



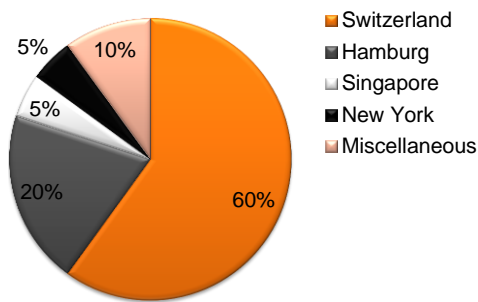
What can You Expect from the Next 30 Minutes ?



- **Why do we care about coffee?**
 - *Personal, social and economic motives*
- **The three pillars of the Swiss success story?**
 - *Trading*
 - *Roasting; innovations in value added products*
 - *Fully automatic coffee machines*
- **The Coffee Excellence Center at the ZHAW**



How Switzerland Turns a Little Coffee Into a Lot of Money

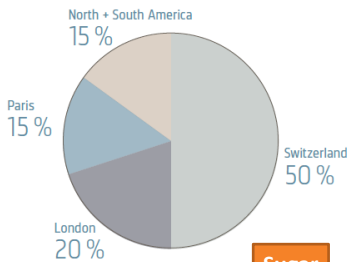
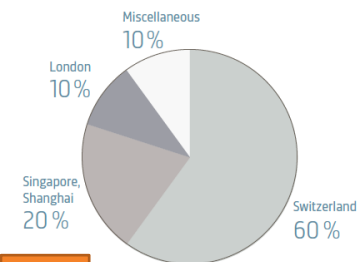
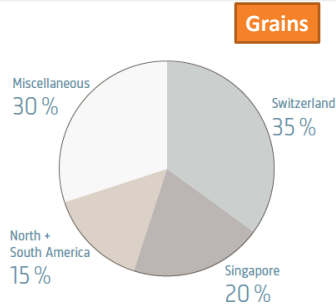
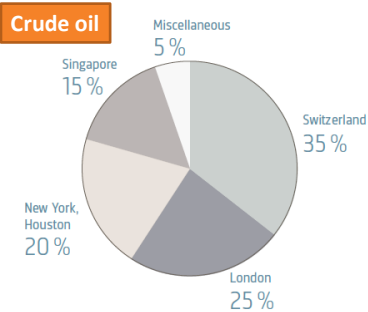


A small land-locked country far from most physical trading routes, Switzerland now accounts for as much as **60% of the global transit trade** in coffee

Traders typically buy commodities from suppliers abroad and resell them to clients who are also abroad, meaning the goods never touch Swiss soil.



But not Just in Coffee



How it all Started : The Development of commodity Trading in Switzerland



Coffee has been one of the pioneers of the Swiss success story on commodity trading



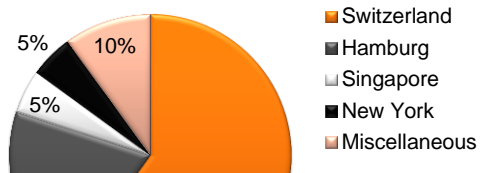
Why is Switzerland so successful in Commodity Trading?

A package of favorable general conditions and location factors supported the gradual development of Switzerland into the leading global commodity hub

Pull factors	Switzerland accounts for 1/3 of global <i>transit trade</i> in vital commodities (2014) Net receipts from transit trading in Switzerland grew tenfold between 2003 and 2011, from CHF 2 billion to CHF 20 billion. In 2010, transit trading replaced Swiss banks' financial services as the country's top services export. Its share of Swiss GDP reached 3.6 % In 2010, half of Switzerland's GDP growth was attributable to the commodity trade
Push factors	Over 500 companies and 10,000 employees are involved in commodities trading, most of them in Geneva, Zug and Lugano



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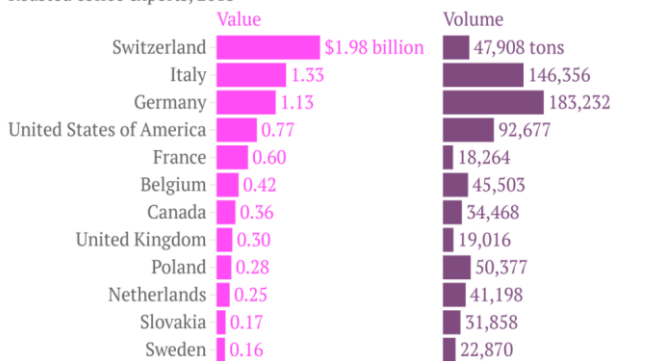
- Switzerland introduced soluble coffee to the world
 - Switzerland introduced single serve coffee capsule systems to the world
 - CH home to largest global roaster (Nestlé / Nespresso)
- **Innovation in new products with high added value**



By Value → Switzerland is #1 Exporter of Roasted Coffee (2013)

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Roasted coffee exports, 2013



Quartz | qz.com

Note: Excludes decaffeinated. Data: International Trade Centre



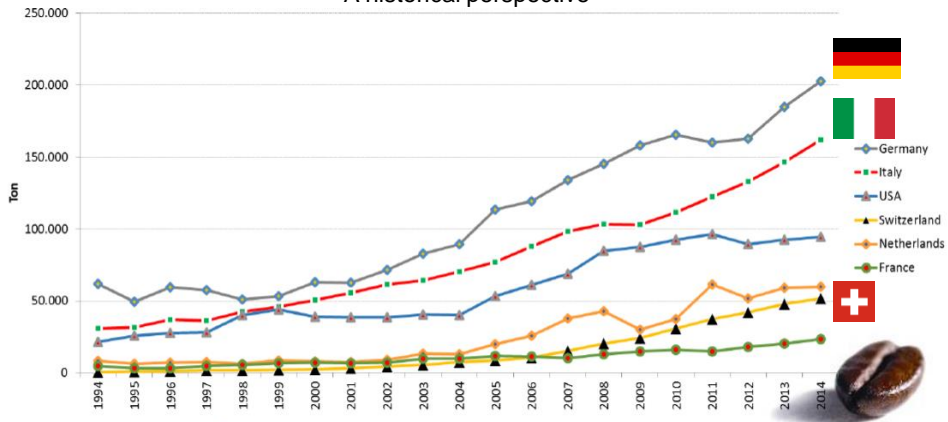
- By volume - only fifth largest exporter of roasted coffee
- By value - #1 exporter of roasted coffee

Source: International Trade Centre



By Volume → Export of Roasted Coffee

A historical perspective



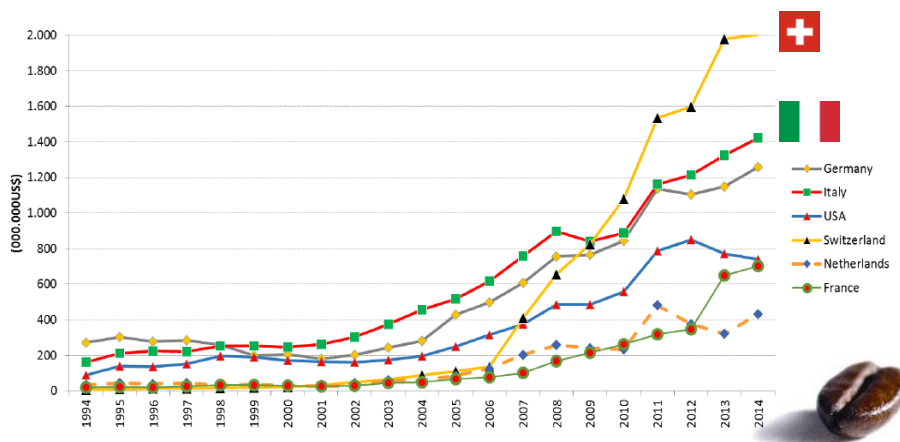
- In terms of volume: Germany is the main exporter followed by Italy
- Switzerland is in 5th position (behind US and Netherlands)

Source: Food and Agriculture Organization of the United Nations (FAO)



By Value → Export of Roasted Coffee

The rise of Switzerland



- All main exporters showed a positive trend during all the period of time
- Italy and Germany were main exporters of roasted coffee in terms of value before 2010
- Switzerland, in 2006, started a big ascent to become in a few years the first exporter

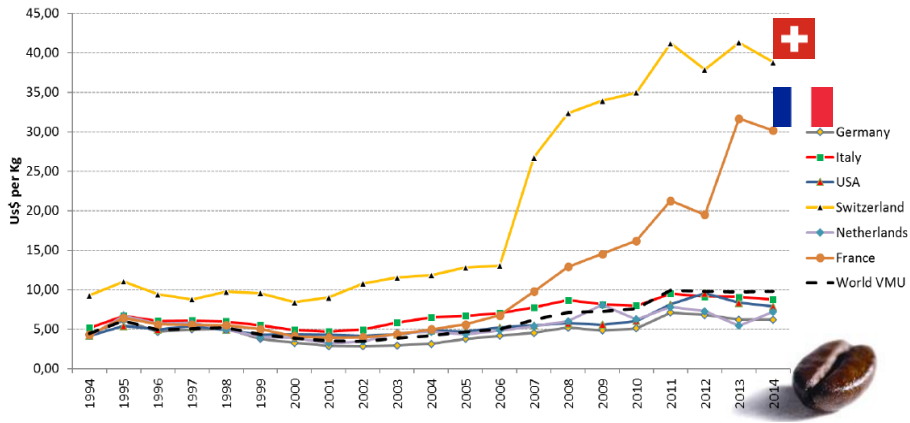
Source: FAO



Average Export Price of Roasted Coffee

Creating added value – the signature of *Swissness*

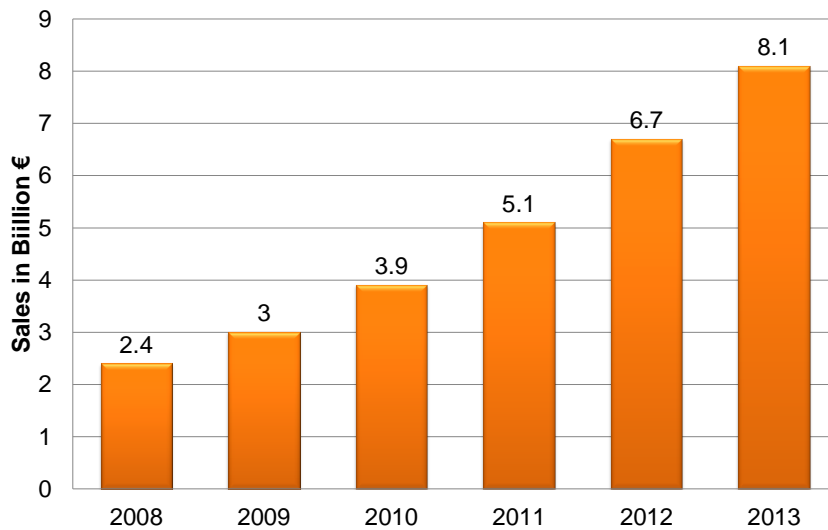
Switzerland is “poor” in raw material – e.g. no coffee is grown in Switzerland
Switzerland is great in creating added value



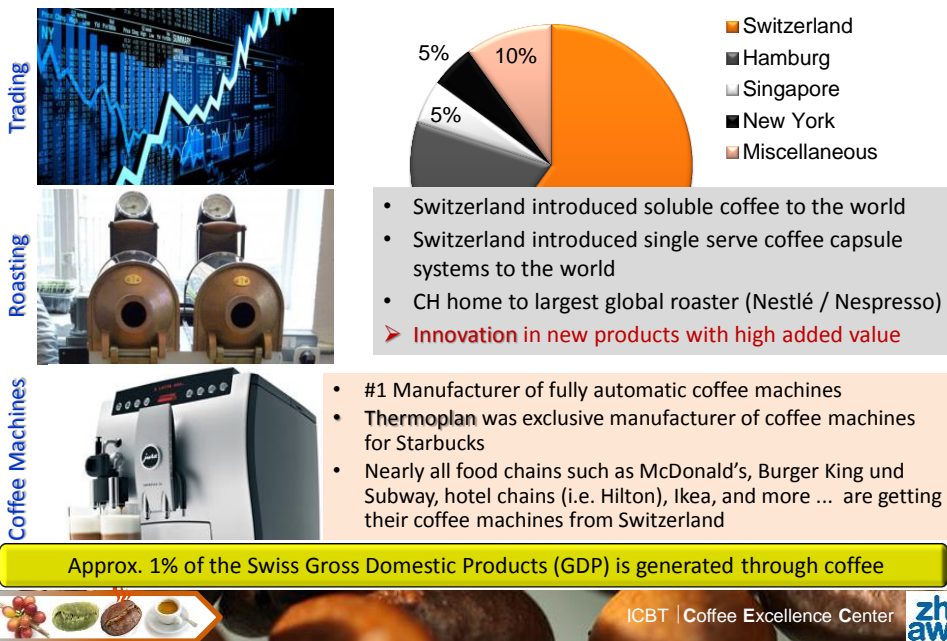
Source: FAO



Global Sales of Coffee Capsules (in Billion €)



How Switzerland Turns a Little Coffee into a Lot of Money



Why has Switzerland Become the Leader in Fully Automatic Machines?

- After 2nd World War:** increased travel to the Italy and love to Espresso & Cappuccino. Swiss started to enjoy coffee and able to afford good quality coffee
- 1957:** Introduction of semi-automatic
- 1970:** introduction of fully automatic
- 1970:** Schwarzenbach Initiative (Überfremdungs-Initiative)
Tried introducing a limitation of foreigners to a maximum of 10% → was rejected by 54%
- 1974:** Similar initiative by Valentin Oehen. Maximum number of naturalization per year: 4'000. Maximum number of foreigners in CH: 500'000. Maximum proportion of foreigners in each canton: 12% → was rejected by 65%
- Even if rejected, Switzerland started having a lack of staff in Gastronomy; or fear of it. Personal in gastronomy was being reduced
- Introduction of self-service restaurants (Coop / Migros / Mövenpick etc.) in Switzerland**
- This problem did not exist abroad ⇒ CH-producers of fully automatic machines were the only ones active and also introduced good quality fully automatic machines (expertise).



Global Economic Significance of Coffee



- Coffee is the second most valuable commodity exported by developing countries → after crude oil
- Total direct employment in the coffee sector: +26 million
- Around 125 million people make their living from coffee
- Over 2.25 billion cups of coffee are consumed in the world every day

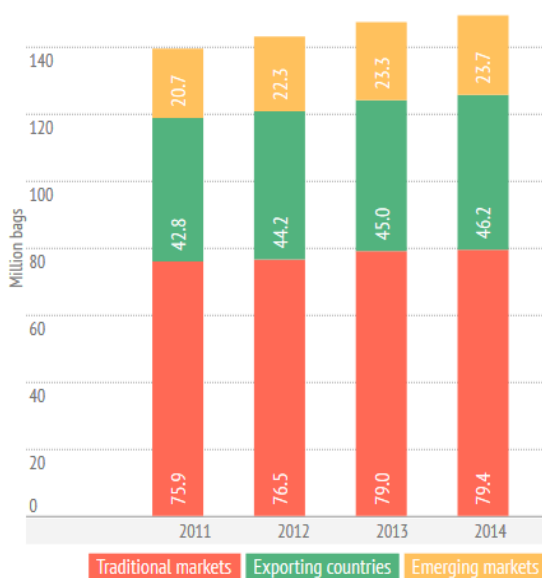
Coffee is a crop of major economic significance to producing but also to consuming countries



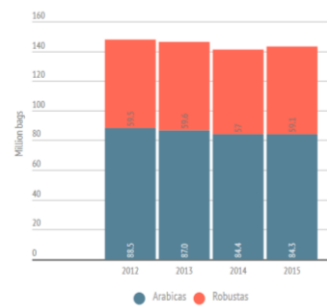
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Global Coffee Consumption 2014/2015



Source: www.ico.org



2.3% : Average annual growth rate in global coffee consumption since 2011

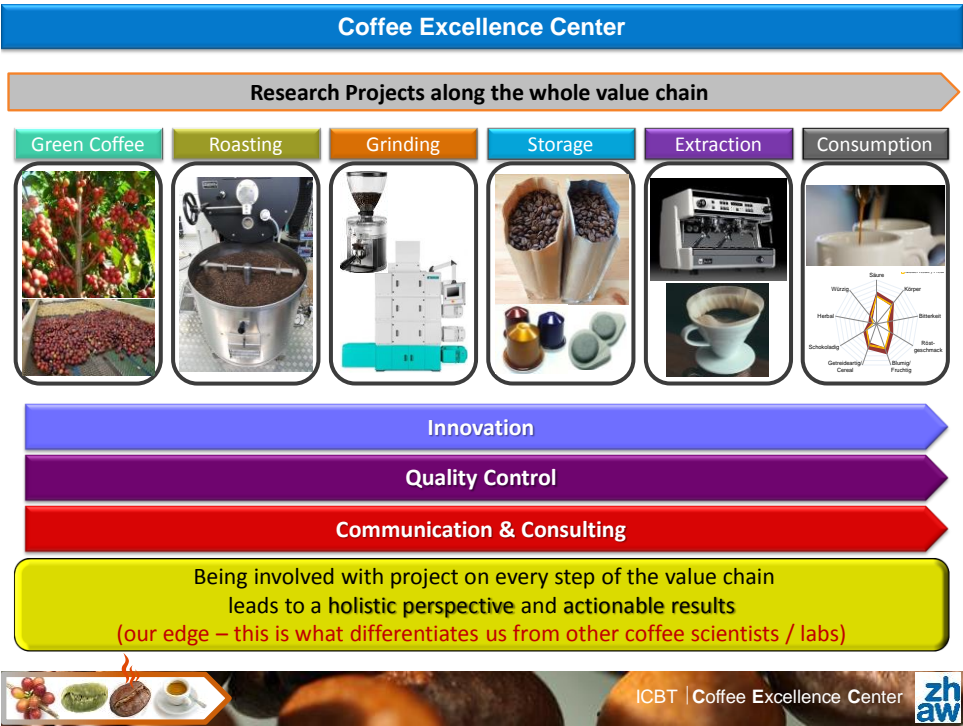
As their spending power increases, the world's expanding middle classes are drinking more coffee

⇒ Important driver for global growth of the coffee business



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Chahan Yeretzian



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MBA from the University of Lausanne
12 years R&D on Coffee at Nestle and Nespresso (Corp. Comm.)
Postdocs: UCLA (Los Angeles) & TUM (Munich)
PhD: University of Bern



Board of Directors of SCA (Specialty Coffee Association)
Chair of Research Advisory Board
Board – Swiss SCAE



Board of ASIC (Association for Science and Information on Coffee)



Partner of Swiss Innovation Group - Coffee



Board - Tropical Mountains GmbH



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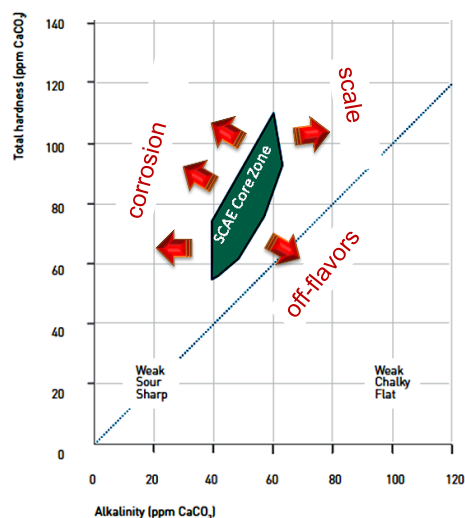


The SCAE Water Booklet (2016)



Marco Wellinger, Samo Smrke, Chahan Yeretzian

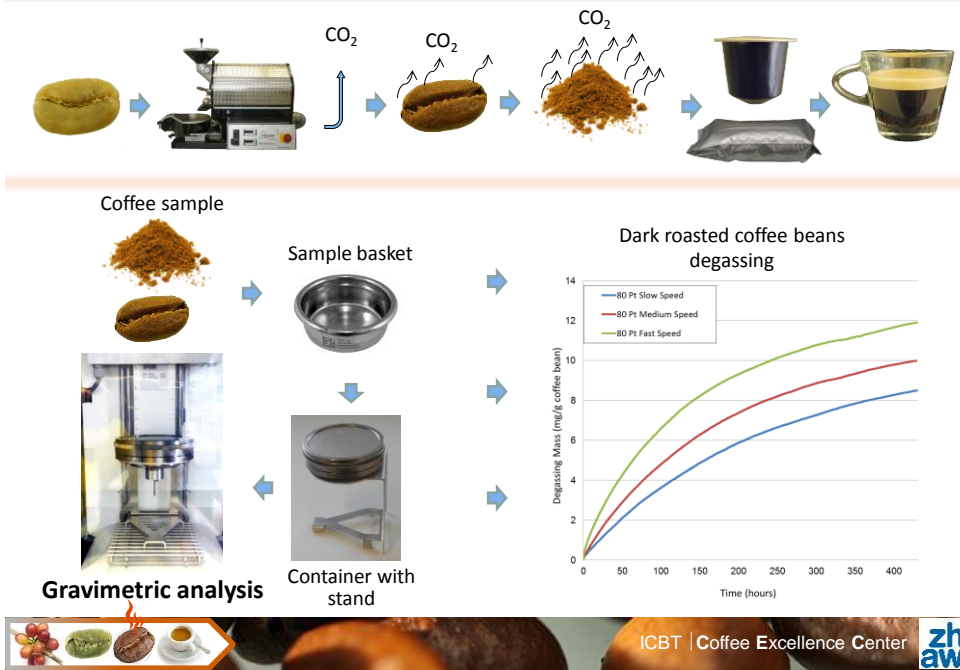
The SCAE Core Zone



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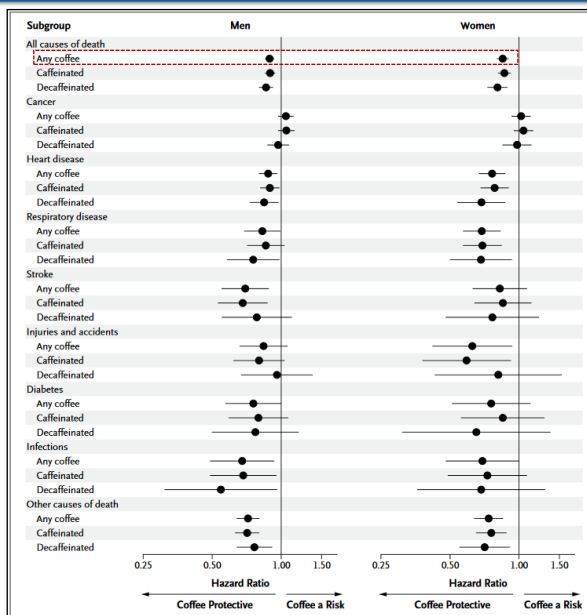
Degassing of Coffee



Association of Coffee Drinking with Total and Cause-Specific Mortality

Coffee may reduce your risk of death from heart disease and other illnesses

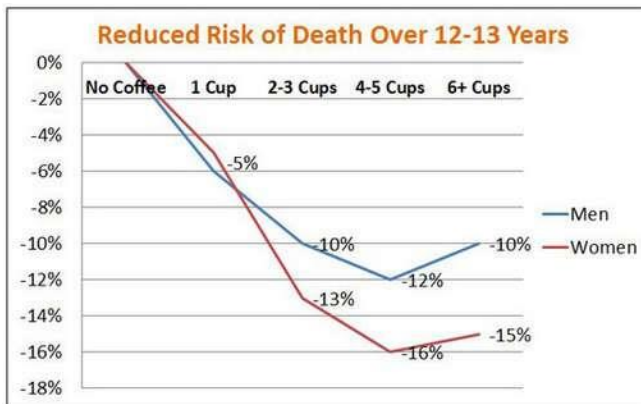
Neal D. Freedman, Ph.D., Yikyung Park, Christian C. Abnet, Albert R. Hollenbeck, and Rashmi Sinha,
N Engl J Med 2012;366:1891-904



Some Studies Show That Coffee Drinkers Live Longer

The sweet spot seems to be at 4-5 cups per day, with men having a 12% reduced risk and women a 16% reduced risk.

Bottom Line: Some studies have shown that coffee drinkers live longer, which makes perfect sense given that they have a lower risk of many diseases. The strongest effect is seen for 4-5 cups per day.



Study was conducted on 402,260 individuals between 50 and 71 years of age.



4 Take Away Messages

- Coffee is part of our lifestyle and daily routine, it tastes good and does good to us
- The coffee industry is a key driver for Global, European and Swiss economic growth
- Switzerland is a hotspot for research and innovation on coffee
- Success in the coffee sector is increasingly research & innovation driven

