Taylor & Francis
Online

Economic Geography ›
Volume 93, 2017 - Issue 2

2,714 Views | 26 CrossRef citations to date | 6 Altmetric

Articles

From Futures Markets to the Farm Gate: A Study of Price Formation along Tanzania's Coffee Commodity Chain

Hannah K. Bargawi & Susan A. Newman

Pages 162-184 | Published online: 05 Sep 2016

Cite this article https://doi.org/10.1080/00130095.2016.1204894

Check for updates

Sample our Geography Journals
>> Sign in here to start your access to the latest two volumes for 14 days

Full Article | Figures & data | References | Citations | Metrics
Reprints & Permissions | Read this article | Share

abstract

This article examines the nature of price formation and transmission in the Tanzanian coffee price chain. To date, research on the real-world processes of price formation has been scant in economic geography and extant literatures. This article addresses this by focusing on price formation in geographically distant but connected markets, and the interaction between global and local price dynamics. The article employs a new framework that builds on chain and network approaches by integrating concepts from marketization and institutional approaches. The study finds that the world price of coffee has become increasingly volatile as a result of the behavior of international coffee traders and broader shifts in the character of global capital accumulation. It also demonstrates the varying role domestic marketing and local-level institutions play in shaping price formation and cushioning Tanzanian producers from sudden price

changes. Finally, the study highlights the role prices, via these local-level institutions, play in extenuating differentiation between producers, creating winners and losers.

Key words:

coffee | commodity chain | price transmission | Tanzania | financialization

Acknowledgments

We wish to thank Ben Fine and Deborah Johnston for helpful comments as well as the editors of the journal and three anonymous referees. This work has been made possible by support from the Swiss National Science Foundation, SOAS, and the University of London.

Notes

[1] Maimfu is the site of West's (2012) research, and Goroko is its nearest marketing center.

[2] Seven UN agencies joined together in 2010 to create the United Nations Value Chain Development Group in an initiative that highlights the broadening appeal of value chain approaches in development practice (Neilson, Pritchard, and Yeung 2014).

[3] Primary societies are voluntary groupings of coffee farmers, based around their village or locality, and are aimed at assisting producers with the production and marketing of their coffee. These societies were originally introduced as a central part of the cooperative marketing system. Today, however, the functions and membership numbers of primary societies in Tanzania are not uniform.

[4] The other four vantage points consist of the things in the market, agencies, encounters, and market maintenance.

[5] The NYBOT was renamed ICE Futures US in September 2007.

[6] The analysis presented here is focused on bulk Arabica coffee, as opposed to speciality or niche coffee, or the usually lower-quality Robusta coffee.

[7] The ICA consisted of a series of agreements beginning in 1962 between a group of exporting and importing countries aimed at maintaining stable and relatively high prices.

[8] Throughout the ICA, exports tended to be channeled through a single state marketing institution in coffee-producing countries.

[9] Quotes are taken from interviews with coffee traders in international trading companies conducted in 2007.

[10] These are largely funded by external donors, and the organizations deliver programs and services aimed at developing the smallholder coffee sector in Tanzania. The projects seek to improve the quality of smallholder coffee and market it externally as speciality coffee.

[11] Consumer prices for inputs and food have risen for a number of reasons in Tanzania. One can associate the price increases with changes in global prices from the mid-2000s to 2013, particularly the increase in the oil price, which has fed into the costs of production (Ghosh 2010). The rise in input prices is also a result of changes to the domestic sale and pricing, with liberalization resulting in fewer subsidized inputs available to producers (Bargawi 2015).

Related research

People also read | Recommended articles | Cited by 26

Information for

Authors

R&D professionals

Editors

Librarians

Societies

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Help and information

Help and contact

Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources by email

Sign me up

Copyright © 2026 Informa UK Limited Privacy policy

Cookies Terms & conditions Accessibility

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG

Taylor & Francis by informa