



21 Jul 2009 14:34 EDT **DJ US Organic Coffee Sales Perk Up Despite Dozing Economy**

NEW YORK (Dow Jones)--Despite lagging economic growth, the North American organic coffee market topped \$1.3 billion in 2008, making it the single most valuable organic product imported, a coffee market analyst said Tuesday.

"Most of us in the industry were looking for a disaster [in the organic coffee market] much to our surprise, the opposite happened," said Daniele Giovannucci, author of "The North American Organic Coffee Industry Survey 2009," at an event here hosted by the Organic Coffee Collaboration, a project of the Organic Trade Association.

Organic coffee imports into the U.S. and Canada increased by 12% in 2008 to 89 million pounds, according to Giovannucci's report.

The U.S. is forecast to import 21.5 million bags (roughly 132 pounds/bag) of green coffee in the year ending Sept. 30, according to June data from the U.S. Department of Agriculture.

Most of the 2008 organic coffee was sold in the U.S., he said.

Coffee drinkers relate to organic and certified foods as being safer than uncertified products, according to Giovannucci. Consumers are also loyal to products they perceive as good for the environment and helping others, he said.

Consumers will skip other purchases or trade down to less expensive certified coffees to purchase the certified blends, said Giovannucci.

A recent nod by the American Medical Association acknowledging the health benefits of organics bolstered consumers' green leanings, he added.

Premiums have also risen for farmers in the last year despite the world economic situation, Giovannucci said.

The U.S. is the world's leading buyer and consumer of organic coffee, which accounts for approximately one-third of its organic beverage category, 15% of total U.S. organic sales, Giovannucci said. Approximately two-thirds of the organic coffee that comes into the U.S. is approved by at least two certifiers, fair trade certification being the most popular, he said.

Organic coffee category sales expanded by 29% on average annually from 2000-08, compared to the estimated 1.5% annual growth rate for conventional coffee industry, according to Giovannucci's report.

Organic and specially certified coffees typically sell at a premium to conventional coffees. The organic and specialty blends are often sourced directly from producers in Central and South America, Southeast Asia and Africa, who grow them without the use of pesticides in an environmentally sustainable manner. Some certification standards, such as Fair Trade, ensure part of the premium is used to the economic advantage of the farmers' cooperatives that harvest the coffee.

Giovannucci is a former World Bank consultant and co-founder of the Committee on Sustainability Assessment with nearly 30 years of business and development experience.

-By Holly Henschen, Dow Jones Newswires