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NEAR RECORD COFFEE CROP FOR 1974–74

Summary

Reflecting larger crops in virtually all major producing countries, forthcoming 1974–75 coffee harvest is expected to exceed last year's crop by about 25 percent. At an estimated 80.1 million bags (132.276 lb. each) total production, it will be the largest coffee crop since that of 1965–66. Exportable production, presently estimated at 60.1 million bags, is expected to be about one-third greater than that of 1973–74. As considered here, exportable production represents total harvested production minus domestic consumption in the producing countries. It does not take account of stocks from previous harvests that may still be available in some producing countries.

In view of current larger-than-usual stocks, high interest rates, and rather uncertain economic conditions in both the United States and Europe, the next few months may well witness a shift in the importing countries from inventory accumulation to inventory liquidation. If this occurs, the 1974–75 crop may result in an increase of stocks held by exporting countries of some 3–4 million bags.

The process of inventory drawdown in importing countries, which seems already to be underway, was reflected during the quarter in a softening of prices of all four major types of coffee from the peaks reached in late spring.

Production

North America

The forthcoming 1974–75 coffee harvests in Mexico, Central America, and the Caribbean area have continued to develop well under generally favorable conditions. It is anticipated that total production in these countries will be about 13.4 million bags, up 8 percent over that of the previous year.

Following the record 1973–74 harvest, the 1974–75 crop in **Costa Rica** was expected to be down, in response to the normal biennial bearing cycle of coffee. Additionally, there is some evidence that the smaller farmers, in particular, may be cutting back on fertilization and the application of fungicides, pesticides, and herbicides due to the high cost of these chemicals. The 1974–75 crop now is expected to be down nearly 10 percent, compared with last year's crop.

Reports from **El Salvador** indicate widely divergent weather patterns, ranging from usually dry weather in some areas to excessive rain and hailstorms in others. Although a downward adjustment in the 1974–75 production estimate may be indicated in the future as more data becomes available, the forthcoming harvest currently is expected to slightly exceed 2.5 million bags.

Coffee production in the **Dominican Republic** has been relatively stable for some years, generally fluctuating between 700,000 and 750,000 bags. The outlook for 1974–75 is for a 750,000 bag crop. Exports will probably decline to less than 500,000 bags during 1974–75 from about 650,000 bags in 1972–73 and 540,000 bags in 1973–74 since accumulated stocks have now been entirely utilized.

The 1974–75 coffee crop in **Guatemala** continues to develop well and currently is estimated at about 2.3 million bags, up about 4 percent from the 1973–74 harvest, which now is estimated to have been about 2.2 million bags. Government agencies and the National Coffee Association continue their joint efforts to control and, hopefully, eradicate the coffee bean borer. Although these efforts seem to have prevented further spread of the insect, some 45,000 acres are considered to be affected at this time. Major problems facing the industry in the next few months are a shortage of labor and skyrocketing fertilizer costs.

Production of coffee in **Honduras** still is tentatively estimated at 800,000 bags for the 1974–75 crop. The estimate for **Nicaragua** has been increased slightly to 675,000 bags. Both of these figures are based on estimates made soon after the flowering season and are subject to revision.

The outlook for the 1974–75 harvest in **Mexico** remains favorable with total production estimated at 3.5 million bags. The estimate for the past crop has been revised downward to 3.1 million bags based on more recent information.

Jamaica is one of the few countries that both import and export coffee. In recent years Jamaica has become a net importer with exports of its own coffee made possible by imports from other countries. For this reason, Jamaica is not listed as having exportable production.

South America

Production estimates for the 1974–75 harvest in most South American coffee producing countries remain unchanged since the last report. However, a downward revision in the estimate for Peru lowers the estimate for total production in South America to 39.9 million bags, with exportable production placed at about 28.2 million bags.

Harvesting of **Brazil's** 1974–75 crop neared completion with excellent weather prevailing in nearly all coffee zones. The dry weather was particularly favorable for drying, and as a result, good cup quality is expected. At an estimated 27 million bags, this will be the largest crop in Brazil since that of 1965–66. However, drought in Parana, the scarcity and high price of fertilizer, and reports that rust control measures have been inadequate in some areas give rise to concern regarding next year's production.

Conditions remain favorable in **Colombia** and the 1974–75 estimate remains unchanged at 9.5 million bags. Recent reports indicate, however, that excessive rains adversely affected the second crop in 1973–74 and the estimate for total production for that year has been reduced to 8.7 million bags.

The estimate for 1974–75 coffee production in **Peru** has been reduced by about 10 percent to 900,000 bags. The reduction is attributed to bad weather, labor shortages, and management difficulties associated with the Agrarian Reform Program.

Africa

Production estimates for the past 2 years, as well as the forecast for the 1974–75 coffee harvest in **Ethiopia,** have been revised downward by about 10 percent based on recent, more complete data. The outlook for the current year is for total production of just over 2 million bags, with exportable production at about 1.3 million bags.

Recent information indicates that the 1974–75 harvest in the **Ivory Coast,** now estimated at 4.1 million bags, will be slightly smaller than that anticipated earlier in the year.

Coffee production in **Kenya** during 1974–75 is expected to be up by nearly 20 percent, as widespread and plentiful rains gave a much needed boost to the coffee trees adversely affected by the drought of the previous year. To a degree, however, the optimistic crop predictions are contingent upon the timely arrival of the "short rains" in October. Conversely, excessive rainfall at that time could bring the risk of severe outbreaks of Coffee Berry Disease, a situation that would be aggravated this year by the high cost and shortages of fungicides. A factor of longer range significance is the increased sale of large, predominantly foreign-owned estates to cooperatives of small farmers. In the past, the latter have had lower per acre yields than the estates.

Asia

Production and export of coffee from **India** continues a steady upward trend. The 1974–75 harvest, presently forecast at 1.75 million bags, is expected to be the second largest on record while exports have grown from about 650,000 in 1971–72 to an estimated 950,000 bags in 1973–74, following removal of export quotas under the International Coffee Agreement (ICA). Exports for 1974–75 are projected at slightly more than 1 million bags. With the larger exports of the past 2 years, carryover stocks at the end of the 1973–74 season are at the lowest level of the past 5 years.

Other Developments

Green coffee imports by the United States during the first half of 1974 were approximately 12.3 million bags, compared to 12.2 million bags imported during the same period of 1973. The continued high level of imports over the past 18 months resulted in a buildup of stocks to about 5.1 million bags at the end of June 1974.

Imports from Brazil declined to only 15 percent of the total U.S. market, from 20 percent of the market in the first half of 1973. Imports from Mexico and Central America also declined—from 29 percent in the first 6 months in 1973 to 21 percent in the first half of 1974. Partially ofsetting these declines was a jump in imports from the African countries, which increased their market share from 28 percent to 36 percent in the first half of 1974.

Soluble coffee imports continued to grow in the first 6 months of 1974, showing an increase of 9.5 percent over a comparable period in 1973 to a total of 946,034 bags (green bean equivalent). Brazil continued to be the major U.S. supplier with shipments of 663,331 bags (green bean equivalent), which represented 70 percent of the total U.S. soluble import market.

In contrast to rising green and soluble coffee imports, coffee roastings during the first half of 1974 totaled 9.7 million bags, a 3 percent decrease from the 10 million bags roasted in the same period of 1973.

According to trade sources, European green coffee imports reached a new record level of 30.4 million bags in 1973—an increase of about 4 percent over 1972 imports of 29.3 million bags.

Robusta imports increased 2.6 percent from 7.7 million bags to 7.9 million bags, but as a proportion of total imports declined slightly to 26 percent. Imports of Arabicas were up by 3 percent over those of 1972 to a level of 22.5 million bags, accounting for 74 percent of the total European markets.

Green coffee prices exhibited divergent behavior for the first three quarters of 1974. Prices for the four types in the third quarter showed a decline from their previous high levels of the first 6 months of 1974. The "Other mild" Arabicas showed the sharpest decline from the end of June—21 percent as of October 4. Unwashed Arabicas exhibited the smallest price movement, declining 5.5 percent from the second quarter. Colombian Milds and Robustas each showed declines of about 10 percent.

The International Coffee Council, meeting in London for 2 weeks in September, voted to extend the present ICA without economic provisions for 1 year. The Agreement will thus expire September 30, 1976. The Council will hold negotiations in the first half of 1975 aimed at producing a provisional text for a new agreement by the middle of next year.

Shortly after the close of the International Coffee Organization (ICO) meetings, 18 of the world's coffee producers, accounting for more than 80 percent of world coffee exports, agreed to hold about 16 million 60-kilo bags of coffee from the world market in coffee year 1974–75. The plan is designed to halt the present weak market trend and to bolster prices.

COFFEE, GREEN: TOTAL PRODUCTION IN SPECIFIED COUNTRIES - AVERAGE 1965-66/1969-70, ANNUAL 1970-71/1974-75 1/
(IN THOUSANDS OF BAGS) 2/

REGION AND COUNTRY	AVERAGE 1965-66/1969-70	1970-71	1971-72	1972-73	1973-74	1974-75
NORTH AMERICA:						
COSTA RICA	1,250	1,250	1,350	1,335	1,575	1,425
CUBA	472	475	460	475	500	450
DOMINICAN REPUBLIC	587	700	715	750	750	750
EL SALVADOR	2,116	2,170	2,600	2,100	2,070	2,570
GUADELOUPE	4	1	1	1	1	1
GUATEMALA	1,812	1,840	2,100	2,250	2,200	2,300
HAITI	497	550	575	525	550	550
HONDURAS	456	570	700	850	700	800
JAMAICA	20	20	24	22	20	22
MARTINIQUE	3	1	1	1	1	1
MEXICO	2,895	3,200	3,400	3,700	3,100	3,500
NICARAGUA	520	650	700	570	575	675
PANAMA	80	75	88	82	72	80
TRINIDAD-TOBAGO	55	69	49	50	45	75
US-HAWAII	39	31	21	22	16	20
US-PUERTO RICO	244	240	150	200	220	200
TOTAL	11,050	11,842	12,934	12,933	12,395	13,419
SOUTH AMERICA:						
BOLIVIA	122	75	85	95	95	90
BRAZIL	23,240	9,750	23,600	24,000	14,500	27,000
COLOMBIA	8,030	7,800	7,200	8,800	8,700	9,500
ECUADOR 3/	969	1,300	1,100	1,100	870	1,200
GUYANA	19	11	10	12	10	10
PARAGUAY	54	33	58	50	40	45
PERU	888	990	1,030	1,030	1,000	900
SURINAM	7	3	3	3	3	3
VENEZUELA	807	900	950	1,100	1,150	1,200
TOTAL	34,136	20,862	34,036	36,190	26,368	39,948
AFRICA:						
ANGOLA	3,180	3,300	3,400	3,750	3,500	3,600
BURUNDI	254	350	400	355	350	350
CAMEROON	1,120	1,150	1,250	1,440	1,300	1,250
CAPE VERDE ISLANDS	2	1	1	1	1	1
CENT. AFRICAN REP.	173	160	175	180	190	180
COMORO ISLANDS	3	3	2	2	2	2
CONGO, BRAZZAVILLE	15	15	14	14	12	14
DAHOMEY	19	15	15	15	13	14
EQUATORIAL GUINEA	129	120	115	115	105	120
ETHIOPIA	1,814	2,100	2,150	2,100	1,700	2,050
GABON	17	15	10	15	9	10
GHANA	82	75	80	80	85	90
GUINEA	166	150	100	125	105	115
IVORY COAST	3,850	4,000	4,475	5,050	3,100	4,100
KENYA	832	1,000	1,000	1,265	1,075	1,250
LIBERIA	65	85	70	85	95	90
MALAGASY REPUBLIC	904	1,300	965	1,000	1,000	1,100
NIGERIA	44	90	70	70	70	65
RWANDA	168	250	260	186	266	256
SAO TOME-PRINCIPE	6	3	2	2	2	2
SIERRA LEONE	90	125	95	135	150	155
TANZANIA	823	950	850	800	600	950
TOGO	198	200	200	200	180	200
UGANDA	2,887	3,000	2,850	2,850	3,100	3,100
ZAIRE (CONGO,K)	995	1,350	1,300	1,380	1,320	1,235
TOTAL	17,835	19,807	19,849	21,215	18,330	20,299
ASIA:						
INDIA	1,209	1,900	1,200	1,580	1,600	1,750
INDONESIA	2,080	2,350	2,250	2,700	2,750	2,800
MALAYSIA	120	60	63	65	67	70
PHILIPPINES	741	840	835	850	865	900
PORTUGUESE TIMOR	47	50	65	65	60	65
VIETNAM, SOUTH	54	50	50	55	55	60
YEMEN	65	50	45	45	25	35
TOTAL	4,316	5,300	4,508	5,360	5,422	5,680
OCEANIA:						
NEW CALEDONIA	34	18	25	25	25	25
NEW GUINEA	265	460	480	560	645	680
NEW HEBRIDES	4	2	2	2	2	2
TOTAL	303	480	507	587	672	707
WORLD TOTAL	67,640	58,291	71,834	76,285	63,187	80,053

1/ Coffee marketing year begins about July in some countries and in others about October. 2/ Of 60 kilograms each. 3/ As indicated in footnote 1, the coffee marketing year begins in some countries as early as July. Ecuador is one of these countries. Hence, the crop harvested principally during June-October 1971 in that country is shown as production for the 1971-72 marketing year. In Ecuador, however, this is referred to as the 1970-71 crop.

Note: Production estimates for some countries include cross-border movements.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of U. S. Agricultural Attachés and Foreign Service Officers, results of office research, and related information.

COFFEE, GREEN: EXPORTABLE PRODUCTION IN SPECIFIED COUNTRIES - AVERAGE 1965-66/1969-70, ANNUAL 1970-71/1974-75 1/
(IN THOUSANDS OF BAGS) 2/

REGION AND COUNTRY	AVERAGE 1965-66/1969-70	1970-71	1971-72	1972-73	1973-74	1974-75
NORTH AMERICA:						
COSTA RICA	1,110	1,095	1,190	1,160	1,395	1,235
CUBA	56	50	35	20	75	25
DOMINICAN REPUBLIC	415	505	490	490	465	455
EL SALVADOR	1,976	2,015	2,440	1,935	1,900	2,395
GUADELOUPE	3/	3/	3/	3/	3/	3/
GUATEMALA	1,585	1,590	1,845	1,990	1,930	2,020
HAITI	314	350	370	325	345	345
HONDURAS	362	460	575	720	565	660
JAMAICA	7	1	2	0	0	0
MARTINIQUE	---	---	---	---	---	---
MEXICO	1,525	1,680	1,835	2,100	1,500	1,900
NICARAGUA	462	570	615	480	480	580
PANAMA	18	9	23	20	10	17
TRINIDAD-TOBAGO	42	53	27	40	33	63
US-HAWAII	11	10	1	2	---	---
US-PUERTO RICO	6	---	---	---	---	---
TOTAL	7,890	8,388	9,448	9,282	8,698	9,695
SOUTH AMERICA:						
BOLIVIA	45	65	65	65	75	70
BRAZIL	15,039	1,500	14,850	15,000	5,500	18,000
COLOMBIA	6,740	6,390	5,750	7,430	7,250	8,000
ECUADOR 4/	769	1,080	875	860	620	940
GUYANA	1	---	---	---	---	---
PARAGUAY	38	13	43	35	25	30
PERU	680	760	800	800	780	670
SURINAM	2	1	1	1	1	1
VENEZUELA	235	265	300	430	450	485
TOTAL	23,550	10,074	22,684	24,621	14,701	28,196
AFRICA:						
ANGOLA	3,112	3,200	3,300	3,650	3,400	3,500
BURUNDI	249	345	395	350	345	345
CAMEROON	1,090	1,125	1,220	1,410	1,270	1,220
CAPE VERDE ISLANDS	2	---	---	---	---	---
CENT. AFRICAN REP.	168	150	165	170	180	170
COMORO ISLANDS	1	1	1	1	1	1
CONGO, BRAZZAVILLE	14	14	13	13	11	13
DAHOMEY	15	14	14	14	12	13
EQUATORIAL GUINEA	119	115	110	110	100	115
ETHIOPIA	1,346	1,450	1,490	1,410	990	1,320
GABON	17	14	9	14	8	9
GHANA	66	62	67	67	70	75
GUINEA	154	145	95	120	100	110
IVORY COAST	3,795	3,950	4,400	4,985	3,035	4,035
KENYA	812	988	973	1,240	1,045	1,217
LIBERIA	62	80	65	80	90	85
MALAGASY REPUBLIC	794	1,175	835	865	860	955
NIGERIA	42	65	50	40	35	30
RWANDA	163	245	254	180	260	250
SAO TOME-PRINCIPE	4	1	1	1	1	1
SIERRA LEONE	81	120	90	130	145	145
TANZANIA	808	930	830	780	580	930
TOGO	193	197	197	197	177	197
UGANDA	2,872	2,985	2,830	2,830	3,080	3,080
ZAIRE (CONGO,K)	940	1,150	1,200	1,265	1,200	1,085
TOTAL	16,919	18,521	18,604	19,922	16,995	18,901
ASIA:						
INDIA	497	1,150	435	820	815	950
INDONESIA	1,598	1,450	1,320	1,650	1,625	1,625
MALAYSIA	---	---	---	---	---	---
PHILIPPINES	---	22	---	---	---	---
PORTUGUESE TIMOR	42	40	60	60	55	60
VIETNAM, SOUTH	3/	3/	3/	3/	3/	3/
YEMEN	55	40	35	35	20	30
TOTAL	2,192	2,702	1,850	2,565	2,515	2,665
OCEANIA:						
NEW CALEDONIA	26	8	15	15	15	15
NEW GUINEA	250	456	474	554	638	672
NEW HEBRIDES	3	1	1	1	1	1
TOTAL	279	465	490	570	654	688
WORLD TOTAL	50,830	40,150	53,076	56,960	43,563	60,145

1/ Coffee marketing year begins about July in some countries and in others about October. Exportable production represents total harvested production minus estimated domestic consumption. 2/ Of 60 kilograms each. 3/ Negligible. 4/ As indicated in footnote 1, the coffee marketing year begins in some countries as early as July. Ecuador is one of these countries. Hence, the crop harvested principally during June-October 1971 in that country is shown as production for the 1971-72 marketing year. In Ecuador, however, this is referred to as the 1970-71 crop.

Note: Production estimates for some countries include cross-border movements.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of U.S. Agricultural Attachés and Foreign Service Officers, results of office research, and related information.

GREEN COFFEE: U.S. GROSS IMPORTS FOR CONSUMPTION BY MONTHS, 1970-74
(In bags 1/)

Month/year	1970	1971	1972	1973	1974 2/
January	1,788,393	2,001,664	2,547,359	1,996,285	2,182,348
February	1,840,740	1,530,384	2,172,388	1,844,698	2,021,633
March	1,715,678	1,479,955	1,137,258	2,100,438	2,457,448
April	1,638,688	2,031,987	1,146,043	2,049,536	2,264,222
May	1,643,781	1,760,254	1,783,520	2,494,016	1,867,795
June	1,890,940	1,939,453	1,452,121	1,714,696	1,528,705
January-June	10,518,220	10,743,697	10,238,689	12,199,669	12,322,151
July	1,549,915	2,131,707	1,434,110	1,572,749	5/
August	1,611,247	2,719,345	1,946,966	1,731,386	5/
September	1,354,545	2,737,661	2,148,989	1,403,295	5/
October	1,713,547	620,868	2,056,863	1,628,443	5/
November	1,596,844	874,923	1,642,774	1,637,462	5/
December	1,382,361	1,818,017	1,288,351	1,680,518	5/
July-December	9,208,459	10,902,521	10,518,053	9,653,853	5/
Calendar year total	19,726,679	21,646,218	20,756,742	21,853,522	5/
Fiscal year total 3/	21,656,103	19,952,156	21,141,210	22,717,722	21,976,004
ICO year total 4/	21,202,991	23,025,162	19,082,562	21,895,087	5/

1/ 132.276 lb. or 60 kg.

2/ Preliminary.

3/ Year ending June 30 of year shown.

4/ Year ending September 30 of year shown. ICO is International Coffee Organization.

5/ Not available.

Compiled from U.S. Bureau of Census data.

GREEN COFFEE: U.S. GROSS IMPORTS BY COUNTRY OR AREA OF ORIGIN

Area of origin	Average 1967-71		1972		1973		Jan-June 1973		Jan-June 1974 1/	
	Mil. bags 2/	Per-cent	Mil. bags 2/	Per-cent	Mil. bags 2/	Per-cent	Mil. bags 2/	Per-cent	Mil. bags 2/	Per-cent
Brazil	6.17	28	6.15	30	4.63	21	2.45	20	1.86	15
Africa and Asia	7.84	36	7.21	35	8.01	37	4.02	33	5.06	41
Europe	3/	-	.05	-	.08	-	.07	-	3/	-
Mild coffees:										
Colombia	2.75	13	2.71	13	2.88	13	1.80	15	2.21	18
Other South America	1.22	6	1.34	6	1.12	5	.30	2	.57	5
Mexico and Central America	3.23	15	2.73	13	4.49	21	3.12	26	2.25	18
Caribbean	.44	2	.56	3	.64	3	.44	4	.37	3
Total Milds	7.64	36	7.34	35	9.13	42	5.66	47	5.40	44
Total World	21.65	100	20.75	100	21.85	100	12.20	100	12.32	100

1/ Preliminary. 2/ 132.276 lb. or 60 kg. 3/ Less than 10,000 bags.

Compiled from U.S. Bureau of Census data.

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