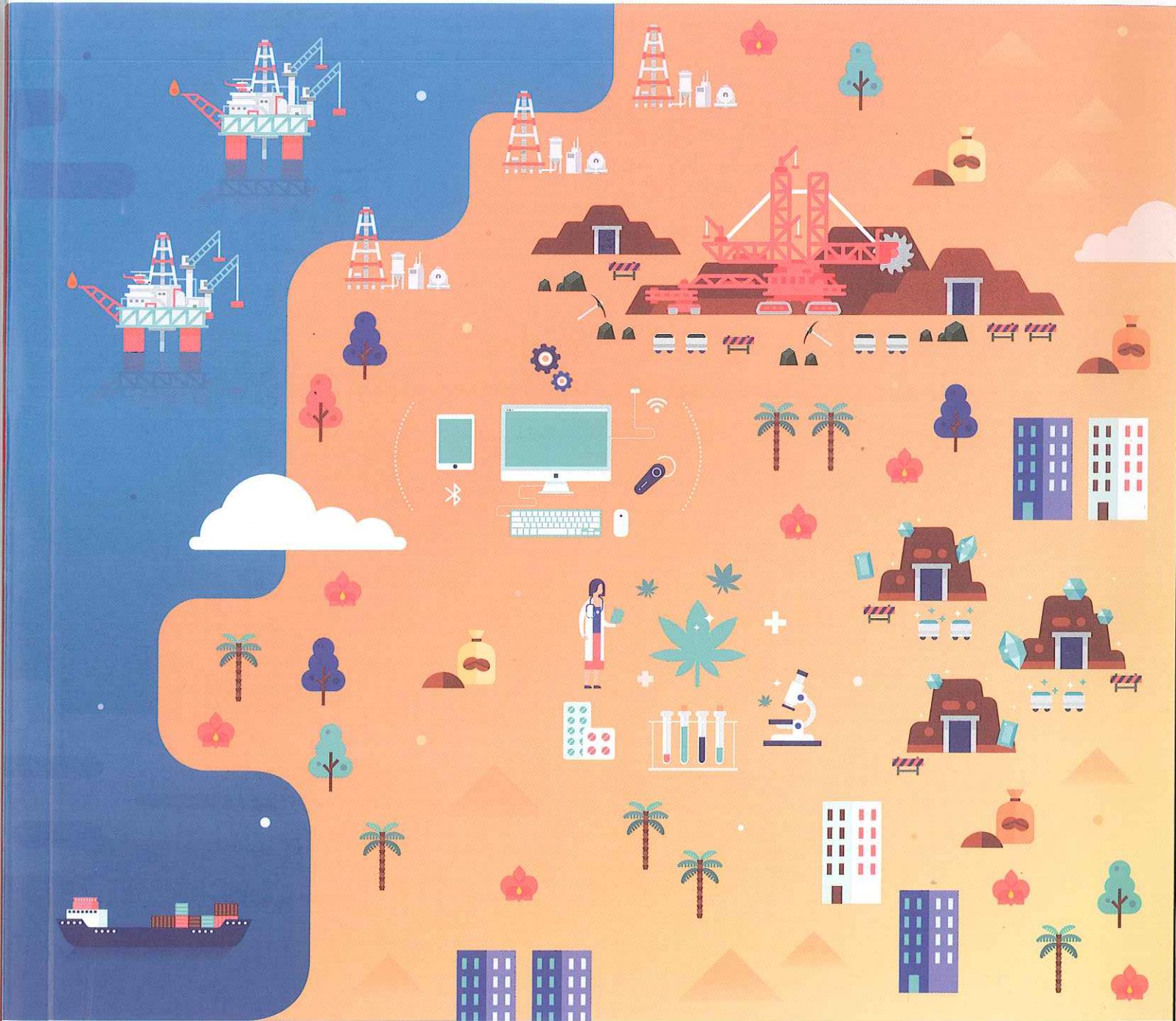


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Juan Pablo Campos
FOUNDING PARTNER,
LOHAS BEANS



Carlos de Valdenebro
COUNTRY MANAGER COLOMBIA,
CARAVELA COFFEE

PREMIUM COFFEE

Producing the best coffee requires more work on certifications and quality practices.

What sets you apart in the market?

JUAN PABLO CAMPOS We are a relevant exporter of specialty coffee in Colombia focused on trading certified coffees. By "certified" I mean organic-, Fair Trade-, and Rainforest Alliance-certified. Those are the three main certificates that we trade with our partners. What is relevant is that we have a transparent mechanism through this certification of transferring price premiums to producers. Each of these certifications involves a premium. If one is organic certified, they receive a specific premium for that certification. The same is true for Fair Trade or Rainforest Alliance certifications. That is how we add to the income of our producers. We pay the base price as any other exporter, and then we attach the certificate premiums. This provides the producer extra income and makes his work profitable and sustainable.

CARLOS DE VALDENEBRO We have a model in which final farmer payments are

solely based on the quality delivered to our warehouses, and we are confident to say that we pay far higher prices than anyone else. We pay the most and demand the highest quality from our farmer partners, which allows us to export the best and highest priced coffee coming out of Colombia. As a quality-focused business model, this means that we are able to pay high quality premiums to the farmers as we educate them in how to process their coffee differently, while we support and encourage them to produce only top-quality coffee. As we demand more, we also pay more. For example, for our lowest-quality coffee, a farmer receives a 20-25% premium over commercial coffee, while our top-quality coffee can easily pay a premium of 300-400%. We create change and positive development in coffee growing communities by focusing on our five operating pillars of promoting cup quality, improving farm management, increasing productivity and efficiency, sustainable practices, and community development. For ex-

ample, we have a division that covers all our educational efforts called PECA. In Colombia, we have over 16 agronomists trying to help educate farmers on best practices for constantly producing the highest quality as we search for new areas and relationships. Producing high-end quality is not rocket science, but it does need a different mindset that only farmers who are willing to go 'the extra mile' have. The best coffee requires more work, and we only work with the best farmers.

How are you working to enhance your position as a market leader?

JPC The global coffee market is undergoing a dynamic and aggressive consolidation process similar to what happened in the beer market. Actually, the same actors that participated in the global consolidation of beer have made their way into the coffee market to consolidate premium roasted coffee brands. Obviously younger generations and coffee consumers are very interested in sustainability, as well as environmental and social issues within the coffee supply chain. There is also a huge global demand for what we call voluntary sustainability standards (VSS). So these companies are keen on having voluntary sustainability standards, such as organic, Rainforest, or Fair Trade. As such, a business can voluntarily adopt specific standards, as consumers demand such certifications.

CV We have replicated the Colombian model in eight different countries across Latin America. We educate and train small and medium-sized farmers to develop the highest quality. As of 2018, we exported coffee to almost 30 countries worldwide and have close to 300 different customers. All of our customers are coffee roasters that are committed to quality and long-term relationships. That said, the US is by far the largest market, followed closely by the UK and Australia. Japan is also seeing huge growth rates, as is Asia in general. We also sell to some companies in Colombia, a local market that is slowly developing in really interesting ways. We have local roasters in almost every country that we operate in, something that did not exist even five years ago. ✖