

Colombia's other 'black gold'

INTERVIEW WITH LUIS GENARO MUÑOZ

CEO, COLOMBIAN COFFEE GROWERS FEDERATION – FEDERACIÓN NACIONAL DE CAFETEROS (FNC)



LUIS G MUÑOZ is a graduate of the Universidad Jorge Tadeo Lozano in Bogotá. During his more than 18 years with the Federation, Mr. Muñoz has worked as manager of Almacafé in Cauca, manager of Buencafé (Freeze Dried Coffee Factory), President of Procafecol SA, and as an Administrative Manager of the Federation for the last seven years. He took up this new appointment in 2009.

How would you characterise the importance of coffee cultivation to Colombia – both economically and socially?

Colombian coffee is grown in 588 rural communities around the country, nearly 60 per cent of the country's municipalities. It is grown in the Andes, in regions with a difficult topography, many of them not close to major urban centres. Coffee currently represents around 17 per cent of agricultural GDP, total exports of US\$2.5 billion and it is particularly important in social and rural stability terms. The average coffee grower – we have 553,000 – has a coffee plantation of around 1.6 ha, and around 33 per cent of Colombia's rural population depends on coffee for their livelihood. In a country with the challenges Colombia faces, peaceful coexistence, stability and prosperity, our coffee industry plays a crucial role.

Coffee is produced in over 60 countries worldwide. What sets Colombia's product apart from that of its competitors?

Our coffee growers are proud, they want to be the



Juan Valdez, the representative of Colombian coffee growers, in Tusa hill in the municipality of Venecia-Antioquia

masters of their own destiny, and have built a strong institution like the Federación Nacional de Cafeteros (FNC) to achieve their sustainability goals.

First, through the FNC we have achieved what we call "a system behind the product" to guarantee its quality. We have sophisticated research and technology transfer to growers and quality control points along the way. In fact, we sample and test the quality of over 30,000 samples of coffee per year within Colombia and before the coffee leaves Colombian shipping ports. In addition, we sample coffee sold as Colombian coffee worldwide – over 1,000 samples per year – to make sure brands do not cheat on Colombia's coffee growers. In fact, Colombian coffee is the only coffee that has achieved Protected Geographical Indication status from the European Commission (like Scotch or Irish whiskey, or several famous cheeses), not only for its quality and reputation but also for the system that has been built to guarantee its authenticity.

Apart from quality, we do have strong sustainability programmes, which we develop taking into account the communities interests, leveraging our resources with those of others, in private public partnerships or "private-private" partnerships. Thus, Colombian coffee is not just high quality. Our commitment to sustainability and to defending the coffee grower's interests is key to the attributes of our product.

How is the Colombian coffee industry responding to the challenge of emerging low-cost producers in Africa, Asia and elsewhere in Latin America?

Production of commodities involves low barriers of entry to other competitors and great difficulties for product differentiation in the eyes of consumers. Under these circumstances, since the FNC was created back in 1927, Colombian coffee growers understood they needed to create competitive advantages to differentiate Colombian coffee from other origins. On the search of differentiation they focused on guaranteeing to consumers, specific attributes such as quality, homogeneity and freshness, as well as on communicating and promoting the differences in quality of Colombian coffee versus that of other origins.

In this quest, the Juan Valdez® character (the 'face' of the FNC) has played a key role. Since its origins

the character has shown to consumers that enjoying a cup of the richest coffee in the world has a price. The complex topography where coffee growing takes place, along with selective harvesting to guarantee that only the ripe 'cherries' are collected, make coffee growing an activity with few opportunities for mechanisation and reduction of production costs. At the same time, the FNC has developed a value added-strategy oriented to create new segments for Colombian coffee and satisfy the evolving tastes of consumers, while transferring more value to coffee producers and their families.

Coffee has a long history in Britain – Lloyd's of London began its existence as a coffeehouse and the International Coffee Organisation (ICO) is headquartered here. How important is the UK market to the Colombian coffee industry, and what role do UK companies play in the FNC and its activities?

The UK market has always been a key market for us. We are present in many different channels and consumption occasions.

The 'instant' category continues to be very large. We have our own freeze dried coffee brands in the UK (Buendia for the vending segment, and Juan Valdez in certain grocery chains like Tesco), which communicate that, growers themselves, can have their own brands, having a direct relationship with consumers.

In addition, we have a very long and fruitful

relationship with companies with a strong UK presence, like Nestlé. One of Nestlé's single origin brands (Nescafé Cap Colombie) uses 100 per cent Colombian coffee. Also, Nestlé's successful Dolce Gusto uses a significant volume of our most acidic coffee in its blend. The UK is so far one of the most important destinations of Colombian coffee in Europe.

In the roast and ground segment we have also 100 per cent products sold by our clients and partners. Of course UK brands like Costa coffee have Colombian coffee references, and we are also proud of the work we do with them. Betty's and Taylors of Harrogate are also an important customer for Fair Trade certified coffees.

Other partners like Nespresso, sell 100 per cent Colombian coffee, like the AAA Rosabaya coffee. New trends, led by sophisticated British baristas are also catered for through virtual platforms like our www.Colombiancoffee.hub.com. In short, we strive to ensure that every British consumer will always have, through us or through our partners, the ability and the opportunity to have a 100 per cent Colombian coffee brand.

How would you describe the Federation's collaboration with the Costa Foundation and DEFRA in particular?

One of FNC's major roles in rural Colombia is to develop our rural communities. Under our Sustainability That Matters programmes, which

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Only the ripest 'cherries' are used to make Colombian coffee

The FNC's mission is to make coffee cultivation a sustainable activity that offers a decent living for over 25 per cent of Colombia's rural population

are financed by a number of allies (both local and international) we are investing to the tune of US\$1 million dollars per day in farm, community, environmental and connectivity initiatives. Many well known UK brands have partnered with the FNC in this endeavour.

Our goal is to strengthen the economic position of farmers, ensuring a viable income stream, supported by higher yields per hectare and improved quality, whilst respecting people and nature. This initiative in 2011 will bring 4 million plantlets to coffee growers in the area, and will train 1200 families. It is a long-term programme growing every year. Nestlé UK is one of our strongest partners in delivering sustainable coffees to the consumer, 100 per cent of Colombian supply to Nestlé UK is sustainable (4C Verified).

With the Costa Coffee Foundation, the focus is more on education and connectivity. We have built with their help 2 state of the art rural schools in the Cundinamarca region and one more is being built and will be finished in 2012.

We have also undertaken some research and produced a publication on biodiversity with the support of DEFRA. Clearly we have yet to explore all the possible avenues of cooperation with them and other entities like the Civil Society Challenge Fund. Hopefully after the President's visit we can develop programmes in areas that I know are of

mutual interest, like reducing the carbon and water footprint for coffee – a topic that we have researched now for a number of years – as well as climate change adaptation and social capital initiatives.

President Santos is a former representative of the coffee industry in the UK and has identified agriculture – and coffee in particular – as one of the five engines of growth for the Colombian economy. What do you hope his visit will achieve?

The improvement on the economic and social conditions of the country has made of Colombia an attractive destination for foreign investment interested in escaping the difficulties currently afflicting the developed world. With the visit of President Santos, we hope to see stronger commercial and cooperation ties between the two countries in key areas for the consolidation of agriculture as an engine of growth such as: R&D, technology transfer and education, environmental protection and the defense of human rights, and taking internet connectivity to rural areas. The social and economic network built around coffee offers a favourable environment for this collaboration to achieve lasting outcomes for the wellbeing of Colombian rural communities and a model process that can be replicated in other countries. In fact, the FNC has focused on making coffee growing in Colombia an industry that can be sustainable, and can deliver prosperity, fairness and peace for Colombia's countryside. I am sure with this framework in mind we can do many things together.

The FNCC will be 85 years old next year. What do you regard as its proudest achievements to date and where do you see the potential for it to expand its role?

One of our most important achievements has been the consolidation of a democratic and representative organisation that aims for the improvement of wellbeing of coffee growers and their families. We have made it possible for coffee growers to speak for themselves and define what their most pressing priorities are. Thanks to our structure of local and provincial coffee grower committees elected by their peers, the FNC has the legitimacy that has allowed us to provide a variety of public benefits that would have been impossible to offer on an individual basis.

The FNC's mission to make coffee growing a sustainable activity that offers a decent way of life for over 25 per cent of Colombia's rural population can only be achieved through the strong institutional framework that the FNC has built over the years. Examples of these public goods are our Purchase Guarantee policy, that enables coffee growers to sell



their coffee at a transparent price that is in line with the current international market prices; the R&D activities and technology transfer and technical assistance provided to coffee growers through FNC's research centre Cenicafé and the 1,500 strong Extension Service; the differentiation and value added strategies for Colombian coffee and the social investment channel to improve the quality of life of the coffee-growing communities.

The Federation represents around half a million small producers, who constitute the 'backbone' of the industry. What are the main challenges that they face and what measures is the FNC taking to support them?

Coffee growers and their families must overcome multiple challenges to achieve sustainability. From the economic point of view small coffee growers face challenges such as improving productivity and crop yields; minimising the effects of plagues and diseases on the crop; selling their coffee at the highest price possible; defending and differentiating the 'denomination of origin' of Colombian coffee; penetrating new markets and maintaining coffee quality. In the environmental aspects they face challenges like preserving and rationally using natural resources in coffee growing areas; preparing coffee growing for climate change and finding ways to correctly dispose of the waste and by-products generated by the activity. Under the social aspects, coffee growers need to improve their quality of life; promote generational change and discourage migration to the cities. In overcoming all these challenges, FNC has and will have a key role to play to ensure stability and prosperity in rural Colombia. We will need to constantly innovate and create new solutions for the problems to come.


What effect has the retreat of the FARC in Colombia had on coffee production in the more remote rural areas of the country? What are the Federation and the Government doing to encourage small farmers to switch from coca to coffee cultivation?

In many rural areas, small farmers have returned to legality through coffee growing. Others, tired of violence, are willing to make coffee growing a life project. The FNC always offers them alternatives for building a life within the institutions and legality. The government and the international cooperation agencies know that behind coffee cultivation an FNC Extension Service agent appears. Behind that agent, an FNC programme, and behind that programme the state begins to make presence and be felt. Also, we partner to deliver social investment programmes and

create the community's social capital that would it make more difficult for violence to return. We have several successful examples in this field.

What are the FNC's goals going forward?

Our main goal is to achieve sustainability. Our last sustainability report (www.SustainabilityThatMatters.org) describes how we have worked to achieve this objective. The journey will be long, there is much to be done and we need good partners to succeed.

We believe it is crucial to maintain our cooperation and alignment with the Colombian government effort of bringing prosperity to the rural areas. UNDP in its 2011 Human Development Report on Colombia has shown that Colombia is even more rural than we thought previously: 75 per cent of Colombian municipalities are rural and more than 30 per cent of the country's population lives there. In order to achieve prosperity it is therefore necessary for the Colombian society to recognise rural areas as a source of economic growth in a context where food security, shortage of raw materials and the need of alternative sources of energy are at the centre of discussion. Coffee can contribute to solving the conflicts that have afflicted the rural population because it involves a more equal land distribution, a sustainable activity and the building of social assets. 

The UK has always been a key market for Colombian coffee and remains one of the most important export markets in Europe

Luis G Muñoz, CEO of the Colombian Coffee Growers Federation, visiting School la Esperanza in Vergara-Cundinamarca



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