Story of Coffee in Papua New Guinea

Contrary to what is often assumed, Papua New Guinea's coffee industry is not based upon large, corporately-owned plantations, but on tens of thousands of small, village coffee gardens. Typically, they range in size from 20 trees to 500 or 600. These family-owned coffee gardens produce over 70% of the country's annual exportable crop; a crop which has averaged one million bags, or 60,000 tonnes per year in recent times. The balance of the crop is grown on commercial plantations which range from 20 to 100 hectares and more in size. Again, of a total of 461 plantations registered with the Coffee Industry Corporation, all but half a dozen of the largest are owned by local, village-based business groups or individuals.

It is estimated that nearly 2,000,000 people, or almost half of the nation's population, derive a benefit from the coffee industry. Certainly, in the highlands provinces, commerce and development would never have reached today's levels without the annual flow of income from this crop, a flow which begins in April, peaks in July/August and then tapers off quickly, so that the highland towns are comparatively quiet again in the final months of the year. The coffee crop is 'green gold' which enriches the country annually to the extent of three to four hundred million kina in overseas earnings. It is PNG's most valuable agricultural export. And it is an eternally renewable resource.

Back in the early 1950s an active policy of encouraging the establishment of village coffee gardens was initiated, particularly in the highlands where the environment is ideal for the growing of Arabica coffee. Arabica has a finer flavour and commands a higher price than Robusta, grown in coastal regions, but lacks Robusta's tolerance of the many fungus diseases which prevail in the steamy climate of the coast.

Although small areas of coffee had been established in certain coastal areas before the second world war, no-one was prepared for the enthusiasm with which the highlands population adopted this new and initially strange crop. At first it was hard to explain the use to which the ripe, red coffee berries or 'cherries' as they are called, would be put, and many older people, conservative and suspicious of the new plant with its shiny, dark-green leaves, predicted that coffee would bring bad luck and even cause the death of their much-prized pigs! But very soon large numbers of highlanders were enthusiastically involved in setting up coffee nurseries with seed supplied by government agricultural extension workers. Everywhere, families and clan groups were clearing land for coffee.

From small beginnings in the early 1950s, by 1960 more than 4000 hectares of Arabica coffee has been established by villagers, mainly in the highlands near Kainantu, Goroka, Mount Hagen and in the Wahgi Valley, but also at Wau, and in the Huon Peninsula in the mountains behind Lae and Finschhafen. By the early 1970s, the area planted by villagers had increased to an estimated 23,000 hectares producing some 25,000 tonnes of green bean (raw bean) for export each year.

During the 1960s the infrastructural base of today's industry was laid. Early on, all the coffee produced in the highlands was flown to Madang for overseas shipment. Initially, two coffee mills in which the dried coffee was husked, graded and bagged, were established, one in Goroka and one in Mount Hagen. First one, and then a second export company was established, both with the participation of the then largely expatriate-owned plantations and mills. The Coffee Marketing Board (recently re-
constituted as the Coffee Industry Corporation) was set up to legislate and develop policy and to administer the industry.

The number of mills set up to buy and process the fast-growing volume of coffee produced by the smallholders soon grew to 10. By 1964, the Highlands Highway was sufficiently well-developed to make trucking a payable proposition and the use of the aeroplane as the principal means of transporting heavy freight in and out of the highlands was phased out. At the same time the development of a spreading network of minor roads in the coffee-growing areas allowing easier access to the towns encouraged the industry to grow. Many coffee growers used their new-found wealth to buy small trucks and began to engage in buying coffee from other farmers, selling it at a profit to the mills.

Later in the 1970s, soon after PNG became an independent, self-governing nation, the disastrous frost in Brazil put large sections of that country’s coffee industry out of business for several seasons. Papua New Guinea’s coffee growers experienced boom conditions for more than three years. In the highlands many new ventures based on coffee or the income from coffee were funded by a suddenly-adventurous banking industry. Almost to a man the 100 or so expatriate planters who had arrived in the 1950s, and who with the village growers had pioneered the industry in the highlands, sold out, accepting what were in most cases generous offers made by locally-formed companies and business groups.

At the same time a government-sponsored scheme for the establishment of scores of small 20 hectare coffee plantations, owned corporately by groups of village landowners, came into being. In the 1980s almost all the middlemen involved in the coffee trade, the buyers who trade either from trucks or roadside depots, were local businessmen. Expatriates still provided management for the export companies and some of the larger mills, but ownership now rested almost entirely in the hands of citizens or citizen corporations.

During the 1980s the world price of coffee fluctuated violently, going from the highs of the late 1970s to new lows, then to a high again in 1986, followed by a steep fall. The plantations, with their heavy burden of debt and high operating costs were in deep trouble.

The smallholders, however, the backbone of the industry, were able to survive because of their independence and in-built resilience. The typical village-based grower in PNG uses no artificial fertiliser, no chemical sprays, and owns his farm lock, stock and barrel. His input consists mainly of his own and his family’s labour, plus a few simple tools.

Pest and disease control to the grower in the valleys of PNG’s highlands means daily watchfulness and the use of fingers and a sharp pair of secateurs, rather than the
massive overkill of a chemical regime. Prunings from his coffee and leaf-fall from the trees which shade it, together with the skin and pulp of his freshly-processed crop provide a natural, nutrient-rich mulch. The PNG small grower is very much his own man, very independent in an increasingly complex world.

Aware that nothing sells like quality, in 1994 PNG’s Coffee Industry Corporation introduced a compulsory minimum standard for unprocessed coffee into the marketplace. This is in addition to the existing standard for export green bean. Since 1995, it has been an offence under the provisions of the Coffee Industry Corporation Act for a farmer to offer for sale parchment coffee of the ‘Reject’ or Class 4 standard. In 2002, the minimum standard for trade in smallholder parchment coffee was revised from Class 3 to Class 2. As a result of improved quality control, the discount against the prevailing New York price for ‘Other Milds’ applying to PNG’s ‘Y-grade’ has been reduced.

The balance of consumption against production in world terms is an up-and-down equation, but at present the near-term outlook for the PNG grower is good. In particular, the increasing demand for organically-grown coffee presents opportunities for PNG. With his ability to supply a naturally-grown, naturally-processed product the village-based coffee grower in PNG faces a reasonably assured future. PNG’s Arabica coffee is intrinsically a very good one, known for its good body and acidity, and will always be looked for in the market whilst it enjoys a reputation for reliable quality. PNG’s coffee industry is here for the long haul. This ‘green gold’ will continue to provide income and stability for generations of small growers in PNG’s coffee producing provinces.