



# COFFEE INDUSTRY NEWSLETTER

*A quarterly publication of the PNG Coffee Industry Corporation*

June 2019

ISSN: 1018-1538

## Differentiation for high - value markets

**Also inside this issue:**

- \* **Market access vital for coffee**
- \* **Rise in exports to EU specialty market**
- \* **Farmers bid farewell to Mama Bird**



### MISSION STATEMENT

To increase financial returns, productivity, production and market access for female and male coffee farmers and others along the value chain, with motivated, competent and continuously learning actors.

We acknowledge the project management unit (PMU) of Coffee Industry Corporation’s Productive Partnerships in Agriculture Project (CIC-PPAP) for financing the printing of this quarterly edition. The CIC-PPAP is a PNG Government (Department of Agriculture and Livestock) coffee industry rehabilitation initiative supported by World Bank and IFAD (International Fund for Agricultural Development) through a loan arrangement with GoPNG.

**COVER PHOTO:**

Central Mamina staff at the National Coffee Symposium in Port Moresby.

**INSIDE THIS ISSUE**

Differentiation for high value markets.....2

Market access vital for coffee: Minister.....3

PNG coffee, an incredible story to tell.....4

Aust govt support to agri-sector.....5

Rise in specialty exports to EU market.....6

Market Report.....7-8

Cooperative group foccus.....9

Farmers farewell Mama Bird.....10

Edwards calls it a day .....11

Longest serving staff farewelled.....12

Pictorial.....13

Freight guidelines.....14

*The CIC newsletter is produced by the CIC Community Information.*

*Acknowledge the CIC Ltd when extracting material from this newsletter.*

**Direction:** Charles Dambui

**Editor:** Dr. Reuben Sengere

**Layout & Design:** Cora Moabi

**Story contributions:** Leo Wafiwa & Cora Moabi

**Email [cmoabi@cic.org.pg](mailto:cmoabi@cic.org.pg) to be added onto our newsletter mailing list.**



**Like us on Facebook**

<https://www.facebook.com/coffee-industrycorporation> or visit [www.cic.org.pg](http://www.cic.org.pg)

# Differentiation for high-value markets

SMALLHOLDERS have been the dominant coffee producers in recent years. Their average share of production from 2009 to 2017 is 87.7 percent. Coffee Industry Corporation (CIC) CEO Charles Dambui said this at the the National Coffee Symposium from May 22-23, 2019 in Port Moresby.

He said the medium to long-term outlook for coffee trade globally is very promising with consumption growth rate increasing at around four percent. “So the demand for PNG origin coffee will remain buoyant and it is forecasted a strong growth in the longer term. The challenge for CIC and its stakeholders is to capitalize on those market trends and developments.”

He said differentiation is needed to escape the low value commodity market. It is intended to be beneficial across the value chain, particularly for one third of the country’s population who are smallholder coffee farmers.

Mr Dambui highlighted that the export of certified coffees has been increasing by an average annual growth rate of 20% in the last 12 years from 2007 to 2018, while contributing an average of six percent to total annual coffee exports in the same period. From 2017 to 2018 alone, certified coffee exports increased by 7, 749 bags (8%), and in 2018 exports of certified coffee exceeded a milestone 100, 000 bags for the first time since certified coffees were first exported.

“The indication here is more farmers are tapping into this specialty market to fetch a little higher than the conventional market prices. Hence, we want to be realistic in our planning to focus on what we as an industry regulating agency can implement to take the industry forward in that marketing arena.”

As per the Medium Term Development Plan (MTDP) III, Coffee Industry has a target to deliver 120,000 metric tons at a value of over K1.1 billion by 2022.

“The target is achievable. However, we cannot continue to sell our produce using conventional market and expect increase in production. Farmers need to know the worth of their labour or input so they can invest their effort and time.” We all can say that we do not have control over price but we cannot always subject all our operations on free market/or market forces and expect that our livelihood will be improved. There are market imperfections that may require interventions to correct and assist our farmers.”

“It is our desire to promote and link farmers to the market and create business opportunities, whilst it is farmers’ job, on the other hand, to meet the market requirement on time, every time.”

## Market access vital for coffee: Minister

FORMER Agriculture Minister Benny Allan said developing an agricultural base and providing market access for our traditional commercial crops is vital for PNG. He said the sector supports over 85 per cent of the rural populace.

"I urge all farmers and of course, all value chain actors in all commodity and livestock industries to think differently and support initiatives undertaken by government through agencies and work collaboratively for the good of future generations and ourselves."

He said one of the key priority areas of the Government is to improve the enabling business environment for the agriculture sector (Agriculture Park) and to grow micro, small to medium enterprises for all crops including coffee and of course livestock. "We must impart appropriate skills and knowledge to our farmers to understand all aspect of agribusiness. For instance, producing and exporting coffee in our conventional ways has to change, if we want to add value and make the industry more competitive and sustainable."

He said the Ministry and Department of Agriculture and Livestock intends to review existing policies and open up avenues for growth and development in the sector.

"There are many challenges but as progressive and prospective cooperatives or farmers, we must work with our governing bodies such as district and provincial governments and aim to sustainably expand economic opportunities and free up impediments to growth in the agriculture sector. I am challenging all commodity boards and its allies in the agriculture sector to identify the key enablers in your respective subsectors and establish a pathway towards prosperity. The agriculture sector must change; hence, we as farmers must change and progress."

He said emerging issues, challenges and opportunities posed by both PNG internal and external global environment will continue to affect the way we conduct business. Inadvertently, every one is challenged to remain flexible and responsive.



**Top: Former DAL Minister Benny Allan giving his address at the National Coffee Symposium in Port Moresby.**

**Below: Participants and invited guests at the symposium.**



# PNG Coffee, an incredible story to tell

MICK WHEELER was appointed Overseas Representative of PNG's Coffee Industry Corporation and PNG's Permanent Representative to the International Coffee Organisation (ICO) in 1982. He played a leading role for PNG's coffee industry in export quota restriction imposed by the ICO on producing countries in the 1980s. Mr Wheeler reflects on 40 years of being an international advocate for PNG coffee during the coffee symposium held in May 2019.

**Q: Please share a brief background about your interest in coffee and how PNG coffee came into the picture.**

*MW: It is difficult to trace exactly when my interest in coffee began but I do recall with fondness the fact that one of the luxuries that was enjoyed in my house when I was young was the Sunday morning cup of coffee. Tea was drunk at all other times of the week, or occasionally maybe a cup of milky instant coffee, but on Sunday mornings the whole family would all enjoy freshly brewed ground roasted coffee. It was a delight. Little was I to know then, that coffee would take centre stage in my career and that it would become a lifetime passion.*

*For just over 40 years now I have worked for and with the coffee industry of Papua New Guinea. I initially came to PNG just after Independence as an economist for the then Department of Primary Industries and was posted to Milne Bay, but it was not long before I found myself transferred to Port Moresby and given responsibility for coffee. In that role I designed and secured funds from the World Bank for the 20-hectare coffee block project and also designed the guidelines for the Coffee Industry Stabilisation Fund. Both projects had chequered careers, but both served the industry well for a number of years.*

*When ICO quotas were introduced I became the chief negotiator for PNG at the ICO and managed to secure small but significant increases in our market share. With the collapse of quotas, I moved on to working for the CIC on a part-time basis, which enabled me to also work as a consultant for FAO, The Common Fund, The World Bank and for the International Trade Centre. It was with this latter agency that I co-authored "Coffee, an Exporters Guide" and I have also written three other books/studies on coffee as well as various articles, most of which have been on PNG coffee. From 2004 to 2011 I worked as the Executive Director of the Speciality Coffee Association of Europe, so have developed a strong understanding of both sides of the industry. More recently I redesigned the PNG coffee grading standards which I have high hopes will be adopted and implemented very soon. In 2017 I was awarded an OBE for my services to the coffee industry of PNG.*

**Q: What sets PNG coffee apart from other world-renowned coffees?**

*MW: PNG coffee is unique in so many ways. Coffee is so well suited to the PNG climate that any coffee grown here has that fantastic blend of flavour, body and balance in the cup that is found in coffees from only a few other origins. Furthermore, PNG coffee has an incredible story to tell and images that not only promote the country's culture and heritage but draw in and secure the interest of buyers at every level. Our potential is phenomenal, but alas, all too often the coffee is let down by inconsistency. An inconsistency that is the result of many different factors, all of which can be tackled and overcome, but it must be acknowledged that so often this is easier said than done. Nevertheless, significant progress is being made and with the right support we can rebuild and regain the reputation and market share that we once enjoyed.*

**Q: What are you expecting out of this symposium?**

*MW: The global coffee industry is a difficult and complicated business, but it can also be very rewarding. Nevertheless, coffee prices are extremely low at present with little prospect of getting better any time soon; indeed, the dynamics of the industry worldwide are changing rapidly and there is no doubt that the PNG industry must adapt to survive. The speciality sector holds a lot of promise that PNG can and must access, but to do so requires a change of approach and strategy. The report gives some valuable insight as to how this can be achieved, but its recommendations require fine tuning and an orientation that I am hoping the national industry representatives engaged in this seminar will be able to give.*

**Q: What are some of the immediate changes that need to take place for the transformation of the sector and what is the best approach to this?**

*MW: Transforming the sector will require a tremendous effort, an effort that requires everyone in the industry to agree on the direction we must take. But it will take more than that, it will require a commitment from every level of decision making*



June 2019

that coffee is not only important to those engaged in the industry but also to both the micro and the macro economy of the country. The recommendations require the allocation of resources, a comprehensive strategy for their implementation and the adoption of a realistic timetable. We must, however, also take into account the experience of the past and be careful not to repeat the same mistakes. As a first step we should give priority to the provision of the different types of training recommended in the market report in order to promote a culture of business in all aspects of the industry. I would argue that there is also a need to identify those coffees which will be the country's flagship coffees, blazing a trail that others can follow.

#### **Q: Further comments?**

**MW:** This is a fantastic opportunity to address many of the important issues that confront the industry today. Some of those issues are internal while others external but all need to be managed in a positive constructive way. There is a need to acknowledge that there are already a number of really positive initiatives being undertaken in PNG which must not be overlooked or under played, but I am hopeful that the report will be the catalyst for a renewal of an enthusiasm that will revitalise the industry, enabling it to continue striving towards its full potential.

## **Aust govt's support to PNG agriculture sector**

AUSTRALIA is supportive of Papua New Guinea Government's aspiration to expand agricultural production. This will serve to grow livelihoods at grassroots level, broaden PNG's economy base, earn foreign exchange and improve the resilience of the economy to economic shocks.

Australian High Commissioner to PNG H.E Bruce Davis spoke at the National Coffee Symposium that Australia is making new investments in key economic infrastructure; including roads, telecommunications and improved access to power. He said these investments have the potential to have a transformative effect and provide the building blocks on which the agriculture sector can grow further. "To support the growth of agriculture, Australia is forging new partnerships with the PNG government and the private sector. In coming months, I am pleased to advise of the launching of a new program called Grow PNG." He said Grow PNG will develop new avenues of cooperation between agri-business and smallholder farmers to accelerate the growth of agriculture in PNG. The initial focus will be the agriculturally rich Markham valley corridor in Morobe.

Mr Davis affirmed that Australia is a strong supporter of growing the coffee industry in PNG. He said coffee from PNG is some of the finest in the world and remains very popular in cafes in Australia. The Australia- NZ Pacific Horticultural & Agricultural Market Access (PHAMA) program has been working since 2015 with partners to enhance the prospects of the industry. PHAMA has supported the training of coffee graders and roasters in Australia as well as the coffee cupping competition and has funded HAACP accreditation for businesses to enable export.

In 2018, PHAMA supported a comprehensive study into the industry, which underlined the need for PNG to improve the quality of its coffee and to shift its focus from coffee exports to high value markets.

Australia is supporting this realignment through a new partnership between the Market Development Facility and Monpi Coffee in Goroka.

In 2019, 3000 coffee farmers will be trained in good agricultural practices whereby 1000 will attain certified status. Farmers involved in this partnership will receive price premium of around 10% above the going market rate for their coffee. The shift to high value markets will require regulatory and legislative changes to make the sector more efficient.

"I can confirm that Australia will continue to collaborate with industry stakeholders and provide the technical assistance required to assist in the development of reform processes. By all working together and repositioning the coffee industry in PNG, we can increase the income and improve livelihoods of smallholders at the village level and the contribution of the sector as a whole to the PNG economy."



**H.E Mr Bruce Davis giving his address at the 2019 National Coffee Symposium.**

# Rise in coffee exports to EU market

PAPUA NEW GUINEA’s potential in the exports of specialty coffee to major markets in the last five years has seen a gradual increase.

CIC CEO Charles Dambui told the EU-PNG Investment conference in Port Moresby on June 20, 2019 that exports to the European Union market in the last five years (2014-2018) totalled 1.887 million bags valued at K992.9 million.

Europe is a large coffee market, accounting for around 30% of the global consumption but it is also a saturated market, dominated by large producing countries such as Brazil and Vietnam.

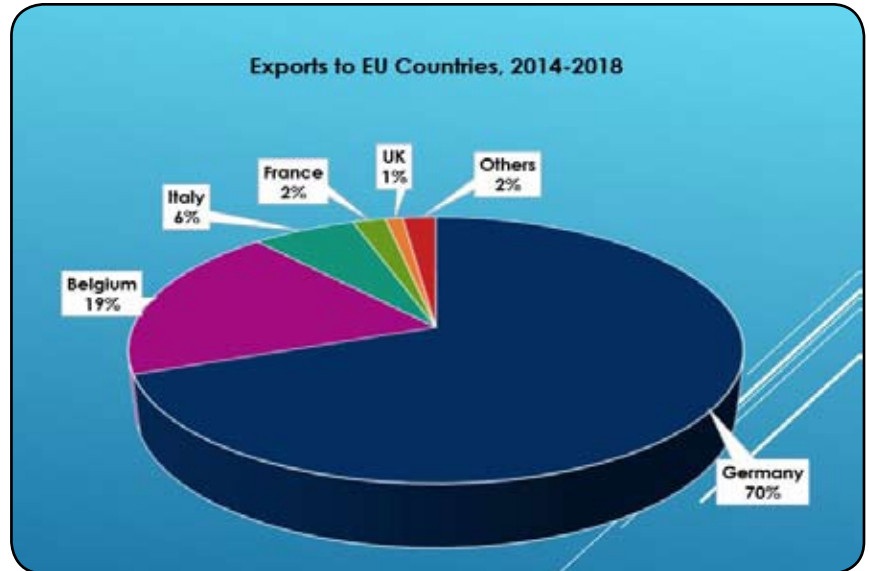
The European market for speciality coffee is growing significantly and offering opportunities for small suppliers offering high-quality coffees.

Mr Dambui said smaller players including PNG find increasing opportunities on the speciality market. PNG can compete in terms of quality through differentiated market and long-term relationships, rather than on price.

Exports of certified coffees to EU market is growing at 20% per annum in the last 10 years

Exports of certified coffees to EU markets in 2018 totalled 2,747 tonnes, an increase of 33% on 2017 exports to EU, valued at K26.7 million.

He added that given favourable market conditions with ongoing trend towards higher concentration on certified or speciality coffee market in EU countries, PNG as a small producer should seize this opportunity to better position itself in the expanding specialty coffee segment.



# Nursery seedlings for distribution

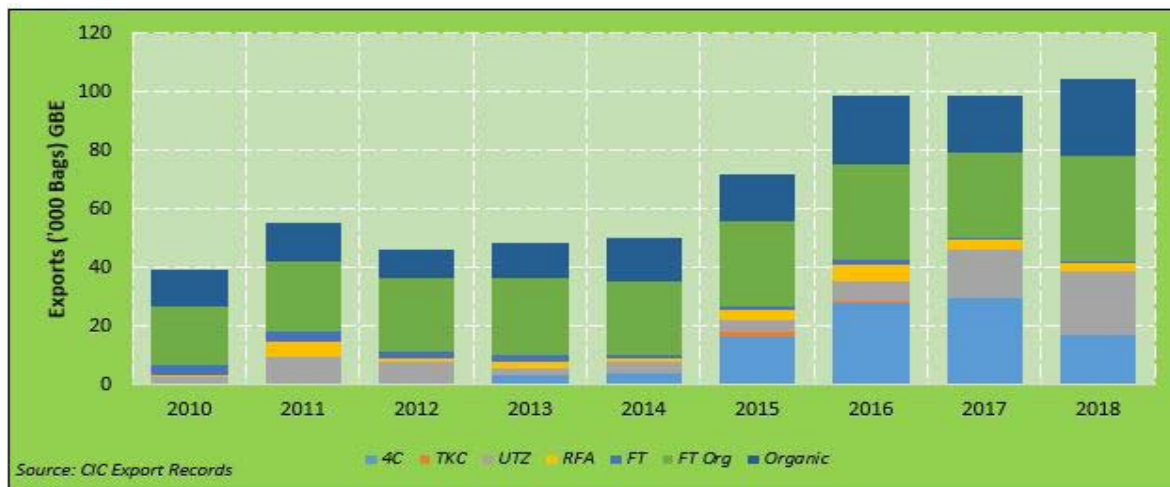
Notice to all coffee farmers from Kainantu, Obura Wonenara, and Henganofi. Nursery Coffee Seedlings are now ready for transplanting. Coffee seedlings (Pure Typica and Mondunova varieties) can be collected at four (4) Mile, Agarabi, Kainantu District, just alongside the Highlands Highway. Provide your own transport to pick up seedlings. See Mr Tarumpu or contact Joseph Binabe on 79054185.



# Market Report with Brian Manny

THE following presents a summarised report on the performance of production, exports, and general market trends in the year ending 2018 compared with performance in 2017. It also highlights the difference in grades exported among the prominent exporters and how exports have portrayed the decrease in low grades and improvements in exports of high quality grades in recent years.

- In 2018, PNG coffee production estimate rose by 9.4% to 88,2421 bags (52,945 tonnes) from 806, 448 bags (48,387 tonnes) in 2017.
- Coffee exported in 2018 totalled 869, 934 GBE bags (52,196 tonnes) with an export value of K487.82 million. Both export volume and value have increased by 10% and 9% respectively, compared with export volume of 794, 100 bags GBE (47,646 tonnes) and value of K448.492 million in 2017.
- The top four coffee export grades in both 2017 and 2018 continue to be Y1, PSC, X/AX making up 37%, 15% and 14% of 2017 total exports, and 33%, 18% and 14% of 2018 exports respectively. This indicates a 11% decrease in the amount of Y1 exported, which was offset by a 20% increase in exports of PSC grade while exports of X/AX.
- USA imported most of PNG's higher grade coffees in 2018, purchasing 66%, 44%, and 27% of total AA, X/AX, and PSC exports respectively, and most of the Y2 (39%) exports, while Germany (54%) acquired more than half of total Y1 exports.
- Robusta exports declined by 68% from 2017, with export of the 790 bags going to Australia (330 bags), New Zealand (60 bags) and New Caledonia (400 bags).
- The export of certified coffees has been increasing by an average annual growth rate of 20% in the last 12 years from 2007 to 2018, while contributing an average of 6% to total annual coffee exports in the same period. From 2017 to 2018 alone, certified coffee exports increased by 7, 749 bags (8%), and in 2018 exports of certified coffee exceeded a milestone 100, 000 bags for the first time since certified coffees were first exported.
- In 2018, Germany took over the lead from USA by buying 246,004 bags (14,760 tonnes) bags valued at K122.9 million, representing an increase of 49% and 37% on volume and value, respectively, and accounting for 28% of total exports in the period. Other top importers are USA (28%), Australia (15%), Belgium (8%) and Italy (4%).
- There were 25 registered exporters in 2018, however only 23 exporters actually exported in the year, as in 2017, while the top four exporters in both 2017 and 2018 continued to be the affiliates of international trade houses New Guinea Highlands Coffee Exports (21%), Monpi (16%), Outspan (15%), and PNG Coffee Exports (15%).
- The weighted average export price was K9.35 per kilogram (K9,413.01 per tonne) in 2018, representing a decline of 0.7% compared with K9.41 per kilogram (K9,345.94 per tonne) in 2017.
- In 2018, levy revenue amounted to over K5.2 million, an increase of 10% from over K4.8 million collected in 2017.
- Exports of 4C certified coffees declined by 100% while Fairtrade and RFA coffee exports both dropped by 24% from 2017 to 2018. Conversely, Fairtrade Organic and Organic exports both increased by 24% and 46% respectively, while UTZ exports grew by 30% in the same period despite initial exports being made much later in 2010 only. The last TKC export was in 2016 for 353 bags, and no further export was made under this label in 2017 and 2018.
- The export of certified coffees has been increasing by an average annual growth rate of 20% in the last 12 years from 2007 to 2018, while contributing an average of 6% to total annual coffee exports. The amount of Y1 exported declined by 11% in 2018, which was offset by 8% and 20% increase in exports of certified coffee and PSC grade, respectively, while exports of X/AX and Others remained fairly constant, signifying an upgrade in coffee grades being exported from 2017 to 2018.



Exports of certified coffee, 2010 - 2018

The three major markets for PNG coffee are Germany, USA, and Australia, generally importing between 100,000 and 500,000 GBE bags each per annum. In 2018, Germany followed by the US, imported the most coffees, both taking 28% of total exports, which was an increase of 7% and 6% respectively, from their 2017 imports. Australia and Belgium were the third and fourth major markets, buying 15% and 8% of exports, however compared to their 2017 performance, both countries' imports declined by 3% and 6%. These were then followed by Italy, New Zealand and Jordan, taking in 4%, 3% and 2% of 2018 exports respectively. Altogether, these seven major markets acquired 87% of 2018 total exports.

Interestingly, the Indonesian market has significantly expanded by buying the most coffee in the 'Others category, from imports of only 360 bags in 2012 to 4,700 bags in 2017, to an almost tripled increase (194%) of 14,000 bags in 2018, making it the eighth biggest market for PNG coffee in that year. Latvia, South Africa, and Greece started buying again in 2018, after more than five years of no imports from them, while Ukraine is a new market buying 320 bags from Outspan in the year.



Coffee Production & Exports against Revenue, 2003 - 2018

## Cooperative Group Focus: HVDC



*Youth in Hengaru village taking the initiative to construct a bridge leading up to the cooperative's base.*

COOPERATIVE is the proven social and economic development model in the world and is the way forward as far as rural development in PNG is concerned. Chairperson and leader of Henagaru Village Development Cooperative (HVDC) Samson Jack said this when presenting progressive report for the group early this year. Mr Jack said every leader needs to support genuine cooperatives groups as well as driving organisations behind them to enhance the cooperative concepts to develop rural areas.

HVDC is one group that strives to create a rural development model in the Okapa district of Eastern Highlands Province. Since the inception of the cooperative in 2011, it has embarked on various activities with the goal to improve livelihoods and income in the village.

CIC General Manager for Industry Operations Division Steven Tumae said HVDC has been a consistent participant in the CIC National Coffee Cupping Competition (NCCC) held every year since the competition started in 2014. "Its persistence has paid off to be one of the groups to be in the second top score range to win an award. HVDC was one of the 10 groups in the 84 score category that won K15,000.00 worth of projects in the 2018 coffee cupping competition."

Mr Jack thanked the NCCC chairman Mr Brian Manny, committee and CIC for the award and said to put to good use to address marketing, group consolidation or investment with the prize award.

A total of 1,860 kilograms (31 bags) green bean bags were sold to Japan after the cupping competition. The 31 bags shipped for specialty market in Japan was able to fetch different prices. Eleven members who contributed 21 green bean bags received a price of K11.49 per kilogram for non-cupping competition coffees whereas 47 farmers who contributed 10 bags from the cupping competition received K21.35 per kilogram for their coffee. With this combined effort, the group was able to receive a net income of K20,598.08 which was distributed among all farmers early this year.

Jack said that although group commission or group operational component was not deducted from the price, the idea was to show members that better price is tagged to quality. "We could have easily deducted K5.00 to K7.00 and given them the remaining net price but did not do that. We just wanted to prove to them that if we are to export in micro-lot, price gain is in quality and not just any old coffee." He said they have seen the difference themselves to what was sold locally.

Apart from coffee, the HVDC group is involved in other community projects such as honey bee, bulb onion, poultry, road, water supply, and community beautification among others.

Jack said people in rural villages and ward levels have been missing out on basic services for the last 43 years. Therefore, they need to organize into village and ward development cooperatives or associations to engage in self-help projects and solicit funding and project assistance from the government and other development partners.

## Farmers bid farewell to Mama Bird

FARMERS in remote Negabo, Karimui District of Simbu Province bade farewell for the last time to a Missionary Aviation Fellowship (MAF) charter into their area in May this year.

The last flight brought in materials for the construction of shelter to house a coffee mini-huller, distributed to the community by the Coffee Industry Corporation (CIC).

Women leader Helen Genai said they have depended on the MAF and other single engine aircrafts for the last 17 years, since being involved in transporting coffee.

Helen and her partner Vitus have been in the remote area since 1994 as Mr Genai is a community schoolteacher.

He said people in remote areas depended heavily on coffee to improve their livelihoods although other vegetable crops are grown.

"I came to Negabo in 1992 before my family joined me when the airline fare was K28.00 from Kundiawa. Fast-forward to present day and the airfare via these small aircrafts is now K300 per passenger." Mr Genai said coffee prices have not increased over the years whilst airfreight costs increased rapidly, putting a strain on farmers' efforts.

Whilst Mr Genai is attending to classroom duties, Helen gathers farmers, coordinates the movement of coffee on the ground in Negabo, then arranges via mobile phone with CIC and MAF on flights into the area to bring bags of coffees out.

She said MAF has been their only hope as it helps bring in store goods and other materials and on its backload trip carries farmers' coffees to Goroka or to Mt Hagen for sales.

The community at Negabo, like many others who are used to seeing the Mama Bird (MAF Twin Otters) serving their needs for the past decades, were a bit concerned about MAF's move to phase out the Twin Otters. They said the Mama Bird makes big load and were worried with the new aircraft (Cessna Caravan 208).

According to MAF Twin Otter Captain Greg Fallan, MAF will be moving from a multi-type fleet to a single type fleet, flying Cessna Caravans 208 only in 2019 and onwards.

He said there would be less load and more runs, however, MAF will continue to serve the rural populace of PNG via aviation services.

Captain Fallan flew the last Twin-Otter flight into Negabo carrying bags of cement, plywood, food rations and other building materials for the construction of the shelter for a coffee mini-huller.

The mini-huller project is being piloted by CIC in various remote areas. These included Simbai in Middle-Ramu district of Madang Province, Agaun in Milne Bay Province, Kaintiba in Gulf, Sapmanga in Morobe, Boiko in Obura-Wonenara district of Eastern Highlands and Jiwaka Province.

Negabo is the first on the list to successfully airlift the machinery of 538 kilograms into their district. Mrs Genai said 13 council wards would benefit from the mini-huller once it is set up properly to serve people in the area.

The mini-huller machine was lifted onto the MAF charter with the help of 32 farmers from Negabo who were in Goroka to do sales of their coffee and vegetables. It took an hour to move the machine from the MAF warehouse onto the plane.

"Serving people in a remote area in Papua New Guinea comes with the greatest sacrifice. However, I often go out of my way to see that basic goods and services reach the people in my area. I feel satisfied whenever coffee bags come out of Negabo via the MAF charters and whenever basic goods like rice, tinfish,



**CIC staff Kolen Komo (2nd from left) with MAF Captain Greg Fallan and Helen Genai.**



**Children and their parents at the Negabo airstrip.**

salt and soap are loaded back to the village. It is all that matters for the majority of people who live there.”

Mr Vitus thanked MAF and Adventist Aviation for their continuous contribution in rural development. He also thanked the National Government via CIC to expand the support and continue the FSS program as it is really assisting people in the remote areas.

Negabo is situated in Karimui District in Simbu Province and shares the same border with Eastern Highlands, Gulf, and Ialibu-Pangia in Southern Highlands Province.

## Edwards calls it a day

Long-time coffee industry man, Jon Edwards, calls it a day after serving the Papua New Guinea Coffee Industry for 37 years.

Jon Edwards first came to Goroka in 1962 as a child with his teacher parents who taught at Asaro. In 1981, he returned to Goroka after teaching for five years in Brisbane, Australia and was involved with the coffee industry thereafter.

He has four sisters of which one was married to a businessperson involved in coffee. I became involved in coffee business when I was asked by my brother-in-law to assist him run his coffee business in Goroka back then.



**Jon Edwards at the PNG Coffee Exports Office in Goroka.**

“The way we operated in those days was quite different. We were a sourcing company, we bought coffee and sold to exporters. We sold mainly to ANGCO and Coffee International Limited (CIL). We bought parchment and cherry coffee, processed and sold to exporters. In those days, there were only a few companies who did all the exporting. The main Coffee sourcing companies were Busu Coffee, Foinda Coffee and Penga coffee.”

Edwards recalls that there was no network of independent buyers compared to today’s network of prominent buyers. “Mills had a fleet of their own vehicles. At Busu, we had about 30 vehicles that the company owned. Trusted drivers were given the vehicle, money, a coffee price and sent out to buy coffee. The company also had a workshop that was used to maintain the fleet of coffee buying vehicles.

There were also buyers who owned their own vehicles, we had about 40 of these contract buyers. “A guy would come in and say, he was a coffee buyer, we would take a photo of him and the registration of his vehicle, give him a bag of money and price to pay for coffee and he would spend a day or two buying. The buyer would regularly return to the factory and be “stocked”. This involved grading, weighing and pricing the coffee. The buyer received a commission on each grade purchased.”

Edwards said they had four dryers and could buy 100 tonnes a day to process. “We survived on four dryers because majority of the coffee was properly sun-dried by the farmers.”

Today, at the factory at PNG Coffee Exports, if we were to buy 100 tonnes a day with our 12 dryers, we would have a backload of coffee for drying. This shows how much wetter the coffee is being sold today. He highlighted that drying was the biggest bottleneck at most factories. “The majority of intermediary buyers do not check the coffee, and purchase wet and mixed coffee.”

“It is amazing how much the industry has changed. What I love about this industry is the elasticity that the industry has. It can move and change. For example, 30 years ago, there was no independent network of buyers but today there is an independent network of buyers that works very efficiently.”

He said the only detriment to that is the downfall of quality. His capacity sitting on the Coffee Board looked at trying to regulate the intermediary buyers but it was very difficult. He said one step to achieving buying regulations would be to organise town market buyers in one location. These operations could then be monitored and controlled by CIC quality controllers.

“The industry is alive and vibrant, every day you come to work, things change, and price changes every day. Working with Apo Angra Kange (AAK) Cooperative in recent years has been very rewarding. We tried many different styles, some worked and other did not,” he said. “The introduction of micro lots of having small coffee communities being able to market their coffee independently has been very rewarding.”

# CIC farewells longest serving staff

CIC farewelled one of its longest serving staff in May 2019. Mr Walter Laia was a longtime resident in Goroka and a longest serving employee of CIC. He commenced employment with CIC on 25th November, 1996.

“My family in New Ireland Province call me “Coffee Man” and I feel proud to be associated this way.”

When asked about his final words before leaving, this is what he had to say:

“The coffee industry in PNG is rural based and requires commitment, loyalty, and faithfulness. The happiness I had made me to give my utmost best to whatever I was tasked to perform to contribute to the multimillion green and gold industry just for hardworking farmers. Our coffee farmers are the real champions of the industry and as a citizen, I could only give 22 years of service, dedication and commitment to make their labour toil pay off from proceeds received from coffee trade.”

He said the industry is bigger than anyone of us, and we must learn to sacrifice time and effort, demonstrate commitment and loyalty, lookout for those colleagues who are struggling, have respect for others, and learn to forgive as well. “The Coffee Industry Corporation is struggling but can be more vibrant when we unite to make it happen.”

“Lastly, I must pay tribute to the people of Goroka, the peace loving, generous, and respectful people.

CIC General Manager for Industry Operations Division Steven Tumaie thanked Mr Laia for his dedication and contribution through his work at CIC in the last 22 years and wished him well in his next chapter in life.

Mr Laia held various senior positions in CIC and was working as the Senior Projects Officer when he left the organization.



**Walter Laia and CIC-Accounts staff during his farewell party.  
Photo: MManiha/CIC**

# CIC in pictures



*CIC Board Chairman Patrick Komba, DAL a/Secretary Daniel Kombuk and CIC General Manager Steven Tumae at a press conference during the National Coffee Symposium in Port Moresby.*



*Invited guests and general public registering at the start of the National Coffee Symposium.*



*Coffee parchment buyers weighing coffee in Goroka.*



*Loading building materials for an MAF charter in Goroka.*



*MAF Twin-Otter Captain Greg Fallan with a local in Negabo.*



*CIC staff Samson Sanny and Kolen Komo onboard a MAF charter to Negabo with building materials for the mini-huller shelter construction.*

# PAPUA NEW GUINEA COFFEE FREIGHT SURETY-SCHEME GUIDELINES

**Objective:** To facilitate market access for coffee growers from the remote areas by assisting in transporting coffee to the nearest marketing depots, facilitating processing and marketing.

**Target:** Remote Coffee Farmers.

- I. All coffee for freighting must be fresh and in good quality.
  - II. Should be well dried with moisture level from 9 to 12% acceptable. Excess moisture may result in down grading of price and excess weight.
  - III. Farmer groups must pile their coffee at the warehouse close to the airstrip stored and secured.
  - IV. Group Leader/Service Provider must weigh and records farmer names and their coffee weights.
  - V. On normal service or charter flight, only coffee is expected to be freighted and no one is to jump on the plane. Persons found doing this will be heavily penalised or to extent may result in withdrawal of the service.
  - VI. Owners of coffee must indicate names on their respective bags for our record purposes. No coffee is to be sent under ones person's name.
  - VII. All coffee for freighting must be brought to a central location (warehouse) near the airstrip for loading to the plane.
  - VIII. The group leader or Service Provider should report to the Freight Officer/PFTEC or MEO with the weight register form. A sample is necessary for pre-assessment before actual coffee is freighted out for marketing.
  - IX. Once it is confirmed, CIC will arrange with airlines concerned and do either a service flight or charter flight depending on the situation.
  - X. With charter flights, growers or CIC will arrange for frontload and is confirmed before a flight authority is issued to airlines and coffee is freighted on back load.
  - XI. The airlines report the coffee volume to CIC office before the truck is arranged for pick up and stored at CIC warehouse.
  - XII. CIC seeks buyers and bargains for a good price before selling out.
- After the sales of coffee, CIC recoups the revolving component and the net balance is paid to growers through their group account or cash payment to group leader to pay to his growers.

## AIRSTRIP MAINTENANCE

- I. Slash grasses and remove rubbish and debris within and around the airstrip area.
- II. Level up the ground by filling up places where it is waterlogged to allow planes to land and take off easily without any difficulties.
- III. Choose at least a day (e.g. Tuesday or Thursday) in a week to cater for the above as this is the only means of transport if such service has to continue.

## WAREHOUSE CONSTRUCTION

- I. A warehouse is to be built close to the airstrip to store parchment. This will make it easy for offloading coffee to the plane.
- II. Constructing bed inside the warehouse is necessary as prolonged storage may result in deteriorating coffee quality.
- III. Cleaning warehouse and tidying it up will also be required. A day chosen for maintaining airstrips can also accommodate warehouse so it is done regularly.

For more information about the program, contact the CIC Freight Surety Scheme Coordinator:

Email: Cornelius Mek at [cmek@cic.org.pg](mailto:cmek@cic.org.pg) or Telephone: 537 1835.