



49TH
PARALLEL
COFFEE ROASTERS
EST. 2004

49TH EDUCATION:

Direct Trade

2021 SUMMARY & ANNUAL REPORT

WRITTEN BY:

David Pohl

GREEN COFFEE BUYER



Intro

At 49th Parallel we have long prided ourselves on our Direct Trade sourcing philosophy, which goes all the way back to 2004 when we first opened our doors in Vancouver. At that time we also began traveling the world, developing relationships and looking for the best coffees we could find. Along the way we have sought to build *meaningful long-term relationships* with producer partners around the globe based on the following principles:

- 1 TRANSPARENCY
- 2 QUALITY
- 3 SUSTAINABILITY

Transparency

49th believes that the foundation of long-term relationships is **transparency**. In this spirit we have decided to become data donors for the [Specialty Coffee Transaction Guide](#) in an effort to support tools designed to leverage the power of industry wide transparency. This report compiles the sourcing data of a growing number of specialty coffee roasters and importers to track “more relevant pricing benchmarks for differentiated coffees.” This information is useful to both buyers and sellers of coffee, helping them understand what the prevailing price levels are for different qualities of coffees from different regions. The hope is that by contributing our data we help the industry come to a better understanding of sustainable pricing levels for coffee farmers in Asia, Africa and Latin America.

Quality

Transparency comes into play in our negotiations with each of our producer partners during which we openly discuss farm-gate pricing tied to quality. This information is included on our contracts so that we and our partners know how much the farmer, exporter and importer were paid.

Through a transparent lens, 49th gladly pays higher prices for superior quality coffees, ensuring that the farmer receives the bulk of this premium, and our partners understand this. As most suppliers have a range of qualities, and 49th parallel has a range of product offerings, we seek to maximize what we buy from any given partner. We typically include everything from their top scoring lots used for Single Origin and Small Lot Series, to excellent quality larger lots used for staple offerings such as Epic and Old School Espresso. This allows us to transparently source more from individual suppliers creating greater shared impact and value.

Calibrating our expectations on quality is therefore critically important so that we are clearly tying higher prices to higher quality coffees. This process is ongoing but for the most part relies on periodic calibrations in which we cup coffees together and discuss the very complex concept of “quality”.

Sustainability

Sustainability is the third component of our long term relationship Direct Trade sourcing philosophy. With each of our partners we seek to support investments in their communities and the natural environment primarily through the purchase of coffee. By negotiating transparently and paying higher prices for better quality coffee, our partners have the resources to sustainably manage their natural resources and invest in schools, hospitals and infrastructure. When visiting suppliers we tour projects they are involved with and brainstorm how we can best support their efforts. In many cases our support is baked into the price we pay for the coffee; in other cases we support projects directly. 49th has also increased its supply of Organic Certified coffee for the past couple of years, doubling volumes since 2019. This is apparent on our menu where there are quite a few more offerings, including Single origins, these days. We expect to see this trend continue.





2021 Overview

2021 was a year of new normal, as we found ourselves more or less permanently adjusting to the chaos of the pandemic rather than leaving it behind entirely as many of us had hoped. In some significant ways it was better than 2020 - we began to travel again, visiting partners in Panama, Honduras and Colombia, and overall we felt more confident that we would be able to carry on with business through the ups and down of pandemic related closures and restrictions. But on the other hand the coffee industry faced unprecedented logistical delays starting in May, and experienced a significant spike in the green coffee futures market seeing the benchmark price for coffee increase by 80%. And while we are inclined to celebrate higher overall prices for coffee producers in general, these higher prices created a disincentive to produce quality which made seeking out the best qualities that much more of a challenge.

As in the first year of the pandemic, 2021 demonstrated once again the resiliency of our long term relationships based on Direct Trade principles. From Honduras to Ethiopia, we saw our producer partners go above and beyond to get 49th Parallel some of the top coffees in the world - against tremendous odds. Take logistical delays for example. Our partners in Peru, Origin Coffee Lab (OCL), were finding it nearly impossible to ship a container of coffees that we had contracted in July, a situation that has repeated itself many times since. Typically, contracted coffee would ship more or less when expected, but beginning in the summer of 2021, a shortage of containers and reduced capacity of shipping lines created a bottleneck. When the shipping lines started cancelling bookings sometimes just a day or two before coffee was due to depart, OCL could have canceled the business, re-selling this coffee into a market that had spiked since we signed contracts. Rather than give up, they dou-

bled down by working for months (literally 6 months) to find a confirmed booking and ship the coffee, and in the meantime locating replacement coffee that had managed to make it out before all of the shipping troubles had begun, saving us from having to scramble for coffee. This level of service is not taken for granted by 49th - we know that it comes with partnerships in which there is give and take over the years, and we experienced a number of other situation in which partners faced the shipping challenges of 2021 proactively and with our long term partnership in mind.

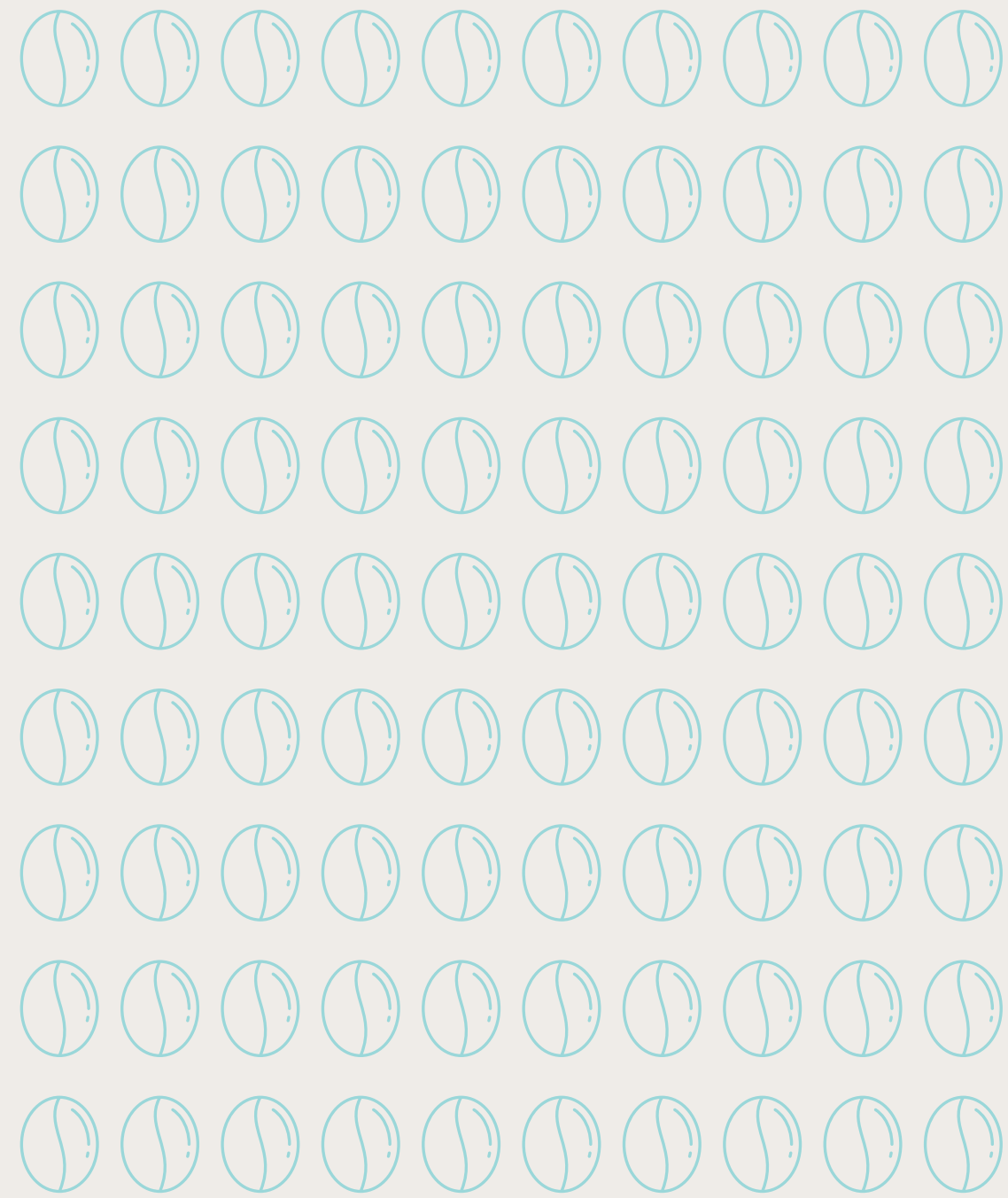
Our sourcing in 2021 came almost entirely (92%) from long term producer partners, up from 2020 (79%), a year in which we purchased more than we usually do from spot inventories, due to the

unique circumstances presented by the pandemic. In 2021, the 8% that did not come from relationships we bought from trusted importer partners to fill in the gaps - particularly decaf and to a lesser degree organic. The majority of organic coffees came from our direct trade partners rather than purchased from spot inventories, a strategy we have been working on for a couple of years, and have seen come together in 2021. While the overall % of organic we purchased in 2021 decreased over 2020, this was again due to the unique challenges presented by the pandemic, and we are seeing Organic volumes steadily increase over time.



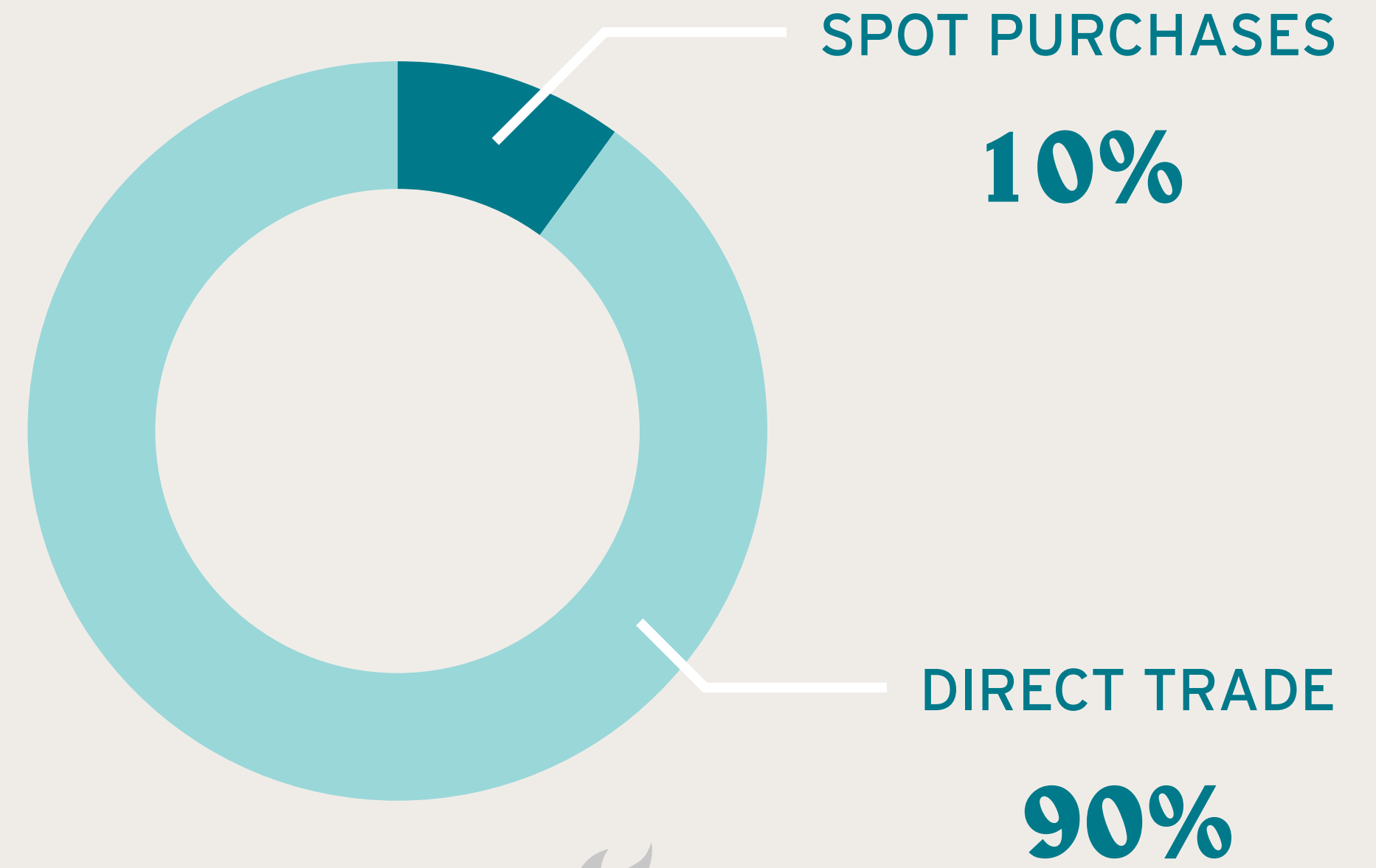
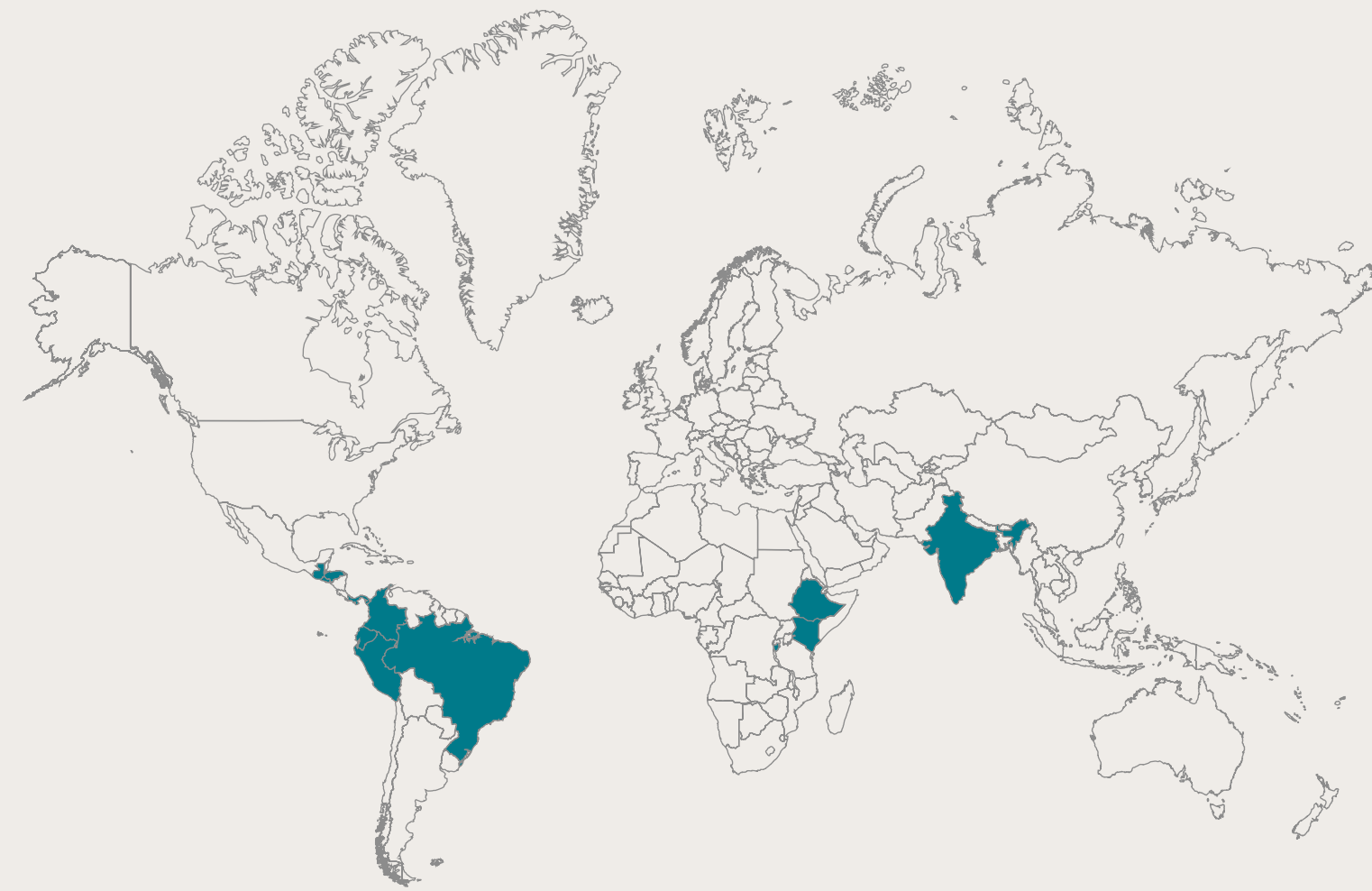
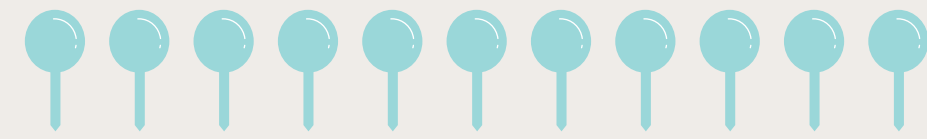
COFFEE PURCHASED

90 Lots



SOURCED FROM

11 Countries



ORGANIC COFFEE

17%



DIRECT TRADE

90%

Key Producer Partners

Benjamin Paz

BENEFICIO SAN VICENTE · *HONDURAS, 2011*

NAVITAD BENITEZ, 2011

JUAN EVANGELISTA, 2011

KELVIN PINEDA, 2019

Azahar Coffee

COLOMBIA, 2014

CARLOS GUAMANGA, PITALITO HUILA, 2014

ELADIO OSSA, 2014

Abenezer Afsaw

SNAP COFFEE · *ETHIOPIA, 2018*

Luis Pedro Zelaya

BENEFICIO BELLAVISTA · *GUATEMALA, 2012*

Renardo Ovalle

VIDES 58 · *GUATEMALA, 2012*

Ashok Patre Ratnagiri Estate

INDIA, 2013

Felipe Croce

BRAZIL FAF, 2018

Jose Rivera

ORIGIN COFFEE LAB · *PERU, 2018*

CHECK OUT OUR

Single Origin Coffees

Enjoy the unique expression of each origin, a representation of the region.

SHOP NOW

