

Papua New Guinea: Coffee is Cash King

By Dan Kuhn

Traveling on behalf of the “Coffee Corps” which is part of SCAA. (Specialty Coffee Association of America) provided some insight into the interesting coffee culture of PNG (Papua New Guinea).

The Country

The size of the country and its diversity is impressive. PNG is equal to the size of California and has a population of approximately 5.5 million people. The capital Port Moresby (330,000 population) is not connected with roads to the rest of the country and access is only possible by air to about 536 unpaved and 21 paved airports. In the center Mount Wilhelm, is 14765 feet the tallest mountain in Australasia that has snow in the winter months. The tropical islands are quite different from the Highlands plateaus of 4-5000 foot elevations. The country became independent from Australia in 1975.

It also has about 700 different languages, some not related. It is difficult to comprehend how this diversity is possible and how it developed. From the airplane, the rugged mountains and valleys are visible. This may explain why among the many valleys and mountainous terrain, isolated groups of people and languages developed. The fierce warrior background and tribal feuds discouraged travel outside of the secure home area. It must be a challenge of the relative young government to unite these diversified groups of people into one nation. PNG must be a field day for an anthropologists or a dream come true.....interestingly enough, the same can be said for a coffee person.



Beautiful PNG flag, representing the independent country since 1975 from an Australian mandate.



Typical village house made from local materials.

Photos: Detrich Kavara



People travel great distances, carrying parchment coffee to the road, paying their way on trucks to market.

The current infrastructure of the country is in bad disrepair. There is only one road connecting the Highland provinces through the Kusun pass with Lae, the port of export. This road is two lines with single lane bridges and stretches of no asphalt. The area with asphalt has often large holes in the pavement. Moving of traffic and goods is very slow, expensive and difficult.

Importance of Coffee

Exporting 1 million bags (110 million) 60 kg bags of green coffee annually puts PNG on the lower end of the major producing countries. The quality of some of this washed coffee is known in the coffee world. One does not realize the importance of coffee to the people of PNG until one sees the villages and the subsistence existence of the majority of the people. Coffee seems to be the primary cash crop people depend on. Even in the Highlands of Papua New Guinea, there is cash needed to exist in today's world. Fortunately, land ownership is through tribal or customary lands and Papua New Guineans own most all of the land. It seems that everyone has "gardens" or small farm plots where food for home consumption is grown. As the traditional life style shifts from purely subsistence existence to a more globalized cash economy, having some cash becomes very important. Coffee is the cash crop in PNG. Coffee plantings seem to be scattered throughout, either in small or large plantings.

Today's low coffee prices are having a very direct effect on the people and the whole economy. People travel far distances carrying sacks of parchment coffee to the only road, and then paying their way on trucks to the market place to sell their coffee.

There seems to be a shift from plantation style coffee production of the past, towards "small holders" or cooperatives made up of "small holders". Currently 80% of all coffee comes from that source. In the past, large coffee plantations supplied a much bigger share of the coffee. It appears that in the past, the government, the research community, the plantations and the exporters pretty much controlled the industry. Export licenses were only granted upon stringent requirements including financial conditions. This system allowed for strong quality control, but kept any smaller producer from gaining direct market access.

The changing world seems to have brought changes to PNG as well. Independence of the country and the resulting switch in administration from primarily "expatriates" to local people and the low world coffee price has impacted PNG substantially.



*CIC, Coffee Experiment Station in
Ukarumpa., Eastern Highland Province.
Site of many years of coffee research .
Operations curtailed by low coffee prices.*

Coffee Research

What may not be readily known is the amount of research and coffee related activities that have taken place over the years in PNG. An impressive amount of coffee knowledge exists in PNG. Its research facilities and published materials are impressive.

The governmental arm of the coffee industry is the Coffee Industry Corporation Ltd. (CIC). The CIC is in charge of research and facilitates extension functions. It also engages in coffee marketing worldwide. The CIC is funded by a levy on coffee exported and an annual contribution from government. Low coffee prices and the political changes have also impacted on CIC and resulted in staff cuts from approximately 500 to 150 employees. The research aim had to switch as well and is now more focused on cooperative groups of smaller producers.

PNG Coffee Producers

Current coffee producers are divided into 3 groups. **The Plantations Sector**, with over 30 hectares of coffee plantings, the **“Block Holders”** with 5 to 30 hectares of coffee and the **“Small Holders”** with less than 5 hectares of coffee. The plantation sector is shrinking in number of producers, however, produces the best quality coffee. Some block holders are combining production and forming producer groups often with small holders. Some of these producers are village groups that have taken over trees from the former plantations. Most villages or homes have coffee patches that supply the cash income for local families. It is interesting to note that 80 % of coffee produced is small holder coffee. This coffee is often called “bush coffee” and usually of lesser quality and is of Y grade (lower quality grade). Many small holders are hand pulping their coffee and use dry fermenting in bags as a means to produce parchment coffee. It is more difficult to produce quality coffee from such parchment, as each producer might process with different methods.



80% of the current coffee production is from “smallholders”



Communities have strong cultural ties. Village live centers around traditions and coffee is a good part of it.

The only other option to get more revenue for coffee seems to be with better quality production. The upper grades of AA, and A will fetch prices of 30 to 40 cents US per pound over New York C price as opposed to the lower Y grades getting New York C price less 12 to 15 cents per pound (Y1 grade). Some block holders and small holders have formed alliances and cooperatives and are trying to improve the situation. Fair Trade certification has helped

producers. “Fair Trade” pricing is a substantial benefit in today’s low coffee market and is basically the New York C price with a minimum floor price of 126 cents/lbs. It is probably accurate to state that the upper quality coffee from PNG derives from the plantation sector. The challenge for the block holders and small holders is to improve their quality and get better pricing in return. Some of the known quality producers of PNG coffee have been able to differentiate themselves and are able to commend pricing based on quality.

Plantation Style Coffee Production



Mike Jackson, General Manager of W.R Carpenter & CO. Estates, center, with Joseph the Operations Mgr. and Dan Kuhn at right.



Tea plantings (front) with coffee cultivation under shade trees in the background.

A portion of the credit for quality PNG coffee can be attributed to SIGRI coffee of W.R. Carpenter & Co. Estates, part of MBF Holdings from Australia.



Well known PNG coffee name.

Close to Mt. Hagen far up in the Western Highland Province, lies the beautiful Waghi valley. At 5200 foot elevation, with cool nights, warm days and well distributed rainfall Sigri plantation is located in an ideal coffee and tea growing environment. The coffee is cultivated under shade trees. The Yar tree (*Causirina oligodon*) is nitrogen fixing. Some fields have nitrogen fixing Pinto Peanuts as groundcover as well. The coffee is well pruned and maintained. W.R. Carpenter & Co. cultivates about

1000 hectares of tea and coffee and is a major economic factor in the valley.

What stands out in the coffee processing, is long fermentation, followed by additional soaking. Sun drying and elaborate quality control is part of the production cycle. Interesting are the elaborate fencing requirements. Coffee is truly a cash crop for many people. The fields have to be fenced to prevent “night harvesting” of the ripening crop. Security, Law and Order and infrastructure improvements are a primary concern throughout the country.

Companies like W.R Carpenter & Co. are doing a good part of the community infrastructure maintenance. They also contribute to the local social needs. The European Union and Australia being the largest contributors to PNG economic development needs, assist in economic and infrastructure development.

The country is rich in mineral resources. The land and ocean resources are plentiful as well. The challenge is to keep the current infrastructure from deteriorating further and implement social and economic change to improve conditions for all.

Even with today’s low coffee prices, coffee is a mayor economic factor and provides a good portion of the cash for many highland people. Let’s hope coffee can continue and improve being an important economic factor for the people of Papua New Guinea.

Dan Kuhn is a coffee consultant and spent time in PNG on behalf of the Coffee Corps, which is part of the Coffee Quality Institute an offshoot of the Specialty Coffee Association of America. He worked with local coffee producers to help aim production towards the “Specialty Coffee Market”.