

# INVESTMENT GUIDE FOR COFFEE



 SCAN ME

## WHY COFFEE?

- The Philippines is an ideal place to grow quality coffee. A sizeable portion of the population love coffee as a beverage and as a health drink with antioxidants that fight free radicals. For a farmer, coffee is a lucrative business and provides livelihood to many.
- The coffee consumption from 2009 to 2019 increased by 6.82% (ICO, 2020). The country imported 35,091.1 MT and exported 14.2 MT of coffee the same year (PSA 2020).
- Average farmgate prices for coffee increased by 5.46% in the period 2009-2019. The Arabica variety in particular sells at a premium price. On the other hand, the local coffee production decreased by 4.5% from 2009 to 2019 (PSA, 2020).
- In support to the coffee industry, the DA's High Value Crops Development Program (HVC DP) acts as the lead coordinator of coffee production and farm development and expansion programs. Meanwhile, the Philippine Council for Agriculture and Fisheries (PCAF) monitors the implementation.

## TOP 5 MAJOR COFFEE PRODUCING REGIONS IN 2019

There are four coffee varieties cultivated in the Philippines namely Robusta, Arabica Excelsa and Liberica. The top major coffee producing regions (in the form of dried beans) are Region XII with 20,560.10 MT, Region XI with 10,715.38 MT, ARMM with 10,685.17 MT, Region X with 5,839.37 MT and Region VI with 4,313.46 MT.

Department of Agriculture

Agribusiness and Marketing Assistance Service

Agribusiness Promotion Division



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## MARKET POTENTIAL

- The Philippines in 2019 produced 60,043.88 metric tons of coffee. However, the country in 2019 is only 32.40% self-sufficient of its coffee production, thereby making the country 67.60% import dependent of coffee products (PSA, 2020). This shows a great potential for investment in the coffee industry.
- The most common variety grown in the country is Robusta accounting for 69% of total production in 2019. Robusta is mainly used for instant coffee. Arabica contributed 23% and is primarily used for brewing/blending. Excelsa and Liberica (Kapeng Barako) accounted 7% and 1% contribution to the total production.
- Farmers market coffee to small processors, large companies and specialty coffee shops. These buyers process coffee into various forms – such as green coffee beans (GCB), roasted, ground, and instant soluble coffee.
- Coffee products cater a wide range of market to include households, supermarkets, convenience stores, fast food chains, coffee shops, hotels, restaurants, sari-sari stores, as well as export markets abroad.

## SUMMARY OF ONE HECTARE AVERAGE COST AND RETURNS, 2019

Particulars	
Gross Returns (PhP/ha)	46,366
Total Costs (PhP/ha)	42,642
Net Returns (PhP/ha)	3,724
Net Profit-Cost Ratio	0.09
Cost per Kilogram (PhP)	79.56
Yield per Hectare (kg/ha)	536
Farmgate Price (PhP/kg)	86.50
Return on Investments (ROI, %)	9

Source: Philippine Statistics Authority, 2020





## COFFEE BUYERS/PROCESSORS IN THE PHILIPPINES

BUYER	ADDRESS
Nestle Philippines	31 Plaza Drive, Rockwell Center, Makati City
Bote Central, Inc.	21, Graceful St. BF Almanza, Las Piñas City
Century Pacific Group, Inc. (Snow Mountain Dairy Corporation)	32, Brgy. Bagumbayan, Taguig City
Commonwealth Foods, Inc.	6/F, Comfoods Building, San Antonio, Makati City
Goldshine Pharmaceuticals, Inc.	#27, Don Pedro St., Brgy. Holy Spirit, Quezon City
Regent Foods Corporation	80, Elisco Road, Kalawaan Sur, Pasig City
Universal Robina Corporation	16, Santiago St., Brgy Bagong Ilog, Pasig City
Nor-Ref Food Products	#69, Arellano St., Dagupan, Tabuk, Kalinga (Apayao)
Café Amadeo Development Coop	Brgy. Dagatan, Amadeo, Cavite
Ivory Grains Trading PH	P. Torres St., Brgy. Poblacion, Lipa City, Batangas
Monk's Blend	San Jose, Malaybalay, Bukidnon
Coffee for Peace, Inc.	6105, Ecowest Drive, One Oasis Building, Davao City
Specialty Beans Phils., Inc.	150 DIL Building, Brgy. San Vicente, San Pedro, Laguna
Digital Paradise Inc.	#27 Sapphire Rd., Ortigas Center, Pasig
Kalugmanan Agri-Development Corporation	ILAECO Buildin, Davao City
Magic Melt Foods, Inc.	Bankal, Lapu-Lapu City, Cebu
Northern Mindanao Federation of Dairy Cooperatives	JP Rizal Street, Cagayan De Oro City, Misamis Oriental





## GOVERNMENT SUPPORT/SERVICES:

### Financial Support

- The Department of Agriculture (DA) through the Agricultural Competitiveness Enhancement Fund (ACEF) makes available loans with 2% interest per annum. The loan program is being administered by Land Bank of the Philippines (LBP).
- The Agricultural Credit Policy Council (ACPC) offers loan programs namely Expanded Sure Aid and Recovery Project (SURE COVID-19), Kapital Access for Young Agripreneurs (KAYA), and the Agri-Negosyo (ANYO) Loan Program. The said loan programs target farmers and fisherfolks, the youth, Overseas Filipino Workers (OFWs), and Micro, Small and Medium Enterprises as beneficiaries.
- Land Bank of the Philippines (LBP) offers loans for agricultural production and processing under its usual credit programs for small farmers.
- The Department of Science and Technology (DOST) provides loans through its Small Enterprise Technology Upgrading (SET-UP) Program.
- The Department of Trade and Industry (DTI) through the Small Business Corporation (SB Corp) offers varied loan packages for MSMEs under the Pondo sa Pagbabago at Pag-asenso (P3) Program.

### Technical/Non-Financial Support

- DA conducts trainings on production, marketing and entrepreneurship. The Department also provides processing equipment and/or supplies for feasible projects.



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- DA through the High Value Crops Development Program (HVC DP) provides technical support services in areas covering production, market development, extension support, education and training, and research and development. HVC DP also provides irrigation network services, as well as agricultural and fishery machinery, equipment and facilities support.
- DA through the Agribusiness and Marketing Assistance Service (AMAS) and its regional counterparts, the Agribusiness and Marketing Assistance Division (AMAD) provide webinars on agribusiness investment opportunities and market linking activities.
- DA through the Agricultural Training Institute (ATI) makes available technical trainings and seminars.
- Department of Science and Technology (DOST) facilitates extension of credit and loans to micro, small and medium enterprises (MSMEs) under its Small Enterprise Technology Upgrading Program (SETUP). The agency as well provides post harvest equipment and supplies.
- Department of Trade and Industry (DTI) provides market and trade promotions, as well as the provision of shared service facilities to qualified associations.

## REFERENCES:

2017-2022 Philippine Coffee Industry Roadmap accessed from <https://www.da.gov.ph/wp-content/uploads/2019/06/Philippine-Coffee-Industry-Roadmap-2017-2022.pdf>

International Coffee Organization (ICO) Statistics accessed from [http://www.ico.org/about\\_statistics.asp?section=Statistics](http://www.ico.org/about_statistics.asp?section=Statistics)

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## ONE HECTARE AVERAGE COST OF PRODUCTION, 2019\*

ITEM	AMOUNT (in PhP per hectare)
<b>CASH COSTS</b>	<b>22,534</b>
Fertilizer	9,269
Pesticides	176
Hired Labor	16,814
Land Tax	684
Rentals	61
Fuel and Oil	272
Transport of inputs	1 9 7
Interest in crop loan	1,324
Food expenses	836
Repairs	687
<b>NON-CASH COSTS</b>	<b>1,148</b>
Hired labor (paid in kind)	288
Landlord's share	2 9
Harvesters' share	560
Lease rental	2 7 1
<b>IMPUTED COSTS</b>	<b>11,174</b>
Operator and family labor	6,332
Exchange labor	157
Depreciation	6 3 8
Interest on operating capital	1,861
Rental value of owned land	2,186
<b>TOTAL COSTS</b>	<b>42,642</b>
<b>GROSS RETURNS</b>	<b>46,366</b>
<b>GROSS RETURNS ABOVE CASH COSTS</b>	<b>16,046</b>
<b>GROSS RETURNS ABOVE CASH AND NON-CASH COSTS</b>	<b>14,898</b>
<b>NET RETURNS</b>	<b>3,724</b>
<b>NET PROFIT-COST RATIO</b>	<b>0.09</b>
Cost per kilogram (PhP)	79.56
Yield per hectare (kg/ha)	536
Farm gate price (PhP/kg)	86.50

\* - Refers to maintenance costs only. Excluding cost of initial investment and establishment.

Source: Philippine Statistics Authority, 2020

