

The Jamaica Coffee Growers Association (JCGA)



Inadequate Capital and Other Challenges of the Coffee Industry

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Introduction



The Jamaica Coffee Industry is in a crisis; production has declined over the last 30 years.

- ❑ 1987 – 700,000 boxes
- ❑ 2014 – 190,000 boxes

Impact

- ❧ Reduce foreign exchange earnings, reduce employment rural/urban migration
- ❧ Crime
- ❧ Importation of coffee

Introduction



This declining trend cannot be allowed to continue, Jamaican coffee especially Jamaican BM is considered one of or the best coffee in the WORLD.

- Currently demand internationally is greater than supply
- Capital injection is needed to increase production and productivity

This capital injection is needed by both small and large farmers.

Challenges - Coffee Farmers

Major Challenges

- ❧ Capital
- ❧ Land tenure
- ❧ Government policies
- ❧ Climate change- increase pests
- ❧ Marketing
- ❧ Others – lack of irrigation, high interest rate & Praedial larceny etc.

Challenges



This presentation will focus on these four major challenges facing coffee farmers in Jamaica.

- ❖ Capital
- ❖ Land tenure
- ❖ Government policies
- ❖ Marketing

Capital



- ❧ Farmers cannot access capital because of uncertainty in the market (financial institutions), no insurance.
- ❧ No capital- little or no innovation
- ❧ Coffee farming in Jamaica lack capital especially small farmers.

Land Tenure



Farmers fall under the following categories:

❧ Squat

❧ Lease

❧ Family gift without legal documentation (title)

❧ Buy and own (Freeholders)

Land Tenure



- ❑ Some coffee farmers are restive because lands divested in 2000 have been re-divested to Wallenford on the basis that all coffee produced by farmers must be sold to Wallenford at a price fixed by Wallenford for eg., 1000 boxes
- ❧ These Coffee farmers are excluded from the free market- discourage investment.
- ❧ Is this fair trade?

Government Policies



- ❧ Poor infrastructure
 - ❧ Education system
 - ❧ Subsidy: little or no subsidy under the current agreement.
 - ❧ Devaluation of dollar
- Significant impact on production – cost of input

Government Policies



- ❧ Inadequate extension service
- ❧ Too long to implement programmes
- ❧ Divestment- Mavis Bank & Wallenford – no money ploughed back into coffee industry
- ❧ Consultation – Farmers' views not respected
eg., PS –Negotiation with Wallenford finish,
yet consultation with lease farmers have not
been concluded.
- ❧ Price fixing - last administration

Marketing



- ❧ Traditional Markets: Canada, Europe and USA.
- ❧ 50 years ago the introduction to the Japanese Market
- ❧ 80% of the coffee is sold in the Japanese market as green beans.
- ❧ Little or no value added – Primary Product
- ❧ Market must be diversified with more sales higher up the value chain.

Overview



Factors of production- land , Labour,
Capital & Entrepreneurship

Slave society –traditional

Emancipation – No capital only Planters
compensated

Capital accumulation – saving
(investment), loan , inheritance, Royalty
etc.

Solution



The JCGA must help to:

- ❧ Mobilize farmers
- ❧ Educate farmers
- ❧ Improve price paid to farmers - farmers may accumulate more capital to invest
- ❧ Work with all stakeholders to improve the coffee industry - Sustainability

Conclusion



- ❧ We are Jamaicans, farming Jamaica's land, taking care of our families, proud of what we do, building communities, improving the level of education of ourselves and children, changing lives, attracting new entrant/professionals to the industry, changing the perception of farmers – proud Jamaicans. We just asked to be treated fairly.
- ❧ JCGA are not happy about the time lapse with announcement and implementation.