

TERMS OF REFERENCE

Enhancing the Export Competitiveness of Jamaica Coffee Exporters to EU market

1. BACKGROUND INFORMATION

1.1 Beneficiaries

CARIFORUM Region: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago.

1.2 Contracting Authority

Caribbean Export Development Agency (Caribbean Export)

1.3 Relevant Background

Coffee is one of the most recognizable exports from Jamaica, making significant contributions to the country's economic outlook. According to the Jamaica Agricultural Commodities Regulatory Authority (JACRA), revenue earned from the coffee industry contributed approximately US\$17M based on an average for the last 3 years. Jamaican coffee is divided into two distinct groups, representative of the island's two Trademarked Brands: Jamaican Blue Mountain (JBM) and Jamaica High Mountain (JHM) coffee. Jamaican Blue Mountain (JBM) coffee with its global reputation for quality and prime access to lucrative niche markets worldwide is the more notable of the two, leading in domestic exports and prevailing against other international competitive specialty brands and price pressures. The product gains its competitive advantage from superior taste, quality and appearance.

Even with its limited production capacity, the quality of JBM coffee is ranked #1 brand on the international market, with price values going as high at \$US70 per lb. In 2018, green bean coffee exports (60% of beans produced) for Jamaica were valued at US\$17.5 million with Japan importing 60% of Jamaica's total coffee bean exports, and the United States of America (US), the European Union (EU), and the rest of the world collectively accounting for 40% of the share of the market. The remaining 40% of beans produced is sold on the domestic market having not met

the rigorous standards to become JBM certified. However, fluctuating market conditions and domestic challenges, have seen exports at their lowest level in 5 years.

The specialty coffee market is where Jamaica Blue Mountain coffee is best served as a premium brand. Prices of green beans reached as high as US\$26 per kg in 2018 for the Japanese market while roasted beans to the USA were sold at US\$38 per kg. In comparison, other premium brands are traded at US\$15 per kg, thus demonstrating that JBM coffee can attract higher price points than other competing specialty coffees.

According to Centre for Promotion of Imports from Developing countries (CBI), Europe is the largest coffee market responsible for a third of global consumption and is a very attractive market for coffee exporters. Further, there is a growing specialty coffee segment which offers exporters the opportunity to compete on quality and establishing long-term relationships rather than price. Even though the long-term demand in the European market is expected to remain stable, the International Coffee Organisation (ICO) has projected a decline in coffee consumption in 2021 citing a reduction in 'out-of-home' consumption due to the COVID-19 pandemic. Despite this, the consumer demand for quality coffee shows no sign of disappearing with the global coffee market expected to grow at an average annual rate of 5.5% between 2020 and 2025.

In light of the foregoing, a focused market access and value chain strategy towards strengthening the unique brand identity of JBM Coffee that maintains the national brand and moves the range of coffees into sophisticated markets which demand a higher quality coffee like JBM is being considered.

2. SCOPE OF WORK

Caribbean Export is seeking the professional services of a consultant who will be tasked with the responsibility for designing, executing and reporting on research which will have the following objective:

- A full review of the EU coffee market, including requisite market entry requirements as well as an analysis of the market penetration strategies of other major coffee suppliers with the aim of enhancing the competitiveness of Jamaica coffee exporters in the EU markets.

2.1 Specific Activities

In order to achieve the objectives of this study, the consultant will be required to undertake the following activities:

- Demonstrate a clear understanding of the assignment and develop a research design and methodology which appropriately reflects understanding of the assignment and is commensurate with the expected standards for high quality business and economic research;
- Analyse the trade and export potential of Jamaican coffee to targeted EU markets;
- Consider how the use of the CARIFORUM-EU EPA can increase trade in coffee, including the areas of value addition/value chains in EU markets;
- Examine the market entry requirements for existing and potential trade partners in the EU;
- Examine the challenges of coffee exporters seeking to tap into EU markets;
- Analyse the market penetration strategies of other/competing specialty coffee exporters entering the EU market;
- Develop a market penetration strategy for Jamaica coffee exporters for the EU market, with reference to Jamaica's positioning in Japan as a benchmark and to relevant comparators in the United States market;
- Create, synthesize and collate quantitative and qualitative information regarding the activities to be undertaken and deliverables identified in 2.2.
- Undertake desk research/interviews, which should include engagement with firms, specialty coffee industry associations and government ministries/competent authorities etc. in order to define the suitable approach to positioning Jamaican coffee and expanding its value and volume of exports to the EU market.
- Consult with Jamaican coffee stakeholders for research and validation of research findings.
- Secure meetings with influential players in the EU coffee market and facilitate dialogue with said players and the Jamaican coffee stakeholders.

2.2 Deliverables

The study of the potential opportunities to increase exports of Jamaican coffee brands (JBM, JHM) into the EU market, including:

- I. Analysis of the demand for the two trademarked brands Jamaica Blue Mountain Coffee and Jamaica High Mountain – green beans and roasted beans – in the EU market.
- II. Review of the underlying challenges within the industry affecting production for green and roasted coffee beans.
- III. Identification of the challenges Jamaica coffee exporters face when seeking to tap into the EU market and recommendations for addressing the challenges identified.
- IV. A market penetration strategy for Jamaica Coffee exporters for the EU market with reference to Jamaica’s positioning in Japan as a benchmark and to relevant comparators in the United States market.
- V. Identify the unique market opportunities for single origin and organically grown coffee, as well as value added products for specific market segments including youth, socially and environmentally conscious consumers and high-income consumers.
- VI. Analysis of the market penetration strategies of other/competing major coffee exporters in the reference markets in the respective market segments.

3. PROJECT MANAGEMENT

3.1 Responsible body

The Caribbean Export Development Agency will be responsible for the management and coordination of this project.

3.2 Management structure

Caribbean Export’s Manager for Competitiveness and Export Promotion will retain overall responsibility for the project and will report the performance of the project to the Executive Director. Day-to-day supervision of the activities of the project is the responsibility of the Senior Advisor for Competitiveness and Export Promotion.

3.3 Facilities to be provided by the Contracting Authority and/or other parties

Not applicable.

4. ASSUMPTIONS & RISKS

4.1. Assumptions underlying the project intervention

The intervention logic underlying this consultancy assumes that:

- The study can be completed in the designated timeframe of 60 working days.
- A suitably qualified consultant/consulting firm can be contracted to undertake the study within the constraints of the resource allocation.
- The project will inform a wider long-term developmental strategy for the Jamaican coffee sector, and the project will benefit from input of Jamaican coffee industry stakeholders, including Jamaica Promotions Corporation (JAMPRO), Jamaica Agricultural Commodities Regulatory Authority (JACRA), Jamaica Coffee Exporters Association (JCEA);
- Caribbean Export's problem can be clearly defined by the consultant and data/information are accessible.

4.2. Risks

- The designated timeframe is inadequate for the successful completion of the study. The consultant is therefore expected to work with Caribbean Export to facilitate effective project management.
- Caribbean Export notes that disruption caused by Covid-19 may make it difficult to interpret any trade trends since about March 2020.
- The resource allocation is inadequate, requiring a redefinition of the scope of the study. Caribbean Export expects transparent preliminary engagement with the consultant to ensure agreement on the scope of the study within the constraints of available resources.
- The contracted consultant/consulting firm is not suitably qualified to successfully execute the desired research. Caribbean Export will select consultants based on a system of weighted

average scores based on criteria such as, (1) demonstration of a clear understanding of the assignment, (2) research design and methodology, (3) experience conducting similar research, (4) professional qualifications, (5) coherence and completeness of project execution plan.

4.3 Commencement and Execution

The intended commencement date for this assignment is, **December 20, 2021** and is expected to be completed by **April 30, 2022**.

5. REQUIREMENTS

5.1 Key Expert

The profile of the key expert is as follows:

- A postgraduate degree in international trade or business, marketing, law, public policy, economics, or a related field, with at least 5 years qualifying work experience.
- 10 Years of demonstrated experience working in/with the Caribbean region and the EU market, or on projects in the region, specifically in the area of international trade.
- Specific knowledge and experience in the commercialisation of specialty coffee and the coffee sector in Jamaica;
- Demonstrated understanding of the CARIFORUM-EU EPA and the practical application of the Agreement to the sector;
- Demonstrated knowledge of EU market access requirements and competitive landscape for specialty coffee and substitutes;
- Familiarity with the Japanese and United States speciality coffee markets would be a strong asset;
- Fluent in English, however ability to speak Spanish, French and/or Dutch would be an asset.

6. REPORTING REQUIREMENTS

6.1 Reports

The consultant shall provide the following reports:

- An Inception Report (Report 1) that includes a proposed Project Plan, as well as timelines, to be presented within 10 working days of the commencement of the consultancy. Prior to the submission of the Inception Report and the commencement of the contract, the consultant will be required to attend an inception meeting (meeting to be conducted virtually if the consultant is not present in Barbados) with the Caribbean Export team. In this regard, the proposed Project Plan should reflect the understandings between the consultant and Caribbean Export and at a minimum take into account (a) the consultant's understanding of the description and scope of the project, (b) the consultant's approach to execution, i.e. operationalization of research design and methodology (c) key assumptions, (d) methodologies for project risk management, managing decisions which would impact the project schedule, tracking activities and status reporting, (e) project deliverables and responsibilities, (f) work breakdown structure, (g) project schedule, (h) detailed budget.
- Draft Report answering all research questions put forward in Section 2, Scope of Works of this ToR.
- Final Report incorporating all feedback from CE on the draft report in pursuit of Scope of Works identified.

Each report must be submitted as: (i) one electronic file in MS format and (ii) an electronic file in PDF.

7. SUBMISSION DEADLINE

A financial and technical proposal should be submitted by **December 10, 2021**. At a minimum, the submitted proposal should include; company/consultant profile, understanding of the project and

proposed methodology, available experts and qualifications, project schedule for activities and a detailed proposed budget.

All submissions should be sent to:

Ms. Natallie Rochester, Consultant, Competitiveness and Export Promotion, email address: nrochester@carib-export.com, with a copy to, Dr. Damie Sinanan, Manager, Competitiveness and Export Promotion at email: dsinanan@carib-export.com.