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London School of Economics - Business, International Relations & the Political Economy



Essay

## Climate change and its risks and opportunities for coffee producers

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## **About**

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## Climate change and its risks and opportunities for coffee producers

"Coffee was one of the first commodities of globalization: produced on the other side of the world, shipped over the seas and processed in different steps in a global production chain already more than 500 years ago. The modern productivity of workforce in the western world and the entire economic development, especially after WWII, relied on the 'legal drug' coffee, probably more than on any other substance. Without coffee's waking capitalism wouldn't be as productive as it is: The man-machine, today's highly productive and stimulated labor subject, sleeps on barbiturates or alcohol in the night, survives on antidepressants through the day, and turns on caffeine at work"<sup>1</sup>. (Soeren Hars)

The World Coffee Research (WCR) is an international NGO that does researching, advocacy and networking in the coffee sector, as well as breeding new varieties of coffee (World Coffee Research 2018:1). The WCR focuses on the needs of growers and roasters to "save the future of coffee" (World Coffee Research 2018:2). The WCR draws dramatic outlooks on the future of coffee (World Coffee Research 2017:1), since climate change has massive impacts for the coffee industry: Coffee plantations are directly affected by rising temperatures and winds, change in humidity, more sun hours per day and less rain (annually per m<sup>2</sup>) or severe weather conditions. Also coffee is indirectly affected by microbiological changes, as due to climate stress many old varieties show increasing susceptibility to diseases and pests, since new climate conditions often foster ideal environments for diseases. The WCR expects by the year 2050 a *coffee gap* on the world market of estimated of 60 million bags per year, if the current development continues (ibid.).

The *coffee gap* is made up of:

1. a rising demand,
2. a scientific gap in terms of developing new plants and new cultivation technologies,
3. and the climate change gap.

The climate change gap of coffee occurs because many traditional coffee growing regions are under threat, as farmers are forced to closures or to relocate (World Coffee Research 2018:3).

The chances for the branch, resulting from these circumstances, are:

1. the establishment of new coffee sites and regions and

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<sup>1</sup>1. Said in a speech held in January 2017 in Samaipta. In terms of the history of coffee also check out Jacob (2006)

2. the implementation of new cultivation techniques and technologies.

For the western roasting industry (and consumers) climate change comes at a risk, since new regions and growing sites yet don't counterbalance reduction and closure of sites in traditional regions (ibid), raising the likely-hood of price instability caused by shortage (Dunbar 2018). Discussing the dimensions of social analysis, as noted in the course material in Module 2, 3 and 7 (LSE M2 U2 2018 / LSE M3 U2 2018 / LSE M7 U2 & U3), shall conclude here the disruption in coffee production caused by climate change:

1. Economically: The opportunities of recent developments for coffee producers are increasing prices due to shortage and therefore better margins. This comes at the risk of unpredictable price developments, which could also lead to strong movements in coffee stock markets, that would negatively affect producers long-term investment calculations as margins would become nearly unpredictable (Dunbar 2018).
2. Technologically: Scientists and WCR implement next-generation genomics in the field of coffee, which the LSE course material considers to be another driver of change with broad impacts (LSE M7 U3 2018). This includes many opportunities, like creating higher yielding crops of higher quality than older varieties, while being less susceptible to diseases and climate harm, thus promising increase of productivity in coffee production.
3. Socially: Due to closures of production sites caused by climate change (and other factors) many coffee workers are threatened to lose jobs, leaving families in poverty and again supporting rural exodus.
4. Politically: National governments react or not react very different to disruption caused by climate change in the coffee sector. The producers are waiting for responds by governments. Bolivia, for instance, has recently started a national campaign supporting farmers to build up new plantations (Prensa Latina 2018).
5. Environmentally: Due to climate change producers today often apply more sustainable growing procedures, like growing under shade and less intensive (Wintgens 2012). Hence, one could say climate change fosters production procedures that avoid worsen of environmental destruction, as it leads to a more ecological and sustainable ways coffee growing.

## References

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**Note of understanding: This essay was written in attempt to meet the following question and requirements**

“1) Choose one of the following disruptive forces:

- Climate change
- Cybersecurity threats
- Automation

Assess a threat and an opportunity associated with your chosen disruptive force from the perspective of an organisation of your choice, by conducting independent research and referring to the content covered in this module.

When writing your essay, you are required to make reference to the course material and any other sources consulted as part of independent research (...). Your submission, excluding in-text citations and list of references, **may not exceed 600 words.**”