diseases and prolonged drought in recent years, however, has made planters and observers worry about sustainability of this measure.

b. The habit of picking both ripe and unripe beans must be stopped and appropriate processing techniques to improve the product

dry, wet or threshing processing techniques to the coffee beans. The most common of them is the wet processing technique. This may ensure beans of good quality but it requires large areas for drying yards. The wet processing technique is applied successfully to robusta coffee by Thăng Lợi and Phước An Coffee Processing Factories in Dak Lak but this technique requires expensive machines and equipment and treatment of effluent. The threshing technique is not advisable because it fails to prevent beans from getting moldy.

c. Eco-friendly techniques are also necessary, such as replacing old and low-yield strains with new ones introduced by the Western Highlands Institute of Forestry and Agriculture that produce better yield, bigger beans and disease-resistant ability. In addition authorities can encourage coffee planters to grow perennials in coffee plantations in order to reduce risks caused by bad weather, diseases and fluctuations in prices; and ensure an additional source of income. Durian is an appropriate tree to this measure because it has deep roots and high market value. Income for many Đắc Min peasants who grow durian along with coffee is from 24% to 30% higher than one earned by coffee planters.

d. Market information for coffee exporters: Exporters need information about potential buyers, rivals from other coffee-exporting countries, political and social situation in coffee-exporting countries, rules; laws and restricts in coffee-importing countries, weather; natural disasters and coffee output in coffee-producing countries. Such information can be gathered easily from the Internet and international press agencies or institutions. In gathering market information, full attention should be paid to three important markets (the U.S., EU and Japan). The aim is to expand existing market shares and look for new export markets with a view to limiting sale of coffee to middlepersons by reaching end users.

In short, Vietnamese coffee has become more and more remarkable on the world market. The coffee production has helped increase the export earnings, created new jobs and helped stabilize the socioeconomic life in many provinces, especially border ones. To ensure the sustainable development, the coffee production authorities must pay attention to intensive farming, improvements in coffee processing industry and the role of the Association of Coffee Producers and Traders with a view to beefing up the product quality and output. ■

Table 1: Coffee export in 1994-2001

Crop	Export volume	Export price (US\$/tonne)
1994-95	212,038	2,633.0
1995-96	221,496	1,815.0
1996-97	336,242	1,198.0
1997-98	395,418	1,521.0
1998-99	404,206	1,373.0
1999-2000	653,678	823.0
2000-01	874,676	436.6

Table 2: Ten leading importers of Vietnamese coffee in 2001

Country	Import volume (tonne)	Value (US\$)	As % of total volume
Belgium	138,603	57,947,984	15.85
The U.S.	137,501	59,371,585	15.72
Germany	134,321	60,054,805	15.36
Spain	73,852	31,666,889	8.44
Italy	62,559	27,796,789	7.15
France	45,998	20,147,381	5.26
Poland	38,155	17,171,839	4.36
The U.K.	30,153	13,055,058	3.45
Japan	26,905	13,274,686	3.08
South Korea	26,288	11,310,104	3.01

Source: www.vicofa.org.vn

coffee plants. Similarly, fertilizer supply is usually from 10% to 23% higher than the need of the plants, which makes the production cost higher. Removal of shade-trees is considered as a technical advance in the coffee planting business because it has helped im-

prove the coffee yield. Purchasing companies should adjust buying prices and refuse to buy poor-quality or unripe beans, and require planters to ensure the TCVN 4193:2005 standard for their produce for export.

At present, coffee planters usually apply