

The background of the slide is a photograph of coffee beans. In the foreground, a large pile of dark brown, roasted coffee beans is scattered across a light-colored wooden surface. To the right, a white ceramic coffee cup is tilted, with more coffee beans spilling out of its opening. The background is softly blurred, showing more of the wooden surface and the cup.

# PROCESS OF COFFEE PACKAGING AND PAYMENT TERMS

## (A.) PACKAGING

### I. Green Coffee Packaging:

- ▶ **1st Level Packaging:** - Exported in 60kg Jute bags depending on the country. for example, exports to Europe and the USA green pro packaging is used and sold at 50 Kg but packaged at 60 Kg. Exported in a 20ft container totaling 19.2 tonnes, carrying 60kg bags, totaling 360kgs per container.
- ▶ **2nd Level Packaging:** For exports to Taiwan and Japan, vacuum packs in white, 30kg cartons.
- ▶ **3rd Level (Bulk Packaging):** Full-load container blow-in into food-grade bags.



## II. Roasted Coffee Packaging:

- ▶ Specifically done according to the client's requested roasting profile (medium roast or dark roast).
- ▶ Packaged in 250 grams, 500 grams, and 1kg packages with one valve to allow air out.
  - ▶ 250g carton: 48 Pieces
  - ▶ 500g carton: 24 Pieces
  - ▶ 1kg carton: 12 Pieces
- ▶ Each carton weighs 12 kg.
- ▶ A container load for roasted coffee will have 600 cartons of 12kg, totaling 7200kgs/7.2 tonnes.



## (B.) PAYMENT TERMS

▶ Payment can be done in two ways;

1. Letter of Credit (LC) - Documentary Credit:

a) **Sight Irrevocable Letter of Credit:** Goods are inspected upon reaching the destination. Copies of documents are presented. Issuing bank: Buyer's bank. Corresponding bank: Middle bank. Paying bank: Exporter's bank.

▶ LC conditions and terms include:

- ▶ Goods should be in order.
- ▶ Weight should correspond with the contract.
- ▶ Goods must have correct moisture content.

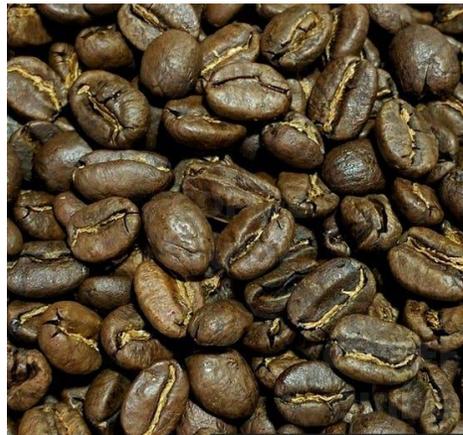
b) **Issuance Letter of Credit** -matures in 30, 60, or 90 days.

## 2. Cash Against Document (CAD):

- ▶ Cash is paid against complete shipping documents, including:
  - ▶ Commercial invoice.
  - ▶ Phytosanitary document.
  - ▶ Packing list (issued by the warehouse).
  - ▶ Weight note.
  - ▶ Fumigation certificate.
  - ▶ Certificate of origin (issued by Chamber of Commerce).
  - ▶ International Coffee Organization certificate (ICO).
  - ▶ Ordinary Bill of Lading (3 originals and 3 non-negotiable). If there's no trust, the exporter sends a telex release with the shipping company.

# COFFEE GRADES, QUALITY AND PRICES

1. **AA (Specialty coffee)** - these are typically the largest and highest quality beans available. They are often characterized by their large size and uniform shape, indicating that they were grown under favorable conditions and carefully processed. They are usually free of defects and have a distinct flavor profile, often associated with premium or specialty coffee.



**2. AB (Premium coffee)** - these are slightly smaller in size compared to Grade AA beans. They may have a few minor defects or irregularities in shape, but overall, they are still considered to be of good quality. They can vary in flavor profile depending on factors such as the region they were grown in, the processing method and the specific variety of coffee plant.



**3. PB (Commodity coffee)**- these are specific types of coffee beans that has unique round shape, unlike the typical flat-sided coffee beans. Pea berries are often considered to have a more concentrated flavor compared to regular beans from the same crop, although this can vary depending on other factors such as processing and roasting.



# N/B

## QUALITY

- ▶ Quality is dependable on the attributes/ the grade the buyer is looking for in the coffee. Different countries look for different attributes/grades.

## PRICE.

- ▶ Coffee is sold in USD. The prices differ according to quality, destination and the contract agreement with the buyer. For Specialty Coffee, ranges between 8 USD and 12 USD per kg, Premium Coffee ranges between 7 USD and 9 USD per kg and Commodity Coffee is fixed at 7 USD currently.

# PROCEDURE FOR COFFEE EXPORT

## a) Prerequisite: Licensing

► Requirements for coffee Dealer/Exporter /Trader's license are as follows;

1. A certified copy of certificate of incorporation
2. A certified copy of memorandum and articles of association
3. A paid up share capital of not less than Kshs 300,000/=
4. Names of company directors, individual National ID/Passport No, Pin Numbers
5. Names and addresses of two business referees
6. Tax compliance certificate from Kenya Revenue Authority (KRA) for the Company
7. Clearance letter from the Nairobi Coffee Exchange (NCE) in the case of renewals
8. Compliance with Statutory requirements, including but not limited to, NEMA certificate (where applicable) Safety & Occupational Health Certificate (where applicable) and Local Authority Business Permit
9. A valid performance bond of Kshs 1,000,000/= in favour of the Authority
10. Proof of engaging the services of a coffee liquorer registered by the Authority
11. Undertaking to furnish the Authority with monthly returns
12. Any other requirements that may be prescribed by the Authority from time to time

## b) Coffee export procedures in Kenya through Port of Mombasa

- ▶ The trader obtains a movement permit to transport coffee to Mombasa -3 steps
- ▶ A holder of a coffee buyer license
- ▶ Apply for coffee movement permit
- ▶ Pay for movement permit
- ▶ Obtain coffee movement permit for transportation



### c) Obtain International Coffee Organization (ICO) Certificate of Origin- 7 steps

- ▶ A coffee buyer license holder must apply to KENTRADE licensing through the KENTRADE National Single Window
- ▶ Trader deposits an advance fee (pre-payment)-Kshs 3,500 for the initial 50 export consignments [Pre-payment is whereby a trader deposits a wholesome amount of money in advance where it is deducted from the account upon submission to the Coffee Directorate]
- ▶ Coffee directorate Opts in/Opts out the trader depending on validity of their licenses
- ▶ Trader makes application for ICO certificate of origin and obtains Unique Consignment Reference No (UCR)
- ▶ Trader makes payment for the ICO certificate of origin online
- ▶ Trader submits application ICO certificate of origin online through Kenya Electronic Single Windows System (KESWS) to the Directorate
- ▶ The checking officer at the Directorate receives the application and views the attached documents, recommends and submit to verification officer who verifies and approves the certificate of origin
- ▶ The Trader monitors the status online, downloads and prints ICO certificate of origin for export.

#### d) Other pre-clearance documentation

- ▶ Trader engages a contract clearing agent
- ▶ Trader/Agent books shipping space through a shipping agent
- ▶ Trader/Agent lodges a custom entry
- ▶ Pays merchant shipping levy
- ▶ Obtains passed clearance entry request for KEPHIS inspection
- ▶ Pays for KEPHIS inspection
- ▶ Inspection carried out by KEPHIS
- ▶ Makes an application for Phytosanitary certificate/obtains Phytosanitary
- ▶ Makes an application for Port Health release/obtains Port Health release certificate
- ▶ Submission of clearance documents for verification
- ▶ Physical verification of cargo by KRA officers Lodge a pre-advice/obtain KPA invoice and receipt  
Submit clearance documents to KRA booth gate clerk and export gate clerk
- ▶ Scanning of the container
- ▶ Submit clearance documents to export yard clerk/obtain export certificate
- ▶ Obtain bill of lading

## 3.0 Export license required and where to get them

**a) Dealers /Export license-**This license is issued by AFA Coffee Directorate. It enables the holder to Export/Import or roast and package (Value addition). The holder of this type of license is expected to buy coffee for export from the Nairobi Coffee Exchange (Central Auction) and not from individual farmers.

**b) Grower Market License-**This license is also issued by AFA Coffee Directorate and it enables individual growers to export their coffee directly to buyers outside the country.



## 4.0 USA market access required documentation / export support documentation and where to get them

### a) Common documents required

- ▶ Photos, issued online - KEPHIS
- ▶ ICO: - International Coffee Organization certificate of origin (online Kentrade) AFA Coffee Directorate
- ▶ EURO1/ GSP/COO- Chamber of commerce in process of full automation
- ▶ Quality certificate - BV/SGS (v). Fumigation certificate - BV/SGS
- ▶ Watch for OFAC- Office of foreign asset control- US Treasury

# For more info:



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