

Effects of trade standards on ethiopia's coffee export volume

[Food & Diet](#), [Coffee](#)



Background

Coffee is the most valuable agricultural commodity in international trade and Arabica coffee accounts for 66% of the world's coffee market. Ethiopia is currently the third largest Arabica coffee producer after Brazil and Colombia, with a production of 321, 000 tons during the crop year commencing in 2006 (International Coffee Organization, 2007). During the same year, coffee accounted for about 35% of the total exports of Ethiopia (IMF, 2007), which has in previous decades been as high as 65%. In Ethiopia, coffee plays a central role in the incomes of more than one million coffee growing households and the livelihood of over 15 million people directly or indirectly depends on this commodity crop (LMC, 2000).

Ethiopia holds a unique position in the world as Coffee Arabica has its primary center of diversity in the south-western highlands of the country. This fact is strongly substantiated by observations and publications of travellers and scientists (Vavilov, 1935; Sylvain, 1955; Meyer, 1965) and, more recently, by several studies using DNA-based genetic markers (Lashermes et al, 1996; Anthony et al, 2002; Tesfaye et al, 2007).

When we come to the issues of trade standards, the meaning rendered in the international guide of the world's largest global standard setting body, International organization for standards (ISO) reads as follows: " Standard is a document established by consents and approved by a recognized body that provides for common and repeated use, rules, guidelines or characteristics for activities or their result, aimed at the achievement of the

optimum degree of order in a given context. ” As per the above definition, we can understand product standards specify the character of a product. This can also involve regulations affecting the design and safety of a product, or could also mean the specification of what a certain product should have either at times of manufacturing or what a product need to serve after it reaches to the final consumers (Binnyam, 2010). Generally, This study aims to have a deep look at the concern voiced by many researchers that food safety and quality standards establish a particular burden for exporters from developing countries like Ethiopia’s coffee export particularly and for the small scale coffee producers too. Coming from this starting point the study aims to establish a detailed understanding of

1. How Ethiopia’s coffee export was affected by food safety and quality standards and
2. This study also explores the effect that food safety and quality standards are having on the performance of Limmu coffee producers.

Statement of the problem

The concept and the word ‘ standard’ has become a burning issue in all sectors of the business. The desire towards having a product or service that best meets the required standard is dramatically increasing from time to time. Those people who are participating in all business undertakings do not invalidate the idea of having the best quality product or service they render for their customers because now a day consumers look for a product or service with high standards that they give them maximum level of satisfaction. And, the buyer and the seller are expected to be engaged

whenever they reach a consensus, with a special concern that consumers need to be protected from any possible harm caused by consumption of any goods or services which are below the required standard. Well understanding of trade standards offers the user quality products or services and safety assurance from hazardous substandard products and services as well as gives a chance to differentiate and define product categories based on different parameters of standards for measurement. In addition to the coffee flavour, cup quality, level of acidity, odour and taste they increasingly involve process requirements like impact on environmental in turn to the society, worker health and safety, animal welfare, and fairness to primary producers of the coffee. The creation and increased stringency of food safety standards is a source of concern among many developing countries including Ethiopia's coffee export like (1) quality (e. g. , the overall raw quality and liquor quality), (2) safety (e. g. application of Pesticide or artificial hormone residue and microbial presence), (3) " authenticity" (guarantee of geographical origin (altitude and/or region) or use of a traditional process); and (4) the " goodness of the production process" (e. g. with respect to workers health and safety conditions, or to environmental contamination and pollution) (Thomas and Elizabeth, 2001).

These standards are becoming a determinant factor for the competitiveness of their exports and also can be seen as a barrier to the international market entry of high-value agro-food products (including fish, horticultural, and other products), either because these countries lack the technical as well as administrative controls demanded for compliance or because these

standards can be applied in a discriminatory or protectionist manner of domestic firms from the exporting country firms. (Steven and Spencer, 2004) for example the resulting effect on small scale producers will be a decrease in sales volume and income in turn they will be incapable to purchase necessary inputs like hybrid seeds and fertilizers so as to make the process productive and finally they will fail to compete in the international market. And also the government will not get foreign exchange by imposing export tax from the trade.

So, this study is conducted to know whether trade standards especially food and safety standards are catalysts or barriers to the international trade or neither of the two (no especial effect) especially on Ethiopian coffee export volume and all these arguments are examined in relation to the Ethiopia's coffee export. Plus to this the study also identifies who sets the standards especially for coffee like local government, national government, international institutions, private companies or public organizations. Finally, the study examines how much these trade standards affect both the country and the performance of individual producers in terms of volume they supply to the international market.

General objective

The general objective to this study is to identify the effects of trade standards on Ethiopia's coffee export volume to world market.

Specific objectives

- To identify the standards that have been used by Ethiopian government

- To identify the types of standards- local, national, international and private or public
- To identify either trade standards are catalysts or barriers for Ethiopia's coffee export
- To identify impacts on coffee producers special case of Limmu woreda

Research Strategy and Design

To address the objectives of the study, the research study designed and employed cross-sectional survey (for the primary data), time series (for the secondary data) and descriptive type of research in design based on the purpose of the study, because the research is to describe links between trade standards and their effect on export volume and the effect on producers. It also has both qualitative and quantitative variables in its contents. The study used survey strategy to collect the necessary data from the selected woreda coffee producers that is Limmu using adjusted systematic sampling technique to get the determined sample size of the study.

Results And Discussion

Among the different parameters, the majority of the respondents 94% do not understand the parameter called moisture content. Only 6% of the respondents understand the parameter moisture content. The second parameter is bean size/screen and the majority of the respondents 57% are knowledgeable about the issue of bean size/screen and the rest of the respondents 43% do not know bean size/screen. There is also a parameter called odour and the majority of the respondents 55% do not understand the

parameter but the rest 44% understand it well. In the fourth place we get the parameter defect point and the majority of the respondents 88% do not understand the parameter well and only 12% of the respondents know about the parameter to a good extent.

In the fifth place there is a parameter called colour and the majority of the respondents 68% understand it well but 32% of the respondents do not know about it well. In the sixth place we get taste/flavour and the majority of the respondents 61% do have the knowledge of the parameter while the rest of the respondents 39% do not know about the parameter. In the seventh place we have a parameter called shape and make and majority of the respondents 99% do not know well about the parameter and only 1% of the respondents are knowledgeable. At the eighth place the researcher finds out that the parameter -acidity- is not well known among 99% of the respondents while only 1% of them are aware of the issue.

Finally, the researcher finds out that none of the respondents are aware of the last parameter for the study which is called cup cleanliness. To sum up, the majority of the respondents have no deep understanding of the technical parameter measurements of the coffee standard. The above table shows the number of quintals coffee producers produce in the given year and the majority of the coffee producers 53% have produced 1-50 quintals of coffee in the given year. A significant number of producers 34% of them have produced 51-100 quintals of coffee. 8%, 4% and 1% of coffee producers have produced 101-150 quintals, 151-200 quintals, and above 200 quintals of coffee respectively. Based on the data presented in the above table one can

easily understand that the majority of the coffee producers have produced 1-50 quintals of coffee in a given year.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions Based on the data analysis and discussion, the researcher has managed to conclude the following major points.

- To begin with the level of understanding producers have about coffee standard parameters, we can say that the majority of the respondents have no deep understanding of the technical coffee parameters.
- Among the different risks in production; lack of scientific practice and the value of agricultural inputs are much severe.
- Majority of the respondents get external assistance from different institutions so as to keep the standard of the coffee and much of the assistance were come from government, but they rate the effort of Ethiopian Commodity Exchange to enhance the quality of the coffee insignificant. Moreover, among the assistance given for the coffee producers from the institutions consultant by experts was prominent, but when they rate the level of satisfaction it is not significant that bring change in the production system.
- Majority of the respondents are producing 1-50 quintals of coffee in the production year of 2012 G. C, the majority of the producers supplied the same amount to the market and the same amount was not sold by the combination of different reasons.
- Among the different reasons for the unsold coffee the one is lack to meet standard for the coffee they produce and all producers said that

1-50 quintal of coffee was unsold because of lacking to meet the required standard. And among the standard parameters meeting the defect point parameter was difficult.

- Among the different benefits of keeping the standard of the coffee; producer are enjoying the benefit of making them to focus on increasing productivity and efficiency. And among the different risks of unfit coffee for the market; producers face severe risk of reduction in income.
- There is no any statistical difference in the probability of rejection rate due to quality problem in between those who get assistance and who have not get assistance. But, the probability of rejection becomes lower when coffee producers are getting more experience and increase their level of knowledge regarding the issue of coffee standard in the production process.
- The export coffee volume at the same time the unfit coffee volume and the total marketable coffee of the country increases on average over time as the result of marketable coffee volume increases. Note that this is based on the independent observation of each elements trend. Also when we see the trend of both the export volume and the total marketable at a time; both of them was increasing on average over time and the same is true for export volume and the indicator price of the coffee too. Moreover, the partial correlation between export volume and price is significant. But, when we see the trends of both export volume and the total marketable with the unfit volume at the same time the export volume and the total marketable increases on

average over time while the unfit volume exhibited stagnant low level of movement. Above all, the rejection rate due to quality problem decreases in the recent times.

- All the exported coffee meets the required moisture content that is 11.5. Majority of the coffee was having a defect point of 26-45, 0 levels of cup cleanliness, very good shape and make, bluish colour, medium acidity, full body, very good flavour and clean odour.
- All the coffee unfitted meets the standard parameter called screen size and moisture content for export but they exhibited below requirement by the following standard parameters; defect point, cup cleanliness, shape and make, colour, acidity, body, flavour and odour.
- For the export of coffee, the Ethiopian government was developed its own coffee standard.
- Generally, taking Ethiopia's coffee export volume; the generalizations of developing countries are being a group of losers in the international trade because of trade standards are barriers is false. Rather trade standards have a catalyst role in Ethiopia's coffee export volume.

Recommendations

- Producers have no deep understanding of the technical standard parameters for the coffee they produce. So, that the concerned body like Ethiopian Commodity Exchange and Ministry of Agriculture (coffee quality inspection center) should have due responsibility in clarifying the overall technical standard parameters that becomes a barrier to export market.

- Even though, majority of the producers get assistance from government and other institutions they are still suffering of lacking scientific practice and shortage of agricultural inputs. Plus to this the rate of rejection of the coffee due to quality problem have no statistical difference for both who get assistance and who have not get. This implies that the assistance producers get did not bring change. So that the type and the level of assistance should be critically reviewed so as to make the assistance bring dramatic change for producers in terms of maximization of the output and the revenue they get.