

A Review on the Supply and Demand of Coffee in Cambodia

Tal Sokly^{1*}, Serey Mardy²

¹Graduate School, National University of Battambang

²Faculty of Agriculture, Svay Rieng University

Corresponding Author: Tal Sokly talsokly8@gmail.com

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ABSTRACT

The demand for coffee in Cambodia is also growing, driven by a number of factors, including the increasing popularity of coffee shops and cafes, the rising incomes of Cambodians, and the growing influence of Western culture. This growing demand is putting a strain on domestic supply, and Cambodia now imports more coffee than it produces. In 2020, Cambodia imported around 770 tons of coffee beans, mainly from neighboring countries such as Vietnam and Laos. A qualitative method combined with a descriptive analytic approach is the methodology addressed. The data is review from relevant sources on the supply and demand of coffee in Cambodia include academic papers, government reports, industry reports, and news articles. found that the coffee sector in Cambodia has the potential to generate significant economic and social benefits for the country. The study found that the coffee sector could create up to 100,000 new jobs and generate \$500 million in revenue by 2025. The study also found that the coffee sector could help to reduce poverty and improve the livelihoods of rural communities. Coffee is a relatively high-value crop, and coffee farmers can earn significantly more than farmers who grow other crops. An estimated 9,650 tons of coffee were consumed in Cambodia in 2022. This represents a significant increase from 2014, when Cambodians consumed only 5,970 tons of coffee. In 2020, Cambodia produced around 3,900 tons of coffee, and the government has a goal of increasing production to 10,000 tons by 2025.

INTRODUCTION

Coffee is one of the most traded crops with a global annual consumption of 9 billion kg. The two species of coffee that are sold internationally are *Coffea arabica* (Arabica) and *Coffea canephora* (Robusta) (ICO, 2016). Crops of coffee are extremely vulnerable to climate change (Bunn et al., 2014). It's anticipated that Ethiopia will have 21% less areas suited for cultivating coffee (Moat et al., 2017) and by more than 90% in Nicaragua under global warming (Läderach et al., 2017). Due to rising temperatures, arabica harvests have already started to fall in the highlands of Tanzania and India (Craparo et al., 2015). Robusta is more resilient to climate change than Arabica, thriving in warmer and more arid climates (Waller et al., 2007); that being said, Robusta is more vulnerable to low temperatures than Arabica (Wintgens, 2004). According to Waller et al. (2007), the ideal mean annual temperature ranges for Arabica are lower – 18 to 23°C – than for Robusta – 22 to 26°C. Robusta is widely used in blends, as well as instant coffee (Waller et al., 2007). It may be grown well at elevations up to 1400 m above sea level. Although Arabica trees are more expensive to produce and typically less vigorous and productive than Robusta trees, they yield higher-quality coffee, which is why they are the market leader for specialty coffee (DaMatta et al., 2019). For both species, flowering is dependent on a brief dry spell that lasts between two and four months and corresponds to the quiescent growth phase (DaMatta et al., 2019). Robusta coffee grows better in wetter, shallower soils than Arabica because its roots are shallower (Wintgens, 2004). As a result, it is less tolerant to dry circumstances. The state of the Arabica and Robusta coffee plants as well as the frequency of pests and diseases will all be significantly impacted by changes in the current climatic circumstances (Waller et al., 2007). Cambodia is a relatively small producer of coffee, the vast majority of this production is of the Robusta variety, which is known for its strong flavor and high caffeine content (Ehrenbergerová et al., 2019). Reviewing the supply and demand of coffee in Cambodia is the aim of this paper.

LITERATURE REVIEW

Cambodia industry is growing rapidly and by 2025, the instant coffee market in Cambodia is projected to reach \$233.14 million, while the roast coffee market is projected to reach \$41.73 million (IntoCambodia.com, 2022). Coffee production in Cambodia is a relatively small industry, with an annual output of around 300 tons. However, the country has the potential to significantly increase its production in the coming years. Coffee is primarily grown in the Mondulakiri province, which has a cool, mountainous climate that is well-suited for coffee cultivation. The most common type of coffee grown in Cambodia is Robusta, which is known for its high caffeine content and bold flavor. Nationwide, the estimate of coffee plantation land is around 500 hectares, there are smaller plantations in Ratanakiri, Steung Treng, and Pailin together around 200 hectares and the only Mondulakiri has 300 hectares of coffee farm; About 300 tons of coffee are harvested in Cambodia each year, but over 5,000 tons are imported from neighbouring nations including Laos, Vietnam, and Thailand (Cambodianess.com, 2019). The majority of coffee produced in Cambodia is Robusta, a variety that is known for its strong flavour and high caffeine content;

Robusta is also more adaptable to the Cambodian climate than Arabica, a variety that is known for its smoother flavour and higher acidity (intoCambodia.com, 2022).

Supply of Coffee in Cambodia

According to Khmer Times (2022) the supply of coffee in Cambodia has been increasing in recent years, this is due to a number of factors, including: Government support: The Cambodian government has been supporting the coffee industry by providing training to farmers and investing in infrastructure, increased investment: private companies have also been investing in the coffee industry, which has led to an increase in production and favourable climate: Cambodia has a favourable climate for growing coffee, and there is a lot of land available for coffee cultivation. Cambodia's coffee production is still relatively very small compared to other coffee-producing countries in the southeast Asia region, such as Vietnam and Thailand.

Demand of Coffee in Cambodia

The demand for coffee in Cambodia is growing quickly. Many factors are contributing to the rise in domestic coffee consumption, such as the growing urbanization of Cambodia—a growing number of people are relocating to cities, where there is a higher demand for coffee (IntoCambodia.com, 2022; Cambodianess.com, 2019). Coffee shops are becoming increasingly popular in cities, and people are drinking more coffee at home and at work, rising incomes as Cambodia's economy has grown, people have had more disposable income to spend on coffee (The Phnom Penh Post, 2018). Coffee is now seen as a status symbol in Cambodia, and people are willing to spend more money on quality coffee, and a growing awareness of coffee cultivation and the influence of social media is playing a role in increasing the demand for coffee in Cambodia, furthermore, people are seeing images and videos of coffee on social media and are being inspired to try new coffee drinks and coffee shops (The Phnom Penh Post, 2018; Khmer Times, 2022). In addition to domestic consumption, Cambodia is also exporting a growing amount of coffee to the main market such as the United Kingdom, Norway, and Japan because the coffee product less chemical use (IntoCambodia.com, 2022).

METHODOLOGY

This study is a literature review article. A qualitative method combined with a descriptive analytic approach is the methodology addressed. The data is reviewed from relevant sources on the supply and demand of coffee in Cambodia, including academic papers, government reports, industry reports, newspapers, articles, and local journals. Data interpretation is analysed the information that has been extracted from the sources and involves identifying trends, patterns, and relationships. Summarizing the key findings of the research and discussing the implications of these findings for the coffee industry in Cambodia. However, the materials for this research are limited because some information is not sufficient.

RESULT AND DISCUSSION

A recent study by the International Centre for Tropical Agriculture (CIAT) found that the coffee sector in Cambodia has the potential to generate significant economic and social benefits for the country, and the study found that the coffee sector could create up to 100,000 new jobs and generate \$500 million in revenue by 2025. The study also found that the coffee sector could help to reduce poverty and improve the livelihoods of rural communities. Coffee is a relatively high-value crop, and coffee farmers can earn significantly more than farmers who grow other crops. In 2022, there were 9,650 tons of coffee consumed in Cambodia. This represents a significant increase from 2014, when Cambodians consumed only 5,970 tons of coffee. In 2020, Cambodia produced around 390-500 tons of coffee, and according to this amount of product can supply only 5 - 10 per cent and need to import between 90 - 95 per cent to reach the market demand (Cambodianess.com, 2019).

Only recently has Cambodia been acknowledged as a coffee-drinking nation. The tradition of drinking coffee has grown, and it is now common to find coffee shops and coffee carts in cities, especially the capital, which provide a good setting for meetings and socializing. The market for coffee in Cambodia is dominated by international brands, and rivalry among capital cafés is intensifying. The coffee industry is improving daily and become more competitive. Rich urbanites in Cambodia are drawn to international coffee, which is why there are a lot of reasonably priced, high-quality franchises with Thai roots. The majority of coffee shops are cozy and conducive to working. The coffee shops are great examples of friendliness, style, and fun, with substantial menus that provide outstanding complementarity.

Despite the growth of the coffee sector in Cambodia, there are a number of challenges that need to be addressed, one challenge is the low productivity of coffee farms in Cambodia that this case cannot supply to the market. This is due to a number of factors, including the use of traditional farming practices, the lack of access to credit and inputs, and the lack of technical assistance. The coffee industry in Cambodia faces a number of challenges, including: limited production capacity, lack of access to financing and technology, poor infrastructure, and climate change. Another challenge is the lack of processing and marketing facilities in Cambodia. This means that many coffee farmers are forced to sell their coffee beans to middlemen at low prices. Climate change is a major threat to the coffee industry in Cambodia. Rising temperatures and more extreme weather events are making it more difficult to grow coffee.

Compared to Thailand that is the neighbouring country of Cambodia produced, annually, coffee product around 38,300 tons (Robusta) cover in 42,176 hectares and that is higher than demand of consumption, which is need to export and the market such as Europe and America together around 80 percent and 20 percent more exported to other country including Cambodia that one of the most import coffees in the world (Pongsiri, 2013; Noppakoonwong et al., 2015; Weng, 2018). In addition, if compare to Vietnam the land size of farm coffee (Robusta) estimated covers 611,500 hectares and the estimated production is 28.74 million bags 60-kg per bags (1.72 million tons) in

2022/2023 which is the second largest coffee exporter in the world behind Brazil (USDA, 2023).

CONCLUSION

The coffee sector in Cambodia is growing rapidly, but there are a number of challenges that need to be addressed in order to sustain this growth. The government of Cambodia is working to address these challenges through a number of initiatives, including providing technical assistance to coffee farmers and investing in processing and marketing facilities. The coffee industry in Cambodia has the potential to grow significantly in the coming years. However, the industry faces a number of challenges that need to be addressed. By increasing investment and providing support to coffee farmers, the government and the private sector can help the coffee industry to reach its full potential. In addition to the recommendations made by the CIAT study, I would also recommend that the government and the private sector work together to develop a national coffee strategy. This strategy should outline clear goals and objectives for the coffee sector, as well as a plan for how to achieve these goals. The national coffee strategy should also focus on developing the value chain for Cambodian coffee. This means investing in coffee processing and packaging facilities, as well as promoting Cambodian coffee brands in domestic and international markets. By taking these steps, Cambodia can position itself as a leading producer of high-quality coffee. The Cambodian coffee industry faces a number of challenges, but it also has a number of opportunities. The government and the private sector need to work together to address the challenges and capitalize on the opportunities in order to grow the industry and meet the growing demand for coffee in Cambodia. The government and the private sector can work together to train coffee farmers and workers in the latest production and processing methods. Promote coffee consumption among Cambodians. This could be done through public awareness campaigns and by making coffee more affordable and accessible. Develop new coffee products and flavours. This will help to appeal to a wider range of consumers and to increase demand for Cambodian coffee. Increase exports of coffee beans to international markets. This could be done by participating in trade shows and food festivals, and by working with international coffee buyers.

To supply and reach the demand of coffee consumption and sustain in the future Cambodia need to extend the coffee production land from 500 hectares to 10,000 hectares, which change from the small farm to commercial farm and the averages yield should be at least 1.5 tons per hectare and produce around 15,000 tons per year to replace coffee bean as well. Furthermore, Cambodia should focus on the only *Coffea canephora* (Robusta) variety because this variety is adapted to the geography situation of Cambodia and the site of coffee farm possible to cover in northeast which have best environment (cool temperature) such as Mundulkiri, Ratanakiri or Steung Treng. In conclusion, the Cambodian government is the important party to encourage the coffee producer, private sectors, industry to get high-yield, high-quality to meet the

demand and sustain in the near future by providing technical support, fun support or reach team to support.

RECOMMENDATIONS

Improve Productivity

The government and private companies should work together to improve coffee productivity in Cambodia. This can be done by providing training to farmers on improved farming practices, providing access to quality inputs, and investing in research and development.

Improve Access to Markets

The government and private companies should work together to improve access to markets for Cambodian coffee farmers. This can be done by investing in infrastructure, providing information about market conditions, and helping farmers to form cooperatives.

Adapt to Climate Change

The government and private companies should work together to help coffee farmers adapt to climate change. This can be done by developing drought-resistant coffee varieties, providing training on climate-smart agricultural practices, and investing in irrigation and other adaptation measures.

FURTHER STUDY

In this research still has limitation so the next research should further on “the impact of government policies on the coffee industry and the impact of private sector investment on the coffee industry in Cambodia”.

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