Your Name

Instructor’s Name

Course code

Date

Question: Who benefits from the coffee trade the most?

Answer: According to the film the economy of the community in the Oromia region solely depends on the production of coffee. Coffee is one of the most traded products with its value only second to the oil industry. However, the people who are benefiting from the coffee industry the most are the trade organizations and larger companies among the world's wealthiest cities. Large corporations are controlling the prices of coffee in an unregular market. The coffee importers have options to protect their stock and the New York “C” contract market sets the prices according to their benefits. The prices of the coffee markets are very unstable and it varies vividly. The majority of the coffee traders in the world reside in New York City and the trade target is more than ten times that of what is produced annually. The big companies like Starbucks, have raged about the opportunities that they provide to people but in reality, their source of the coffee is Ethiopia, where the people are experiencing huge scarcity.

Question: How does coffee production influence the previous economy based on self-subsistence agriculture?

Answer: The Ethiopian government is seeking to find new traders so that they can improve the livelihood of their farmers. They are trying to step out from a pure agricultural commodity to a more functional market product. They are also trying to improve the pricing structure of the country and are moving their pricing strategies from quality than quantity base. The country has made deals with big traders to use local trademark names to encourage local farmers in making quality products. The country also hopes to increase its coffee exports by more than 25 percent. The country has also reached a licensing agreement with Starbucks to cover the distribution and marketing of coffees like Harrar and Sidamo. This agreement means that Ethiopia has now right to three coffee names, however, this is also not enough as Starbucks will still not be made compulsory to pay any royalties to them.

Question: What are the implications of Specialization in coffee production on the country’s economy?

Answer: Coffee is the largest export crop of the Ethiopia economy. The coffee sector in Ethiopia is highly dependent on international rates/prices and is affected by the working structure of the coffee market all over the world. Over sixty percent of the total export revenues of Ethiopia consist of coffee and Ethiopia plays a significant role in the ‘global value chain' as it produces a fine quality of coffees. The farms are being extended for coffee production. Practices like planting cultivars, rejuvenation of aging trees, and strategic pruning have taken place. For the production of high-quality coffee, a better and improved harvesting system has been applied that has given a wonderful output. The performance of marketing has also improved and risen. It is a choice to the farmers to which traders they sell their product and it has resulted in the establishment of the local markets to become competitive. However, over the past few years, the coffee export value has decreased and it has affected the people and the economy of Ethiopia badly. The people that were dependent only on the coffee business are unable to afford even the necessities of life and cannot provide basic education to their children. The national economies are suffering and government funds are collapsing that has put pressure on the education and health of people forcing the government of Ethiopia into debts.

Question: The documentary focuses on the efforts of Tadesse Meskela, who founded a cooperative union. What can be gained from cooperatives and fair trade?

Answer: Many small-scale farmers have tried their best to fight against big established corporations by making unions and benefiting from international fair trade. Many small traders when combine and unify can fight the challenges by forming an organization through the cooperative structure. Small traders are now continuously trying to gain a foothold in the marketplace through gaining and access to knowledge and collective funding. This structure helps a lot in benefiting a country’s economy as the representation in the international market grows a lot through these cooperative structures. Around the world today 97 percent of the coffee is produced by the Fair-trade certified coffee production houses, which shows the immense importance of the structure.