

Dynamics of Mixed Farming in Coffee: Implications of Globalization on Small Estate Holders

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INTRODUCTION

Coffee prices reached their lowest levels in 30 years, and have risen only slightly with the ICO composite indicator price at 52.89 US cents/lb. According to the International Coffee Organization (ICO), in almost all coffee-producing countries, such prices are unable to cover production costs and have led to serious social and economic problems, including increased poverty, indebtedness and abandonment of coffee farms. The crisis facing the coffee industry has been symptomised by massive over production, collapsing prices, deteriorating coffee quality, disease and above all the growing inequality in the coffee value-chain. At the farmer level price volatility has affected livelihoods of the farmers to the extent that they no longer have reliable source income, purchasing power and sustain their livelihoods. The overall negative effect is food insecurity leading to economic and social disorder in the various coffee households. The ICO and the World Bank ended a round table to share the burden of the present coffee crisis while also urging the industry representatives to discuss alternatives such as diversification, quality, added value and market development. The principal outcome of the meeting is to recommend potential diversification in coffee-producing countries.