

# Ethiopian Coffee, Intellectual Property Rights And Geographical Indication Protection Perspectives

## •ETHIOPIAN ECONOMY

- Ethiopia's economy is mainly based on Agriculture and coffee has been the back bone of the economy.
- Growth of the economy **8.9 - 11.4 % 2003/04 - 2010/11**
- Contribution of various sectors to GDP
  - **Agriculture 42 %**
  - **Industry 11 %**
  - **Service 47 %**
- 85% of the economically active population engaged in Agriculture
- Agriculture is the Major source of Export earnings and raw materials



# ● Ethiopian&Coffee

➤ Term “**Coffee**” was derived from Keffa, a region in the South Western part of Ethiopian Highlands

- **Area under coffee trees 679,147 ha (CSA 2008)**

- **Coffee Growing Regions (South western + Southern parts)**

➤ Oromia Regional State 60 %

➤ Southern Nations, Nationalities and Peoples State 35 %

➤ Others 5 %

## ● **Ecology**

➤ Altitude 550 -2400 M.A.S.L

➤ Temperature 6 -28 °C

➤ Annual rain fall above 900 mm

➤ Soil Type – Rich with minerals red, loamy soils

# ● Production System Classifications

- Forest coffee 10%
- Semi forest coffee 30%
- Garden coffees 50 %
- Plantation coffees 10%

## Production

- Annual Production 7.5 million bags (ICO 2011- 11)
  - 1<sup>st</sup> in Africa and 7<sup>th</sup> in the world.
- Average production
  - Small holding 500 -600 kg/ha
  - Plantations 700 - 900 kg/ha

- **Domestic consumption**

- 40% of the total production

- Value 649.5 Million dollars

- **Types of coffee**

- Washed**

- Yirgacheffee
    - Sidamo
    - Limu
    - Tepi
    - Bebeka

- Unwashed**

- Jimmah
    - Lekempti/Gimbi
    - Harar
    - Sidamo
    - Kaffa

- Key actors in moving the coffee sector forward**

- Coffee Growers, Producers, Farmers Unions, Associations, Input Suppliers, Transporters, Financial Institutions, Coffee Suppliers(Arabica), Exporters, NGOs, International Organizations, Government Ministries&Institutions , ECX, Research Centers + Many Others...

## Opportunities

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- Summary
  - Specialty markets (19% of export markets) tends to grow at higher rates than commodity markets (> 30% vs less than 2% respectively)
  - Climate change is reducing availability of high quality coffee
  - Increased costs of labor, land and inputs are affecting modern coffee producers in suitable areas for high quality coffee (Colombia, Costa Rica, Brazil, Kenya, etc.)
  - Ethiopia may turn around some constraining factors into advantages:

- Smallholders may adopt Best Agricultural and Processing practices to produce specialty grades (no economies of scale or technology barriers to entry)
- Forest and semi-forest coffee may capture premium prices if properly managed and certified (UNESCO has declared them Heritage of Humanity and there is Japanese and German funding to research, measure and promote wild coffee)
- Private investor both national and foreign are ready to take over state plantations and open up new areas

# Role and Status of the Ethiopian Coffee

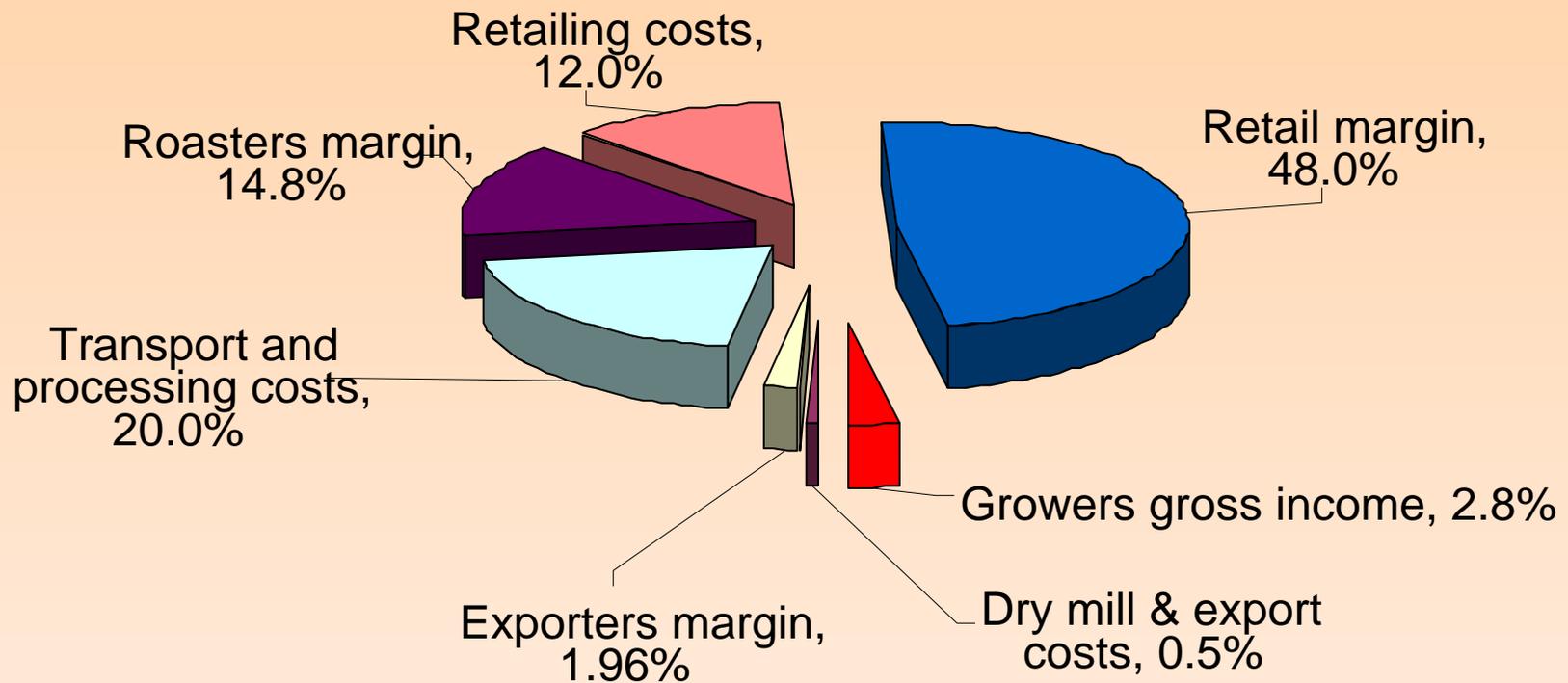
- Main cash crop for 1.3 million households with family size 5 – 7 %
- Source of livelihoods for 7 million people along the whole coffee chain
- Main export earning source (20% of the Total foreign exchange earnings)
- Ethiopia is the only producing country with more than 6,000 accessions of potential high quality coffee Arabica (still 10% is wild forest coffee)
- Ethiopian Coffee Quality Control & Marketing Proclamation No602/2008 established trade practices and set constraints to the roles of market actors; According to 602/2008 Proclamation Plantations and Farmers Unions are allowed direct shipment by passing over ECX.
- Coffee trading within ECX is mandatory (2008)

- World Specialty and differentiated markets grow at more than 20% a year
- Only 81,000 tons (27%) of total production reach Specialty Grade (but not necessarily prices)
- Around 31% of all Ethiopian Coffee Exports (G1-G3) may reach Specialty Grade, but are sold at \$US 2 to 4 less per kg compared to Kenyan, Colombian or Guatemalan equivalent grades.
- Only 10 to 20% of the best Ethiopian coffees achieve a modest C+ price (40 to 50 points) Direct Exports.
- Only 8% of total coffee area gets some sort of certified (mainly organic and fair trade)
- 32% of total exports is washed coffee (this segment is growing at 4% for the last 2 consecutive years).

- Unwashed coffee 68% (slightly decreasing)
- R&D: Jimma Research Center with 6 Substations in the coffee producing regions; 21 seed orchards; 11 improved seeds released through (seed orchard); focus on plantations and small holders' Farmers Unions
- Ethiopia's Specialty Coffees (Sidamo, Yirgacheffe & Harar) are sold from 5 – 9 USD per kg FOB whereas the retail market price of these coffees are above US 50 per Kg.

- The share of the small scale producer is on the average 2.8% of the retail price (see below)

## Ethiopian Specialty Coffee Value Distribution, 2008-9



# **INTELLECTUAL PROPERTY RIGHTS AND GEOGRAPHICAL INDICATION PROTECTION**

## **ETHIOPIA PERSPECTIVE**

- The recognition of the value of intellectual property rights and protection.
- High prices paid by consumers for specialty coffees of Ethiopia at specialty retail markets.
- Farmers have received little (2.8% of the retail value)
- With this challenge in mind in 2004 Ethiopia started to seek way to narrow the gap and thus the Ethiopian Trade Marking + licensing initiative was born.
- The Ethiopian Intellectual Property Office (EIPO) (established in 2003) called the coffee stakeholders and buyers for the recognition of the Trade Marks of Yirgacheffe, Sidamo and Harar coffee.
- EIPO has focused on the control of distribution of these quality products and should own the brand.

- Trade marking and licensing of Ethiopian coffee requires a license.
- The TM licenses are royalty free.
- Ethiopia's position is not after short-term gain but long term prospective.
- Ethiopia would like to see a partnership being established between the Ethiopian coffee growers, exporters and buyers in the international market.
- The ultimate goal of TM is to increase the price of coffee for poor coffee producers to enable them live a decent life.
- To date EIPO has registered trade marks for Sidamo, Yirgacheffe and Harar in more than 30 countries.
- At National of level 58 coffee exporting companies registered and  
70 international coffee buying companies have been also registered.

- TM and licensing Initiatives can be successful
  - If at National level coffee harvesting, processing, and transportation should be handled properly.
  - BAG markings and packing of the specialty coffees should be carefully marked and coffee should reflect the specific characters of the actual geographical areas.
  - Conscious consumers and trade houses and roasting companies should cooperate.
- With Ethiopian coffee lovers consorted action the global market situation with trade marking can change.
- If the TM and licensing initiatives are successfully implemented, the coffee farmers can get USD 8-10 per Kg from their coffees. This can change their lives. Similarly the present coffee export foreign exchange earning of the country would increase to USD 3 Billion from the prevailing 841-6 million dollar.

# Geographical Indications and Coffee in Ethiopia

-Ethiopia is endowed with diversity in areas of agriculture, natural resource, culture and traditions, which qualifies as geographical indications, GIs.

-The potential though enormous has not been tapped and the custodians of such GIs languish in abject poverty, Where as Ethiopian specialty coffees have come out distinctively in the world market, their reputations in some cases have been abused by few companies who ride on it even register the products as their own.

-The GIs as a new concept in Ethiopia which if properly introduced, developed and widely published could benefit Ethiopian Producers to market their products.

-GIs assist Ethiopian economies which are wholly dependent on agriculture, to realize the Government policies to eradicate poverty and sustainable development (Growth and Transformation Plan 2011-2015).

- GIs Assists in promoting Ethiopian products as origins.
  - GIs ensures better market accesses
  - GIs not only help producers to obtain a premium price for their quality products made in accordance with traditional method in specific places but also facilitate better redistribution of the added value in the product chain.
  - It will assist developing countries such as Ethiopia whose genetic resources (coffee varaities) are stolen from time to time.
  - GIs can help the already identified and branded coffees in getting their due prices.
  - The unrecognized fine coffees will be identified and registered so that they gets the premium prices.
- Getting registered and being a member of this system will give an added advantage to the countries with little means of having IP properly identified, registered and protected.

- Ethiopian Coffee Growers Association (ECGPEA) through the late Mr. Nasser A.A Abajifar introduced the concept, the criteria of GIs and the need to adopt GIs law in Ethiopia (BUNNA Magazine 2009 P.10).
- ECGPEA gave a ½ day workshop in April, 2010 on the need to adopt GIs in Ethiopia to its members and coffee out growers.
- ECGPEA has brought to the attention of concerned Ethiopian authorities (MOA, MOT, EIPO, etc) the need to adopt GIS law and start the GIs coffee initiative.
- The potential of sustainable coffee of Ethiopia deserve particular attention. Increasing popularity of Ethiopian coffee as natural has helped certifications for organic, UTZ, fair-trade and rainforest alliance may help but price premium obtainable may not cover the certification and inspection costs.
- Ethiopia occupies a unique place with an impressive selection of distinctive coffee profiles.
- Some specialty coffees (though not GIs certified) are starting to be sold to consumers with specific indication of geographical origin (IGO), similar to wine eg:- Amaro Gayo Coffee.

- GIS systems can be designed to benefit coffee producers by allowing them a share in marketing symbolic quality attributes normally controlled by actors down stream in the global commodity chain.
- Having realized the importance of GIs , there is a need to create awareness among Ethiopian coffee producers and stakeholders by organizing a seminar on intellectual property protection for geographical indication to sensitize the public and potential GIs producers
- The concerned Ethiopian authorities, the Ministry of Agriculture, the Ministry of Trade, Ethiopian Intellectual Property Office and other concerned should take initiatives to convince the Government to adopt GIs laws that protects the National Products. To this end technical and financial supports of international organizations and donors ( eg FAO,EU,WTO,USAID etc ) are required.

We hope Ethiopia can adapt the GIs law as soon as possible.

Thank  
You!