

Olam plans to double African coffee estates

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KAMPALA (BLOOMBERG) - Olam International Ltd., a commodity trader controlled by Singapore's investment company, plans to more than double coffee-plantation acreage in Africa to improve quality control on the continent.

The company, 51.4 per cent held by Temasek Holdings Pte, targets total African coffee farmland at 5,000 hectares from 2,200 hectares already planted in Zambia and Tanzania, Deepak Kaul, senior vice president for coffee, said by e-mail in response to questions.

In Zambia, where Olam already has 1,200 hectares planted, the company plans to increase estates to 2,700 hectares through its subsidiary, Northern Coffee Corp., one of the biggest large scale producers in Africa, Mr Kaul said without providing a timeframe.

"As Africa is a central part of our business, we are committed to investing and expanding on the continent," he said. Customers increasingly want "single-estate, certified and traceable coffees," Mr Kaul said.

The company's farms are in their early phases of development, with planting going on and limited production so far, he said. Its Zambian unit started exports to Japan in August, he said.

Olam, which says it is the biggest originator of African coffee, has a network of 2.8 million smallholders in 24 African countries involved in cocoa, cotton, cashews, coffee, sesame, among others, Mr Kaul said.

"With capabilities ranging from plantations to distribution and marketing, we maintain very good control over the flow and quality of the coffee we procure," Mr Kaul said. "We are also actively involved in sustainability programs that support the development of local coffee communities while protecting the environment."

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