



Vereinigung zur Förderung von Kaffee
Association pour la promotion du café
Associazione per la promozione del caffè

Coffee: economic correlations

(supplement to the coffee brochure)

- 1 The economic significance of coffee
- 2 How is the price of green coffee determined?
- 3 Why do we need commodity exchanges?
- 4 Price fluctuations and price stabilisation measures
- 5 Foreign currency revenue from coffee exports
- 6 Cost factors from source to consumer
- 7 Support programmes for coffee producers

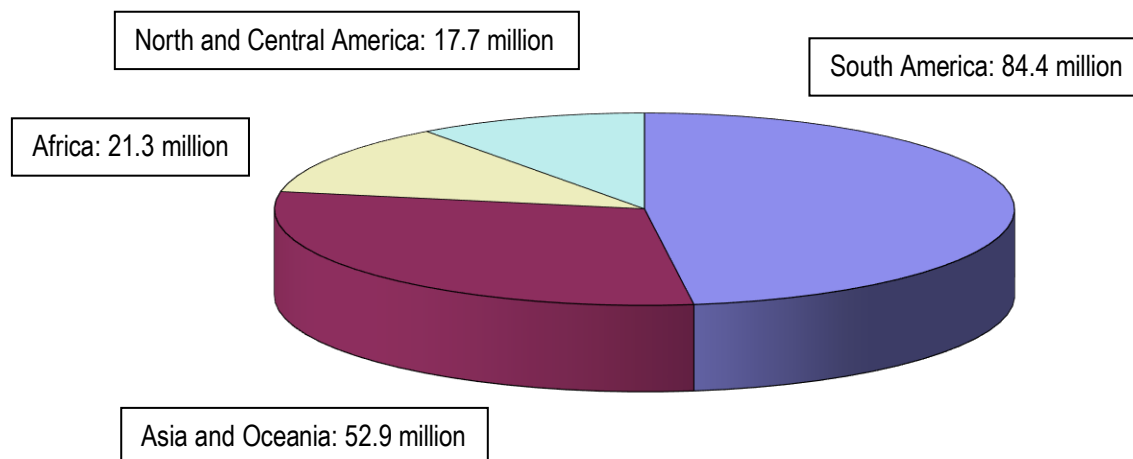
Sources: ICO, USDA/FAS, Statista

1 THE ECONOMIC SIGNIFICANCE OF COFFEE

Coffee is one of the most important trade commodities worldwide. More than 100 million people are involved in the growing, production and trade of coffee. Most of these people live in production regions that are 20 degrees north and south of the equator. The export of coffee brings significant currency revenues to the countries involved in its production.

Coffee production per year in millions bags of 60 kg

(Average of the calendar years 2023, 2024 and 2025)



Besides coffee growers, processing companies, port and export companies, sisal and jute manufacturers, trading companies, storage and transport businesses and shipping companies are also either directly or indirectly dependent upon coffee.

2 HOW IS THE PRICE OF GREEN COFFEE DETERMINED?

The old “supply and demand” rule of thumb may be something of a cliché, but it is an almost totally valid one in the coffee trade. Exceptions to the rule are looked at under “price stabilisation measures”.

When the seller and the buyer agree on a price, it is in many ways comparable to someone doing their shopping at the market. The buyers have discovered what is on offer and the sellers are also aware of what prices their competitors are offering. The commodity exchanges for arabica and robusta coffees offer an overview of the situation on the global market.

Both the buyer and the seller use the price traded on the exchange as a basis for their calculations. The exchange prices apply to standardised, average qualities and defined delivery dates. Higher levels of quality, shipping costs, insurance, laboratory analysis and other cost elements also need to be factored in.

3 WHY DO WE NEED COMMODITY EXCHANGES?

History

The Amsterdam exchange began dealing in commodity futures as early as the start of the 18th century. However, truly large volumes of sales were not seen until the second half of the 19th century when the Chicago Board of Trade was founded. This exchange was set up in 1848.

The futures trade in commodities was not restricted to the USA for long. It soon became the norm in other countries, although it did struggle during the early 1930s in the face of the Great Depression and the ensuing trade and currency restrictions.

After the Second World War, the futures trade in commodities flourished again in the USA. The traditional commodity exchanges that emerged in New York and London have been replaced by electronic trading platforms in modern times and have belonged to the InterContinental Exchange since 2015. Their official names are:

New York: ICE Futures U.S. Coffee C ® Futures
London: ICE Futures Europe Robusta Coffee
(formerly NYSE LIFFE or just LIFFE =
London International Financial Futures and Options Exchange)

Purpose

Having described the situation where the commodity exchange is the determining factor for prices, how the commodity exchange prices are set and why this institution has become indispensable to the coffee trade is explained below.

A plantation owner can sell their harvest on the exchange at a time when prices are favourable to them, thereby securing their profit. A trader can hedge against the risk of a physical purchase or sale by buying or selling the commodity on the exchange, even if it is not yet available at source (you will find an example of each of these two cases on the following pages).

Who can trade on the exchange?

The vast majority of traders on the exchange are companies in the entire coffee trade. Most transactions are carried out by brokers holding licences for the commodity exchange. Nonetheless, any individual body holding and depositing the required securities is able to buy and sell coffee.

What is traded?

Price, amount, level of quality and delivery date are the most important aspects of the contract. Quantity and quality are both standardised (see below). Prices are negotiated separately for each delivery date. This basically means that a May contract is in general not traded at the same price as a July contract.

Trade norms: ICE Futures U.S. Coffee C ® Futures
One contract = 37,500 lbs (approximately 17,010 kg) of
arabica in US cents per lb (= *pound*)
Deadlines: March, May, July, September and December

ICE Futures Europe Robusta Coffee
One contract = 10,000 kg of robusta
in USD per metric tonne (= 1,000 kg)
Deadlines: January, March, May, July, September and November

Even the impossible is made possible

Buyers looking to acquire coffee for delivery the following year are often unable to find sellers in the country of origin because the harvest is not yet imminent. They therefore buy a futures contract on the desired expiry date and thus have, in any case, a purchase value in their position.

The same system naturally also applies to a seller; the only difference is that he sells the futures contract (see "Purpose" above).

The price

Both the buyer and seller indicate their interest and ideas of approximate prices to their broker. A deal can be made within a matter of seconds. In other cases, the offer has to be repeated with a more attractive price. Nowadays, stock market prices can be monitored continuously in "real time" via the internet and are therefore transparent and traceable for all parties.

An exchange contract can be resold/repurchased

Both the buyer and seller initially receive a document listing the details of the agreed transaction. Whether the buyer really acquires the goods from the exchange and whether the seller actually delivers the goods to the exchange remains totally open. Either party has the right to withdraw from the deal by means of a corresponding deal right up until the settlement date.

For buyers, this squaring of accounts, as this process is called, means that they have to resell the exchange contract. This, of course, is done at the current price and can lead to either a profit or a loss. Both deals, the sale and the purchase, are cancelled by such an operation, but they are still two separate, independent contracts. Contracts are often closed out when a deal can be made with the now physically available goods.

The exchange as a mirror of interests

The turnover of contracts on the exchange totals roughly three times the effective trade in goods. The price is thus a genuine indication of interest for the various delivery dates.

However, the trading volume in green coffee on the ICE exceeds actual physical production many times over. According to estimates, the volume traded on the futures markets is 20 to 100 times (i.e. 2,000 per cent to 10,000 per cent) higher than the actual global harvest, as the majority is traded purely for speculative purposes by financial investors and algorithms.

The speed with which deals are made and the option of making deals for deadlines far into the future are also of great benefit. This also explains the keen interest and involvement of the speculative bodies mentioned earlier.

Negative headlines relating to speculative futures deals in commodities are probably therefore at the heart of the bad reputation that this institution has in many circles. It remains to be seen whether readers who are not involved in the coffee trade can be otherwise convinced. The fact remains that both exchanges have become indispensable for the basics of the coffee trade. Two simplified examples are given to demonstrate the sense and purpose of futures.

Examples of typical commodities futures deals

Case 1

A plantation-owner or export company needs a bank loan to cover its running costs. The harvest is not due for a few months and no buyer has yet been found for this harvest. The seller therefore does not know the price that this harvest will bring and the bank regards the transaction as too risky. Current price levels would, however, safeguard the eventual income and bring in a profit.

The solution

Forward sale on the exchange at the current market price 160 cents/lb
As the price and proceeds are now known, the bank can finance the deal.

After some time, buyers are found for the crop, which has now been harvested. The seller can now choose between delivering its coffee to the exchange or selling it directly to a buyer.

Coffee is disposed of via the exchange only in a small minority of cases. The seller therefore buys back his contract from the exchange. If the market price has risen, it will buy the contract back at a loss.

For the same contract, it now pays 170 cents/lb

The loss on the exchange is 10 cents/lb

However, it also sells the coffee to its customers at the same current price, thus selling at 170 cents/lb

The profit from the sale of the crop is thus also 10 cents/lb

As in this case, most transactions on the exchanges are cancelled. They are drawn up originally in order to provide security for price risks over a limited period of time. Whether the price rises or falls is irrelevant. The action is neutral as far as “success” is concerned. Such a deal is also known as a “hedge”. We have simplified this example by ignoring some of the details.

Case 2

A trader receives a bid to buy from a roaster. Green coffee is not available at the moment. If the trader does not confirm the deal, the roaster may turn to its competitors. If the trader confirms the deal, it is left with the entire price risk until it can actually purchase the goods. The trader circumvents this risk by purchasing the relevant quantity from the exchange.

The solution

The trader buys on the exchange at 160 cents and calculates the selling price for the customer on this basis with 5 cents’ profit 165 cents/lb

Sometime later, green coffee becomes available, but the market price has since risen by 20 cents.

The trader sells back its contracts on the exchange at a profit and thus squares their account 180 cents/lb

Its profit on the exchange is 20 cents/lb

The trader now has to buy the goods for the customer from the source and accordingly pays a higher price of 180 cents/lb

In the actual transaction, the trader therefore suffers a loss of 15 cents/lb

This trade is thus also neutral in terms of profit or loss, and has only covered the price risk up until the point of the goods becoming available. Despite the price fluctuation, a profit is nevertheless guaranteed.

Speculative deals made by people or investment funds who are not connected with the coffee trade only have a temporary influence on the coffee market. For each winner on the exchange, there is also a loser. As speculative buyers will not actually consume the goods and speculative sellers will not actually deliver the goods, supply and demand at a basic level are not actually affected in the end. The increased activities, however, lead to third parties who are not involved in the coffee trade seeking to gain a profit from it, leading to increasingly volatile exchange prices (i.e. fluctuating significantly within a short period of time).

4 PRICE FLUCTUATIONS AND PRICE STABILISATION MEASURES

If the quantity of coffee produced worldwide is compared with coffee consumption over a period of several years, it becomes apparent that production fluctuates to a far higher degree than consumption. We can therefore, despite slight rises, discard fluctuations in consumption and concentrate on the fact that prices are influenced mainly by the changing supply situation.

Damage to coffee plants has repeatedly led to smaller crops and thus to rising prices. Frost damage, droughts, plant diseases, such as fire blight, and pest infestations are the main causes of a huge reduction in supply and rising coffee prices. Attractive prices, however, lead to increased production in the producing countries, whether this is the result of greater use of fertilizers or more-careful harvesting methods. This usually results in overproduction and, consequently, falling prices.

Summary and the key drivers of stock market performance over the last 6 years

■ 2020 – 2022: The sharp rise in prices

Market characteristics:

- A strong, almost continuous upward trend
- Supply bottlenecks caused by the pandemic and logistical chaos
- Extreme weather in Brazil (frost in 2021)
- Speculation and tight stocks

Facts & figures:

- 2020: Avg. **1.11 USD/lb** (0.94–1.34 USD/lb)
- 2021: Avg. **1.69 USD/lb**, up 76% on 2020
- 2022: Avg. **2.14 USD/lb**, peaking at **2.58 USD/lb**; year-end at **1.67 USD/lb**
- ICO Composite in December 2022: **157 USc/lb** (~1.57 USD/lb) – stable but high
- Total increase 2020–2022: **+247%** according to industry report

Drivers:

- Logistics costs skyrocketed (container prices in some cases ×10)
- Pandemic → supply chain chaos
- 2021 frost in Brazil → massive crop losses
- Speculation exacerbated price spikes

Interpretation:

This phase saw a historic surge in prices that put the entire value chain – from importers to cafés.

■ 2023 – 2026: Volatility, correction and a new rally

Market characteristics:

- 2023 – 2024: Correction
- 2025: extreme rally
- 2026: Volatile normalisation

Facts & figures:

- 2023: Avg. **1.65 USD/lb** – correction phase
- 2024: Avg. **2.14 USD/lb** – renewed rise
- 2025: Peak at **4.41 USD/lb** (~9.7 USD/kg) – all-time high
- 2026: Decline, but volatility remains high (market reports show fluctuations between approx. 2.6–3.7 USD/lb)

Drivers:

- Weather uncertainty (El Niño, droughts in Brazil)
- Low certified stocks in 2024/25
- Fund activity and speculation
- Robusta supply constraints in Vietnam
- Normalisation of logistics from 2023 onwards

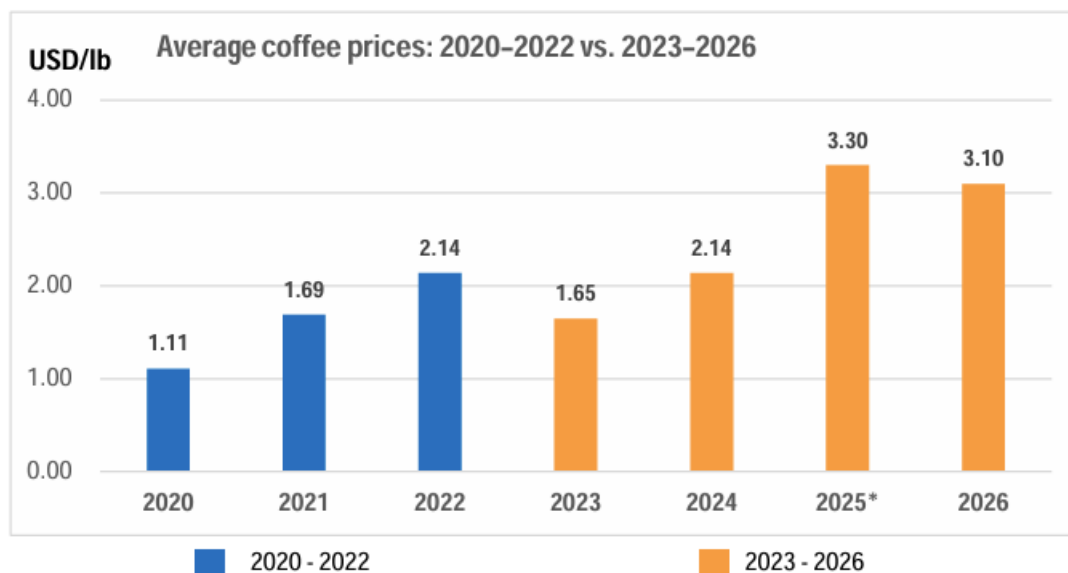
Interpretation: The second period is characterised by sharp fluctuations and a market structure that is more sensitive to weather and stocks than it was before the pandemic.

Direct comparison of the periods

Factor	2020 – 2022	2023 – 2026
Trend	Sharp, almost linear price rise	Volatility, correction, renewed rally
Peak prices	~2.6 USD/lb (2022)	~4.4 USD/lb (2025)
Drivers	Pandemic, logistics disruption, frost	Weather cycles, stock levels, speculation, international geopolitical uncertainties
Market structure	Supply bottlenecks, high freight costs	Logistics back to normal, but weather-driven, regulations
Risk	Systemic (global supply chain)	Weather-related and speculative
Robusta	Stable, but with an upward trend	Supply bottlenecks → price pressure from 2024/2025

What does this mean for industry insiders in Switzerland?

- 2020–2022 was a period in which governance and compliance had to respond primarily to supply chain risks.
- The period 2022–2026 will require closer monitoring of weather conditions, holdings and fund positions.
- The extreme fluctuations in 2025 should not be used as a long-term benchmark.
- Price cycles show that flexible risk models and dynamic communication strategies are essential.



* Record high 4.41 USD/lb

5 FOREIGN CURRENCY REVENUE FROM COFFEE EXPORTS

As the examples given above show, producers receive the price on the exchange, subject to quality-dependent bonuses or subtractions. As the price is subject to lesser or greater fluctuation – for the reasons stated above – foreign currency revenues for coffee in the producing countries vary from year to year.

The producing countries dependency on foreign currency revenue from the export of coffee has generally decreased. On the other hand, the number of workers whose income depends on the production of and trade in coffee has remained more or less stable.

It may seem surprising that coffee today comprises only a small proportion of foreign currency revenue through exports in the two largest coffee producing countries (Brazil and Vietnam), whereas smaller producing countries such as Rwanda and Burundi are more than 90% dependent on coffee exports.

Proportion of coffee exports in total exports (2025/2026)

Country	Coffee exports in US\$	Total exports in US\$	Coffee content in %	
Brazil	14.9 billion	339 billion	4–5	Coffee is important, but does not dominate the broadly diversified export economy
Vietnam	6.0 billion	354 billion	1.7	Despite being a leading producer of Robusta coffee, industrial exports such as electronics and textiles dominate
Colombia	5.96 billion	57 billion	10–11	Alongside oil and coal, coffee remains a key source of foreign exchange
Indonesia	2.51 billion	258 billion	1	Coffee plays a minor role compared with coal, palm oil and electronics
Peru	1.8 billion	66 billion	2.7	A major agricultural product, but mining products such as copper and gold dominate
Honduras	2.45 billion	11.5 billion	21–22	Coffee is one of the country's most important export staples
Guatemala	1.28–1.98 billion	15.5 billion	8–12	Premium Arabica with high added value and significant export importance
Uganda	1.97–2.4 billion	7.7 billion	25–30	Coffee is the country's most important export
Ethiopia	2.85–2.9 billion	13.7 billion	20–21	Coffee is the main source of foreign exchange, despite growing industrialisation

Today, coffee is mostly bought in US dollars. The foreign currency revenue in USD can therefore be roughly calculated for a producing country for a given year on the basis of the exported quantities and the average sales revenue achieved.

The exchange rate between the national currency and USD is, however, also important for a producing country. If the national currency's exchange rate against the USD falls, the proceeds from exported coffee increase in the national currency. This is an advantage for producing countries that make a lot of equipment, machines and other resources for coffee production themselves within the country. But this is often not the case for smaller coffee producing nations. Imported machines and resources usually have to be paid for in USD as well, which means internal spending increases.

6 COST FACTORS FROM SOURCE TO CONSUMER

Production costs

The production of exportable green coffee involves general care of the soil and plants, pest control, harvesting, processing, selection and sometimes storage, often through laboratory analysis. Costs are affected by the density of the coffee plants and the yield per hectare. The number of trees per hectare ranges from 1,100 to 7,000. The yield varies from 350 kg/ha to 3,500 kg/ha.

Country	Type	Planting density (trees/ha)	Yield (kg/ha)
Brazil	Arabica	3,500–5,000	1,200–2,000
Vietnam	Robusta	1,600–2,500	2,500–3,500
Colombia	Arabica	5,000–7,000	1,500–2,500
Indonesia	Robusta	1,100–1,600	700–1,100
Peru	Arabica	3,000–4,000	600–1,000
Honduras	Arabica	3,500–5,000	800–1,200
Guatemala	Arabica	2,500–3,500	600–900
Uganda	Robusta	1,100–1,600	800–1,200
Ethiopia	Arabica	1,500–2,500	350–650

It is virtually impossible to accurately estimate production costs. The local differences in various countries, regions and processing methods vary too widely.

Financing, storage and certification

A variety of options are available for the financing of production costs and storage. High interest rates in the producing countries mean that smaller farmers are not in a position to meet these costs. The coffee is therefore sold to local traders, processors or exporters before the harvest.

The processing of the harvest to produce exportable coffee is often taken over by cooperatives. However, if they participate in a sustainability programme (such as the EU Deforestation Regulation*), additional costs arise for the certification required to comply with such programmes. Large producers are generally involved in all levels of production, be it planting, processing, storage and/or export.

* **The EUDR** (EU Deforestation Regulation or EU Ordinance on deforestation-free products) is a piece of European Union legislation designed to halt the global spread of deforestation and forest degradation. It imposes strict due diligence obligations on companies throughout their supply chains.

Export duties and taxes

Similarly to import duties, some producing countries also charge various export duties in the form of taxes or direct export duties. Experience has shown that these tax levels are directly related to the market situation, such that rising market prices lead to greater revenues for the producing country. These measures vary in each individual country.

Exporters/traders (importers)

The exporter/trader is more important to the roasters in consuming countries than most people would think. Individual roasters are often unable to seriously examine the offers made in a country of origin, let alone in several countries of origin at the same time. Exporters and traders build up a reputation regarding the quality and prices of their goods, often through many years of work.

Traders in the consuming countries carry out other tasks for roasters such as importation, customs clearance, laboratory analysis, storage, pre-financing, certification and related inspection, and providing advice. Today, professional green coffee traders provide all of this as part of a “full service”. The organisation of just-in-time delivery is also often included nowadays.

Main cost factors in the coffee roasting business

Investments and depreciation

Interest has to be paid on capital invested in buildings, machinery and equipment, which are also subject to depreciation. The amount of money invested in modern roasters is immense, not least as a result of increased investments for environmentally friendly methods of production.

Most roasters keep a three-month supply, on which interest also has to be paid. As the coffee beans generally have to be paid for upon delivery, the period of financing is drawn out by at least one month.

At this point, we'd like to make a note about the production of soluble and decaffeinated coffee: the proportion of these products in Switzerland is traditionally very high and, qualitatively, the products play a leading role worldwide. The level of investment necessary for equipment and for research and development are extremely high.

Weight loss through roasting

The weight loss caused by roasting amounts to about 15% to 20%, depending on the degree of roasting. The highest costs within the roasting process are for energy, e.g. for heating the roasting machine (gas, oil, electricity) or cooling the roasted coffee with filtered and cooled air – not forgetting the treatment of exhaust fumes using a catalyser.

Further weight loss occurs during the production of soluble coffee. The yield from roasted coffee for normal products is around 35% to 45%. One kilogram of roasted coffee therefore yields around 350 to 450 grams of soluble coffee.

Jobs

Despite the progress of automation, the monitoring of equipment and packaging machines and customised production has remained labour-intensive work. Furthermore, national and international sustainability regulations are now such a key factor in day-to-day operations that they have become indispensable. Consequently, a significant increase in staffing levels can also be observed in this area.

Packaging

The products on offer today are generally sold in airtight packaging. The proportion of environmentally damaging materials such as aluminium is constantly decreasing. Great attention is also paid to the range of products and the presentation of these at the point of sale.

Coupled with the cost factors listed above, differing shop sizes, product ranges and services combine to determine the retail price of the products we enjoy so much.

PPWR = Packaging and Packaging Waste Regulation

This European Union ordinance, which came into force on 11 February 2025, aims to strengthen the circular economy, significantly reduce packaging waste and harmonise reuse and recycling across Europe. The ordinance will be binding in all Member States from 12 August 2026.

Distribution and sales

Distribution and sales make up a substantial proportion of the retail price of roasted coffee. Depending on the sales channel, this proportion can be up to 40% of the retail price.

In addition to the usual administration costs, the following cost components are also included in the price:

- Roastery
- Packaging format
- Brand positioning
- Direct import / transparency

In the retail trade – particularly in Switzerland – significant costs are incurred for the rental, operation and staffing of shops. Even if the shop premises are owned rather than rented, an imputed rent must be taken into account.

In the food service industry and catering, the roaster generally regularly inspects the coffee machines. A number of roasters also pre-finance these coffee machines. Some roasters in Switzerland have begun training their customers' staff on coffee and preparation techniques, with the aim of continuously improving the final result in the cup.

Overall overview of margins across the various sectors (assumption)

	Costs in CHF	Selling price in CHF	Gross margin
Roasters	11.70 / kg	18.00 / kg	35%
Retail	18.00 / kg	25.70 / kg	30%
Catering	21.00 / kg	48.00 / kg	56%

Analysis for Switzerland:

- Coffee roasters: moderate margins, high fixed costs, fierce competition
- Retail: stable, but promotion-driven (30–50%)
- Catering: high margins on coffee, but high fixed costs (rent, staff)
- The proportion of green coffee in the final price of a cup is often less than 5%
- Direct sales (roaster → end customer) increase the roaster's margin to 55–65%

7 SUPPORT PROGRAMMES FOR COFFEE PRODUCERS

If you would like to learn more about the activities of Fair Trade organisations, in addition to support and sustainability programmes for coffee suppliers, please contact the following bodies directly:

claro fair trade AG	claro.ch
Coffee Kids	cofeekids.org
Dezalé Café de Origen, Hans Rudolf Auer-Lopez	dezalecafe.com
EFTA European Fair Trade Association	newefta.org
FLO Fairtrade Labellings Organizations International	fairtrade.net
Global Coffee Platform	globalcoffeeplatform.org
IFOAM International Federation of Organic Agriculture Movements	ifoam.bio
Max Havelaar-Stiftung (Schweiz)	fairtrade.net
Swiss Sustainable Coffee Platform	coffeeplatform.ch
The Rainforest Alliance	rainforest-alliance.org
Vivamos	vivamos.org
WFTO World Fair Trade Organization	wfto.com



**Swiss Sustainable
Coffee Platform**

Swiss Sustainable Coffee Platform (SSCP)

The SSCP was launched on 6 June 2024 as a joint industry initiative by Swiss coffee stakeholders and was officially established on 13 November 2024 with 60 founding members – including roasters, traders, NGOs, development organisations and government bodies. It arose from the need to pool the Swiss coffee industry's sustainability efforts, ensure they are internationally compatible and overcome the fragmentation of existing programmes.

The SSCP serves as a and exchange platform for all organizations working with coffee in Switzerland.

Its core functions are:

- Knowledge transfer on sustainability, climate risks, supply chains and standards
- Harmonisation of sustainability requirements and measurement methods
- Networking between industry, academia, NGOs and authorities
- Promotion of joint projects in countries of origin
- Monitoring and reporting on the sector's progress

It is not a certification scheme, but an industry platform that provides guidance and establishes common standards.

The overarching aim of the SSCP is to make the Swiss coffee industry more sustainable, resilient and transparent. In concrete terms, this means:

- Improving environmental and social conditions in countries of origin
- Strengthening sustainable supply chains (including and human rights aspects)
- Promoting common industry standards
- Supporting Swiss companies in meeting international sustainability requirements
- Contributing to the global transformation of the coffee sector