

Voluntary Report – Voluntary - Public Distribution

Date: March 29, 2021

Report Number: AO2021-0002

Report Name: Angola Coffee

Country: Angola

Post: Luanda

Report Category: Coffee

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Report Highlights:

Angola produced an estimated 8.700 MT (metric tons) of coffee in 2019, with Robusta being the main variety produced. Coffee is considered a priority crop by the Angolan Government and growing exports is important to the diversification of the economy. The promotion of coffee exports is expected to increase available foreign exchange (FOREX), and reduce Angola's reliance on imports.

Background:

Commercial coffee production in Angola was initiated by the Portuguese in the 1830s and thrived for decades under colonial rule. At its height in the early 1970s, Angolan coffee production was at 230,000MT, making it the fourth largest coffee producer in the world at the time. There were approximately 2,000 coffee plantations across Angola, mainly producing the Robusta variety.

After Angola become independent from Portugal in 1974, a decades long civil war decimated the entire country, including the coffee industry. By the end of the civil war in the early 2000s, Angola was producing less than 5,000 tons due the neglect of the plantations for nearly 40 years.

In 2014 the Angola government (GOA) acknowledged that the coffee sector could be one of the pillars to the diversification of the economy and began promoting increased coffee production. One of the GOA initiatives is the delivery of Robusta coffee seedlings to small holder farmers in order to renovate their coffee trees, as the older colonial trees had very low yields.

The Angolan National Coffee Institute (INCA), under the umbrella of Ministry of Agriculture and Fisheries, is the national institution with the mandate to coordinate research and development in the sectors of coffee, cocoa and palm oil. According to INCA, in 2015 there were 52,200 hectares in production being cultivated between small farmers (with less 10 hectares) and commercial farmers (with less 250 hectares).

Map 1: Angola Coffee Production - Locations



Source: FAS Luanda post

Production:

The production of coffee is divided between family and commercial farmers. The small and medium traditional family farmers are responsible for approximately 95 percent of the coffee production in Angola, which they combine with other cash and subsistence crops (cassava, maize, sweet potato and beans). The coffee plants themselves are old, pre-dating colonial independence, and the farmers only do basic maintenance and harvesting of the coffee plantation. The remaining five percent coffee production is from larger commercial farms that use traditional methods to produce the coffee, as well as commercial farmers with modern technology and new varieties of coffee that employ mechanized production.

The coffee marketing cycle begins with the production of the coffee cherry by the producers on their properties, followed by the harvest. The coffee is placed on drying terraces and then sold to processors. Some farmers dispense with drying and sell to the coffee cherry directly to processors, who already have terraces for this drying. The dried coffee is subsequently dehulled and transformed into commercial coffee beans. The beans are stored in 60Kg bags until they are transported to the end users. The most common issues in the marketing of Angolan coffee are the lack of transport and the low prices paid to farmers.

In 2019, the Ministry of Agriculture and Fisheries estimated coffee production at 8,718 MT of “Mabuba” or dry coffee, and 4,369 MT of green coffee beans. Uíge and Cuanza Norte provinces are the largest coffee producers in the north and Cuanza Sul province is the largest producer in Central Angola.

Prices:

According to a report from the European commission (<https://europa.eu/capacity4dev/file/105611/download?token=7PnwRzi>), coffee prices vary according to four factors: product quality and quantity; local processing capacities; the INCA reference price; and the state of roads and logistical infrastructures. Table 1 shows the prices paid to producers in the local currency (Kwanza) in 2019. The current exchange rate is 1USD = 621 kwanzas.

Table 1: Angola coffee prices

Coffee Stage	Price Kwanza/kg
Cherry	Not sold
Mabuba	128-145
Commercial	450
Green	521-780
Roasted & ground	2000-4500

Source: European Commission “Analysis of the coffee value chain in Angola”

Exports:

Angola began exporting coffee again in 2001, towards the end of the civil war. The major coffee processor and exporter is Angonabeiro, a Luso-Angolan company, that has been operating in Angola since 2000. This company does not own coffee production farms and only buys coffee from medium sized farmers and some coffee intermediaries. The company supports around 20,000 families who have coffee production as their only source of income. They have recently made some new investments in new rosters and packaging equipment to increase their coffee roasting. Angonabeiro wants to increase the coffee green bean exports to Portugal by about 1,200 MT.

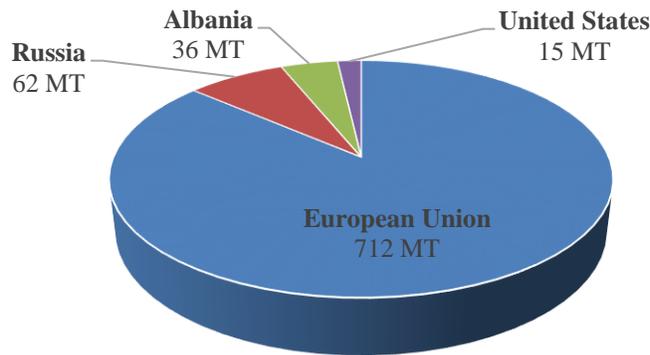
Another company in the sector is Café Cazengo (<https://cazengocoffee.com/>). Based in Cuanza Norte province, they have been exporting coffee to the United States since 2016. Angolan coffee enters the United States duty free under the African Growth and Opportunity Act (AGOA). The European Union is the largest market for Angola coffee, valued at USD 1.2 million in 2019.

Table 2: Angola coffee exports by value (USD)

Country	Annual (Value: USD)					
	2014	2015	2016	2017	2018	2019
European Union	744,147	1,696,658	561,805	874,263	798,850	1,233,924
Russia	0	0	0	0	13,662	123,142
Albania	0	0	0	0	0	52,674
United States	0	0	41,895	0	77,406	23,025
South Korea	0	120	0	0	0	825
South Africa	0	546	1	0	0	809
Morocco			0	0	31,952	0
Mozambique	45,180	0	0	0	0	0
Namibia	0	0	14,503	9,577	14,314	0
Canada	0	0	0	43	0	0
Cote d'Ivoire	0	0	0	74	0	0
Ghana	0	0	0	0	76	0
Total	789,327	1,697,324	618,204	883,957	936,260	1,434,399

Source: TDM, LLC

Graph 1: Angola coffee exports by volume (Metric Tons)



Source: TDM, LLC

Imports:

In addition to national production, Angola imports coffee, mainly from, from the European Union (Portugal). South African coffee imports are coming to Angola through the Shoprite Supermarket chain, which is based in South Africa.

Table 3: Angola coffee imports by value (USD)

Country	Annual (Value: USD)					
	2014	2015	2016	2017	2018	2019
EU 28 External Trade	4,290,213	2,974,695	3,251,635	3,407,457	5,377,169	3,352,806
South Africa	131,430	362,764	413,824	279,700	407,005	148,381
United States Consumption	0	0	0	0	0	28,363
Brazil	18,557	14,564	55,166	17,156	31,524	15,745
Namibia	15,918	6,901	1,310	1,830	2,492	1,342
Total	4,456,118	3,358,924	3,721,935	3,706,143	5,818,190	3,546,637

Source: TDM, LLC

Consumption:

Most average Angolans are not used to drinking coffee as a way of life. However, some private entities are marketing coffee consumption by introducing it on the streets. A company will have a person walk the neighborhoods with coffee cups and a thermos. Each cup sells for about 100kz which is equivalent to US \$0.16. This type of promotions is increasing among Angolans. Expats from the United States, Brazil, and Portugal regularly consume coffee as part of their cultural heritage.

Policy:

INCA is responsible for the promotion, technical coordination, monitoring, and control of coffee activities. INCA is also responsible for the and the implementation of policies and the development of technology and technology transfer. INCA is also responsible for issuing licenses that authorize any coffee export/import through Ministry of Industry and Trade.

Attachments:

No Attachments.