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Gradings results for Arabica and Robusta coffees
Calendar years 2005 to 2012

Background

- 1. The promotion of quality as a means to enhance sustainability of the coffee economy by increasing consumption, by adding value and providing consumer satisfaction is a primary objective of the Coffee Quality-Improvement Programme CQP (see document ICC-90-9).
- 2. In order to provide additional information on the quality of coffee exports, the Organization monitors the results of gradings on futures exchanges. This document shows these results based on the information extracted from the websites of the Intercontinental Exchange (ICE) for Arabica coffee and on the NYSE Euronext (Liffe) exchange for Robusta in calendar years 2005 to 2012.
- 3. The previous report on the gradings results for Arabica and Robusta coffees in the New York and London futures markets is contained in document PM-16/12.

Action

The Promotion and Market Development Committee is requested <u>to take note</u> of this report.

GRADINGS RESULTS FOR ARABICA AND ROBUSTA COFFEE CALENDAR YEARS 2005 TO 2012

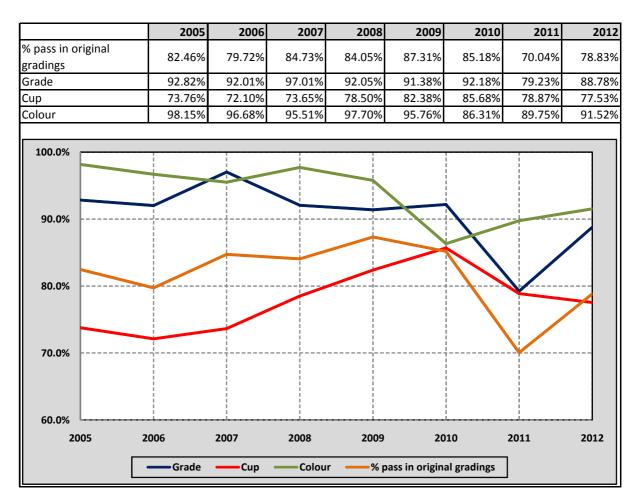
1. The gradings results for Arabica coffee on the Intercontinental Exchange (ICE) and on the NYSE Euronext for Robusta coffee are systematically monitored by the Organization through the results posted on their websites. This report gives the results of these gradings analyses for the last eight complete calendar years since the CQP was established back in June 2004.

Gradings results for Arabica coffee

2. Reports on the Coffee 'C' contract gradings analysis are regularly posted on the ICE website showing the monthly summary and year-to-date data on the pass/fail results by origin. The analysis also shows the percentage pass in the original gradings, in addition to the overall pass on grade, cup and colour quality achieved. Table 1 and Graph 1 show a summary of the results for each category from 2005 to 2012.

Table 1/Graph 1: ICE analysis results – percentage pass on original gradings

Calendar years 2005 to 2012



3. The eight-year average rates achieved in the analysis by category can be summarized as follows: overall pass in original gradings: 81.5%; analysis by grade: 90.7%; by cup: 77.8%; by colour: 93.9%.

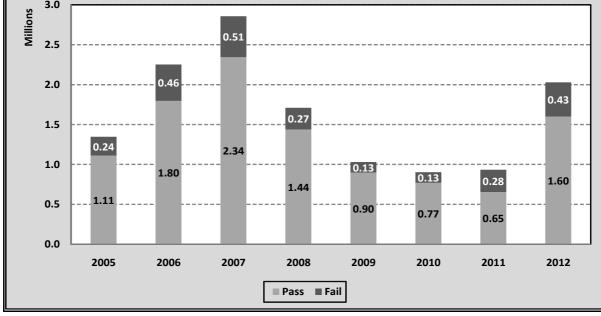
4. In terms of volume, 2012 recorded the 3rd largest volume graded in the period with 2.03 million bags. The record volume of 2.86 million bags graded was in 2007. However, it was in 2009 when the highest level of 'pass' rate was achieved – 87.3%. The lowest 'pass' rate of 70.0% was recorded in 2011. The average 'pass' rate in the period is 81.2%. Table 2 and Graph 2 show the 'pass' and 'fail' volumes graded year by year from 2005 to 2012.

Table 2/Graph 2: Volume of 'pass' and 'fail' rates according to the gradings analysis by ICE

Calendar years 2005 to 2012

(60-kg bags)

(66 16 545)							
Year	Pass	Fail	Total	Pass %			
2005	1 110 167	236 152	1 346 319	82.5%			
2006	1 795 942	456 994	2 252 937	79.7%			
2007	2 344 506	512 276	2 856 781	82.1%			
2008	1 437 321	272 722	1 710 043	84.1%			
2009	898 963	130 691	1 029 655	87.3%			
2010	769 123	133 810	902 932	85.2%			
2011	654 023	279 810	933 833	70.0%			
2012	1 599 764	429 495	2 029 259	78.8%			
3.0 SEO SEO 2.5	0.51						



Gradings results for Robusta coffee

5. During the 8 full calendar years (2005 to 2012) since the introduction of the CQP in June 2004, the total volume of Robusta coffee graded by Euronext (LIFFE) amount to 18.17 million bags. In this period, the volume of coffee deemed to be below the standards set out by the CQP programme, in line with the parameters set out in Resolution 420, amounts to 9.01 million bags — equivalent to 49.6% of the total (see Table 3). The origins that registered the highest volumes are Vietnam (67.8%), Indonesia (7.5%) and Cote d'Ivoire (4.7%). It was in the ports of Antwerp and Trieste where the highest volumes were graded — 58.8% and 18.9%, respectively — see Tables 3 and 4.

Table 3
Volume of Robusta coffee gradings by Euronext (Liffe)
deemed to be below the CQP standards by origin
Calendar years 2005 to 2012
(60-kg bags)

2005	2006	2007	2008	2009	2010	2011	2012
							500
					_		0
							0
				_			0
						_	5 833
0		0		0		0	0
0	0	0	0	0	0	167	0
7 417	5 500	1 667	333	2 333	0	333	0
68 333	51 333	60 250	8 083	22 000	7 667	31 833	833
0	5 000	1 167	2 333	9 000	0	3 833	0
24 000	4 667	32 333	308 167	23 500	20 667	82 000	5 667
0	0	0	0	4 833	333	1 167	0
0	0	250	333	0	0	0	1 667
4 750	32 583	11 417	31 167	833	3 333	5 667	833
250	500	167	0	0	0	0	0
2 333	2 417	14 667	13 167	19 333	5 500	1 167	2 333
0	5 250	6 583	22 833	10 000	2 667	7 167	0
25 917	51 333	35 667	6 083	0	0	0	0
0	27 417	51 583	3 833	28 500	100 667	81 833	0
0	14 750	8 250	39 167	3 167	2 167	6 333	0
1 671 917	1 047 667	1 136 083	1 408 167	465 333	16 000	619 000	22 333
1 860 833	1 644 833	1 721 833	2 032 250	614 333	201 000	893 000	40 000
2 002 083	1 945 917	2 287 167	2 643 000	3 667 167	776 500	4 129 333	722 167
	Not av	ailable		176 833	19 833	248 833	5 167
92.9%	84.5%	75.3%	76.9%	16.8%	25.9%	21.6%	5.5%
offee							
	0.57	0.61	3.05		<u>3.</u>	24	
	0 7 417 68 333 0 24 000 0 4 750 250 2 333 0 25 917 0 1 671 917 1 860 833 2 002 083	55 833 99 583 83 38 000	55 833 99 583 83 000 83 38 000 59 333 0 500 3 750 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 68 333 51 333 60 250 0 5 000 1 167 24 000 4 667 32 333 0 0 0 24 000 4 667 32 333 0 0 0 4 750 32 583 11 417 250 500 167 2 333 2 417 14 667 0 5 250 6 583 25 917 51 333 35 667 0 27 417 51 583 1 671 917 1 047 667 1 136 083 1 860 833 1 644 833 1 721 833 2 002 083 1 945 917 2 287 167 Not available	55 833 99 583 83 000 82 833 83 38 000 59 333 13 250 0 500 3 750 17 500 0 0 0 0 0 258 333 215 667 73 417 0 0 0 0 0 7 417 5 500 1 667 333 68 333 51 333 60 250 8 083 0 5 000 1 167 2 333 24 000 4 667 32 333 308 167 0 0 0 0 0 24 000 4 667 32 333 308 167 0 0 0 0 0 0 0 250 500 167 0 0 0 2333 2 417 14 667 13 167 0 0 2833 22 833 22 833 22 833 22 833 367 6 083 22 833 367 6 083 39 167 1671 1047 667 1 136 083 1 408 167 147 1860 1408 167 147 1860 147 18	55 833 99 583 83 000 82 833 333 83 38 000 59 333 13 250 18 000 0 500 3 750 17 500 0 0 0 0 0 1000 0 0 0 0 1000 0 0 0 0 1667 0 0 0 0 0 7 417 5 500 1 667 333 2 333 68 333 51 333 60 250 8 083 22 000 0 5 000 1 167 2 333 9 000 24 000 4 667 32 333 308 167 23 500 0 0 0 0 4 833 0 0 0 0 4 833 250 500 167 0 0 2 333 2 417 14 667 13 167 19 333 250 500 167 0 0 2 333 2 417 14 667 13 167 19 333 0 5 250 <	S5 833	S5 833

■ Coffee below CQP □ Coffee in CQP

6. The total volume deemed to be below the CQP standards graded in 2012 amounts to 40,000 bags and it is only 4.5% of the total volume of 893,000 bags graded in 2011. In addition, this volume is also just 2% of the highest volume graded in the period when in 2008¹ around 2.03 million bags were below CQP standards.

Table 4
EURONEXT (Liffe) gradings by port of discharge deemed to be below the CQP standards
Calendar years 2005 to 2012
(60-kg bags)

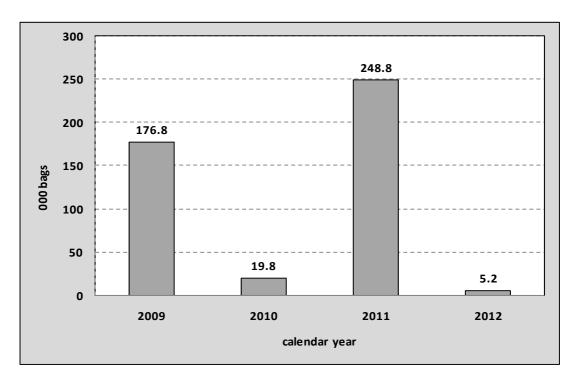
Port of discharge	2005	2006	2007	2008	2009	2010	2011	2012
Amsterdam	0	15 833	0	1 000	2 333	0	49 667	1 667
Antwerp	1 001 667	912 500	783 583	1 114 250	415 667	159 500	563 833	31 500
Barcelona	0	23 417	44 417	28 250	8 167	12 667	10 833	0
Bremen	0	333	43 000	35 917	500	0	167	0
Genoa	0	125 583	130 417	49 583	28 167	2 000	54 333	0
Hamburg	58 417	51 333	116 833	40 750	21 000	0	18 167	0
Le Havre	1 167	66 667	46 917	8 917	12 667	16 000	9 833	0
London	9 250	4 583	5 333	4 167	3 333	333	12 833	3 000
Marseilles	0	0	12 167	10 500	833	7 833	0	0
New York	0	0	0	1 083	1 333	0	0	0
Norwich	0	0	55 000	6 250	3 667	0	12 833	0
Rotterdam	170 500	56 333	154 500	155 167	46 500	0	53 000	667
Trieste	619 833	388 083	329 667	576 417	70 167	2 667	107 500	3 167
Grand Total	1 860 833	1 644 667	1 721 833	2 032 250	614 333	201 000	893 000	40 000

7. NYSE decided to introduce in 2009 the premium grade 'P' for coffee that exceeds the usual classification standards from grades 'O' to '4'. Around 450,667 bags have been awarded this premium grade in the last four full calendar years. In 2012 only 5,167 bags were granted the premium grade, of which 3,667 bags were of Vietnam origin. Graph 3 shows the volume of coffee that received this grade ('P') each year from 2009 to 2012.

¹ It should be noted that the gradings analysis results for 2008 have been revised since the publication of the last report on this subject.

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Graph 3: Gradings analysis by NYSE
Premium graded coffee
Calendar years 2009 to 2012



10. The Organization will continue to monitor the gradings results for Arabica and Robusta coffee as posted on the ICE and NYSE Euronext websites.