



**COFFEE PRICES
SKYROCKET FROM
DECADES OF
DEFORESTATION;**
to save future coffee, adopting
agroforestry is key



- It's been reported that climate change is the reason for record high coffee prices, but what's received less attention is the root cause of the problem: deforestation.
- Coffee costs more now due to decades of deforestation by the industry, making it a "cannibal commodity."
- The good news is that coffee companies and producer governments still can address the problem. To contain the impacts of past deforestation and promote predictability in production, they must transform all existing monoculture coffee to shade-grown coffee, aka agroforestry.

If **you're a coffee lover**, you may have noticed that the price of coffee recently went through the roof. Coffee prices on the world market are the highest in history.

You may have also read that **global warming is to blame for recent sky-high prices**, with wild weather anomalies hitting coffee farms hard.

What's received less attention is the **root cause of the problem**.

While the weather anomalies are worsened by global warming, what's actually causing them is largely local deforestation—more specifically, the clearing of forests to make way for coffee plantations.

Coffee is a "**cannibal commodity**." Its production has killed the forests that have helped it thrive. Now, standing in the wreckage of once-spectacular tropical forests, coffee farms struggle.

Forests are essentially rain machines: **kill forests, and the rains go haywire**. Without forests, you lose the rainfall they make possible. You lose forests' ability to buffer agricultural systems like coffee from droughts by keeping soils moist. Air moisture that forests generate also vanishes.

Additionally, you lose forests' air-conditioning effect, which keeps air cool and moist, thereby protecting nearby agricultural systems (like coffee) from heat domes. Have you ever walked into a forest and felt a delicious moist coolness caressing your skin? Imagine losing that at an epic scale.

Imagine losing 90% of your forests. This is not an idle speculative number drawn from a hat. Brazil's Mata Atlântica has declined by well over 90 percent historically, and much of that deforestation was for coffee. Brazil is the #1 producer of coffee, making up around 40% of global supply. But other coffee producing countries have also experienced massive deforestation.

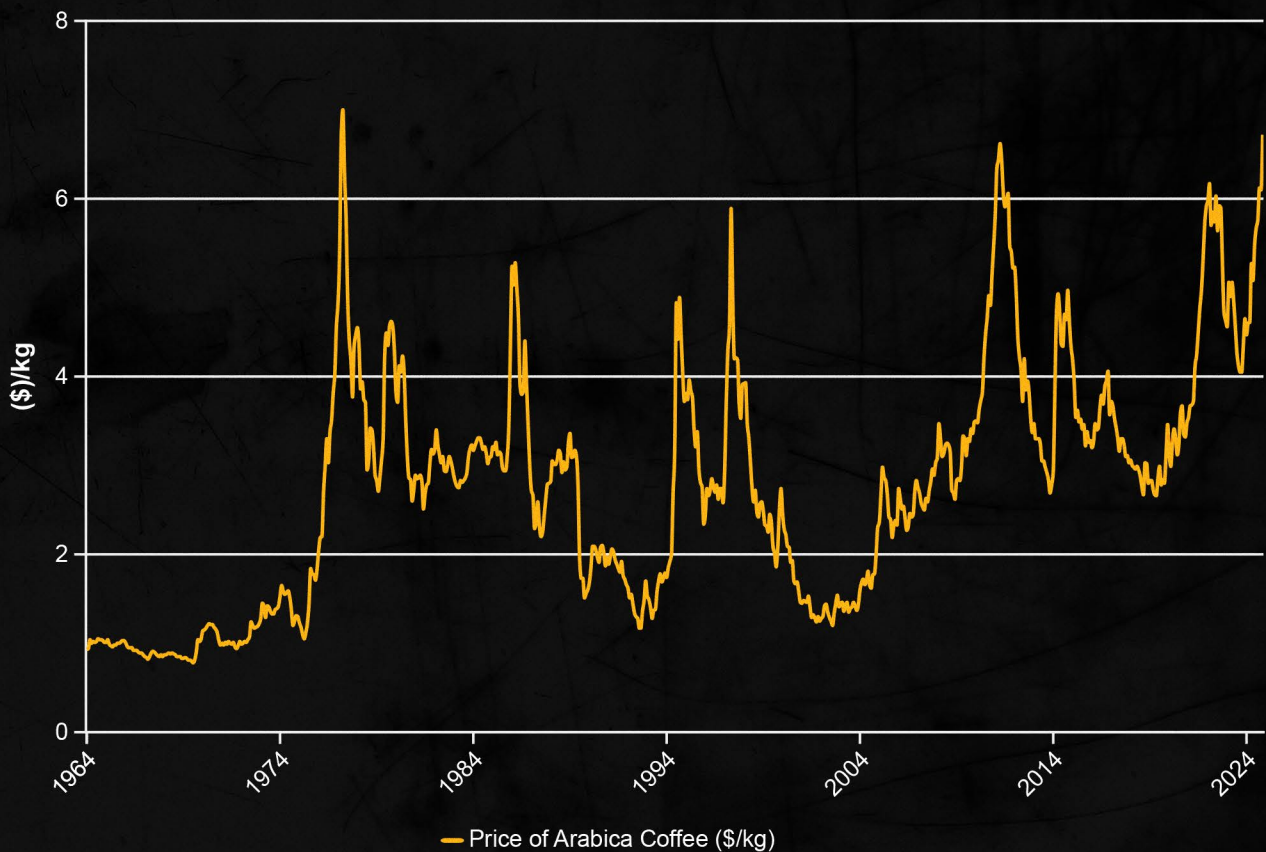


Forests don't only save us when it's hot or dry. They also help when it's overly wet. Acting like giant sponges, they suck up vast quantities of water, thus protecting agricultural systems like coffee from storms, floods, or unseasonably intense rainy seasons.

Coffee-driven deforestation has ravaged local rain cycles, and we now reap the whirlwind with crop failures. **The result is a shrinking coffee supply**, which in turn will trigger panic and speculation including by “non-commercial traders” in futures markets, and then skyrocketing prices. (Exactly like what happened in cocoa recently... **A 10% cocoa shortage resulted in a multiplication of world cocoa prices by a factor of more than four (+300%) since speculation is a common factor in commodity markets in periods where prices shoot up.**)

But the bottom line is that coffee costs more now because for decades, the coffee industry obliterated forests. **Unless we change course, shortages will only get worse, and coffee prices will only increase.**

Market Trends for Arabica Coffee: 1964–Present



Source: World Bank Commodity Price Data (The Pink Sheet)

The good news is that coffee companies and producer governments still can address the problem. To do so, they must halt all future coffee-driven deforestation—an especially critical task now that high prices risk triggering a production boom, with impoverished farmers rushing to benefit from high prices by replacing the last remaining forests with coffee. To contain impacts of past deforestation and promote predictability in production, they must transform all existing monoculture coffee to shade-grown coffee (aka agroforestry coffee). Agroforestry systems weave trees in and around coffee, instead of mono-cropping where farms consist of a sea of unbroken coffee. Although agroforestry coffee will never stabilize rainfall as well as forests, it functions substantially better than a monoculture.

If that sounds like a pie-in-the-sky-tree-hugger fantasy to you, think again. Already, thousands of ethical coffee farmers and companies are deploying agroforestry. Experts at the Smithsonian, who are hardly frothing-at-the-mouth activists, created a certification scheme to guarantee agroforestry coffee. From industry pilots, we know how to shift from mono-cropping to agroforestry.

What industry lacks so far is the will to shift, which can help save our coffee and our planet. It's the only one we've got! (Sorry Elon.)



 **COFFEE WATCH**