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foreign agriculture circular

coffee

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WORLD COFFEE PRODUCTION ESTIMATE UNCHANGED AT 72.5 MILLION BAGS

Summary

Despite a number of individual country changes, the Foreign Agricultural Service's third estimate of 1975/76 coffee production remains virtually unchanged from the October figure. Total production is estimated at 72.5 million bags (132.3 lb.), with exportable production of 53.4 million bags. (Exportable production, as considered in this report, represents total harvested production less domestic consumption in producing countries.)

Adjustments were made in the estimates for several Latin American countries. The estimate for Colombia was reduced by 500,000 bags—offset, however, by smaller increases in Mexico and the Central American countries. In all cases weather was the major factor—favorable weather conditions in Mexico and Central America and very heavy rains in Colombia.

The estimate for Angola was reduced further in view of continued civil strife and transportation problems. The estimate for Uganda was also reduced. These reductions were offset by increases in the estimates for Ethiopia, the Ivory Coast, and Zaire.

As a result of more recent information from a number of countries, the estimate for total harvested production in 1974/75 has been revised upward to 80.4 million bags, with 61.2 million bags exportable. The major change was in the estimate for El Salvador.

Following a 10-month decline from the July 1974 high, coffee stocks in the United States increased, and by the end of December were at almost 4 million bags.

After 4 weeks of intense negotiations in London, more than 60 participating countries reached agreement on a new 6-year International Coffee Agreement to go into effect October 1, 1976, if ratified by a sufficient number of both importing and exporting countries.

North America. With the harvest season now in progress, it appears that the 1975/76 coffee crop will be

about 3 percent larger than estimated earlier. Reflecting moderate increases in a number of countries, it is now estimated that the North and Central American countries will harvest about 14.5 million bags during the current year. This is only slightly less than the record 1974/75 coffee harvest in these countries, now estimated at 14.7 million bags, following a substantial upward revision in the estimate for El Salvador and smaller revisions for other countries.

The 1975/76 production estimate for El Salvador has been increased to 2.47 million bags, based on recent reports from that country. This is about average, but approximately 25 percent less than the 1974/75 harvest, now estimated at a record 3.3 million bags. This very large crop apparently reflects a significant increase in tree density since 1970 (up to 5,000 coffee trees per hectare, compared with less than half that previously), improved cultural practices, and very good weather. Exports in 1974/75 were a record 3.3 million bags.

Guatemalan production continues to trend upward, largely as a result of increased tree population per hectare plus better pruning and fertilization. Growing conditions have also been favorable this year, and the current crop is now estimated at 2.75 million bags. Exports during 1974/75 were a record 2.5 million bags.

Based on the latest available information, the estimates for coffee production in Mexico have been raised by 100,000 bags for both 1974/75 and 1975/76. This reflects a continued increase in yields per acre, since the total area under coffee has remained essentially unchanged for the past several years.

Minor changes have been made in the production estimates for Honduras, Nicaragua, and Costa Rica, based on more recent information.

South America. Total coffee production on the South American continent in the 1975/76 coffee year is now estimated at 33.9 million bags, off about 14 percent from

the revised 1974/75 crop. Production declines in Brazil, Colombia, and Ecuador account for the difference.

The FAS estimate of 1975/76 production in Brazil remains unchanged at 23 million bags. It is too early to predict the 1976/77 harvest with any precision. The prolonged drought in Sao Paulo and southern Minas Gerais States was finally broken in late September and since that time weather conditions have been favorable—that is, warm and with adequate rainfall. However, recent trade reports note a poor flower set, indicating a below-normal crop even in the areas not affected by last July's freeze. The Coffee Institute of Brazil (IBC) has decided to finance the planting of an additional 144 million coffee trees in northeastern States during the current crop year. Approximately Cr\$200 million have been allocated for this purpose. The objectives are to make these States self-sufficient in terms of their own coffee consumption, and to create additional rural employment in the area.

Recent reports from Colombia indicate a potential loss of as much as 10 percent of the 1975/76 harvest as a result of heavy rains in the central part of the country. The estimate therefore is reduced to 8 million bags. In addition, there may be some deterioration in quality of portions of the crop since drying has been affected, and some coffee has been picked up off the ground.

Total exports during the 1974/75 coffee year (October-September) reached a record level of 7.54 million bags, with shipments being particularly heavy during the last 6 months of the period.

The current 1975/76 coffee crop in Ecuador is estimated at only 820,000 bags, off about 30 percent from that of the previous year. Weather appears to have been the major factor. An early lack of rain delayed flowering, and excessive rains that followed affected pollination and subsequently caused a significant drop of miniature berries.

The Government continues its efforts, through the National Coffee Program Office, to encourage modernization of the industry and to assist members of the approximately 41 coffee cooperatives to increase yields through improved cultural practices.

Venezuela's 1975/76 coffee harvest is estimated at 1.1 million bags, up sharply from the very poor 1974/75 crop. The increase is attributed to more favorable growing conditions. In an effort to increase production further and improve efficiency, the Government reorganized the National Coffee Fund in May 1975. Among the objectives of the coffee program is replanting of approximately one-fourth of the present coffee area with improved varieties by the end of 1979.

Africa. News from the African continent affecting the coffee industry continues to reflect political instability, civil strife, and/or the effect of major government policy changes in a number of countries. Nevertheless, with declines in production estimates for some countries offset by increases in others, the overall estimate remains virtually unchanged at 18 million bags.

Because of continued civil strife and its disruptive effect on harvesting and transportation, the 1975/76 estimate for

Angola is reduced further to 1.2 million bags. Should conditions fail to improve in the near future, it is possible that harvested production may be even less.

Growing conditions in 1975 have been very favorable in the Ivory Coast and the 1975/76 crop on the trees is one of the largest in recent years. However, the industry is dependent to a certain extent on migrant labor from Upper Volta and because the Government of that country is attempting to increase domestic food production there is some concern that a possible labor shortage could develop. Based on the premise that adequate labor will be available, the 1975/76 coffee crop is estimated at 4.65 million bags.

Reports from Ethiopia indicate that coffee production in 1975/76 will be excellent. However, a number of problems remain—labor shortages, financing, transportation, and marketing—that may reduce the amount of coffee available for export. For the moment, 1975/76 harvested production is estimated at 2.2 million bags.

The 1975/76 estimate for Kenya remains unchanged. However, there are indications the crop might not reach that figure. The so-called short rains are overdue, and parts of the country have suffered from drought. Also, lower producer prices for coffee and escalating costs of inputs during the past 3 years have encouraged some small farmers to shift from coffee to corn, wheat, tea, or dairying. Currently higher prices for coffee may reverse the trend.

Other Developments

Prices. Despite the curtailment of supplies from Angola and the prospective tighter supply situation in the 1976/77 coffee year starting October 1, the market was generally quiet during the quarter. Prices drifted downward gradually through October and the first half of November. There was a slight firming trend noticeable in late November and early December, perhaps attributable to news of a rain-reduced crop in Colombia, the sale (in early December) of 400,000 bags of Central American past-crop coffee that had been stored in IBC warehouses in Trieste, and successful conclusion of negotiations for a new Coffee Agreement.

Brazilian sales were down during the quarter and an IBC spokesman noted that the reduced volume of exports would probably persist during the first few months of 1976 while the Centrals and others seek to move their 1975/76 harvests.

New International Coffee Agreement. After 4 weeks of intensive negotiations in London, representatives of the more than 60 participating countries approved a new International Coffee Agreement to go into effect on October 1, 1976, if ratified by the required number of importing and exporting countries. The Agreement is to remain in force for 6 years.

Because prevailing price levels on October 1, 1976, are expected to be above the agreed trigger point, it is anticipated that the Agreement will enter into force without export quotas or other economic provisions. Export

quotas would be imposed at such time as the indicator prices for Robustas and Other Milds average, for 20 consecutive market days, below the average for these types during calendar 1975.

The Agreement differs in many respects from the preceding 1962 and 1968 Agreements and is considered to offer greater flexibility in the allocation of market shares to

exporting countries as well as greater protection for consuming countries through encouragement of stock building by producers, and the declaration and reallocation of shortfalls. Nevertheless, the Agreement is complex and will require adoption of well thought-out rules and regulations if it is to function effectively.

COFFEE, GREEN. TOTAL PRODUCTION IN SPECIFIED COUNTRIES 1/
(IN THOUSANDS OF BAGS) 2/

REGION AND COUNTRY	AVERAGE 1966/67-1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
NORTH AMERICA:						
COSTA RICA.....	1,295	1,350	1,335	1,570	1,390	1,465
CUBA.....	475	460	475	500	450	450
DOMINICAN REPUBLIC.....	604	715	750	845	790	900
EL SALVADOR.....	2,186	2,600	2,100	2,378	3,300	2,470
GUADELOUPE.....	3	1	1	1	1	1
GUATEMALA.....	1,770	2,100	2,250	2,200	2,500	2,750
HAITI.....	492	575	525	550	535	535
HONOURAS.....	478	700	850	775	800	845
JAMAICA.....	19	24	22	30	20	30
MARTINIQUE.....	3	1	1	1	1	1
MEXICO.....	2,935	3,400	3,700	3,300	3,900	4,000
NICARAGUA.....	557	700	570	610	680	570
PANAMA.....	81	84	82	72	68	70
TRINIDAD-TOBAGO.....	61	49	50	30	62	59
US-HAWAII.....	36	21	22	19	18	18
US-PUERTO RICO.....	247	150	200	220	200	200
TOTAL.....	11,242	12,934	12,933	13,101	14,715	14,484
SOUTH AMERICA:						
BOLIVIA.....	124	85	95	95	90	90
BRAZIL.....	17,650	23,600	24,000	14,500	27,500	23,000
COLOMBIA.....	7,950	7,200	8,800	7,800	9,000	8,000
ECUADOR 3/.....	1,022	1,100	1,100	870	1,175	820
GUYANA.....	17	10	12	10	10	10
PARAGUAY.....	43	58	50	50	42	40
PERU.....	909	1,030	1,030	1,000	900	900
SURINAM.....	6	3	3	3	3	3
VENEZUELA.....	827	950	1,100	960	765	1,065
TOTAL.....	28,548	34,036	36,190	25,288	39,485	33,928
AFRICA:						
ANGOLA.....	3,280	3,400	3,500	3,200	3,000	1,200
BURUNDI.....	284	400	355	350	450	300
CAMEROON.....	1,110	1,250	1,440	1,500	1,500	1,500
CAPE VERDE ISLANDS.....	2	1	1	1	1	1
CENT AFRICAN REP.....	167	175	180	190	175	180
COMORO ISLANDS.....	3	2	2	2	2	2
CONGO, BRAZZAVILLE.....	15	14	14	10	10	10
OHOMEY.....	17	15	15	13	14	14
EQUATORIAL GUINEA.....	128	115	115	105	110	90
ETHIOPIA.....	1,929	2,150	2,100	1,700	2,050	2,200
GABON.....	17	10	15	9	10	10
GHANA.....	85	80	80	45	45	45
GUINEA.....	164	100	125	105	100	90
IVORY COAST.....	3,740	4,475	5,050	3,285	4,500	4,650
KENYA.....	857	1,000	1,265	1,100	1,100	1,165
LIBERIA.....	70	70	85	65	70	75
MALAGASY REPUBLIC.....	999	965	1,000	1,000	1,200	1,200
NIGERIA.....	56	70	70	38	40	40
RWANDA.....	187	260	186	266	256	260
SAO TOME-PRINCIPE.....	5	2	2	2	2	2
SIERRA LEONE.....	91	95	135	67	125	133
TANZANIA.....	881	850	800	700	838	800
TOGO.....	193	200	200	180	200	195
UGANDA.....	2,967	2,850	3,300	3,100	3,000	2,800
ZAIRE (CONGO, D.R.).....	1,070	1,300	1,380	1,150	1,125	1,015
TOTAL.....	18,316	19,849	21,415	18,183	19,928	17,977
ASIA:						
INDONESIA.....	1,359	1,200	1,580	1,535	1,630	1,590
INDONESIA.....	2,110	2,250	2,700	2,750	2,900	2,700
MALAYSIA.....	106	63	65	67	70	70
PHILIPPINES.....	766	835	850	865	900	950
PORTUGUESE TIMOR.....	50	65	65	60	65	55
VIETNAM SOUTH.....	53	50	55	55	61	60
YEMEN.....	60	45	45	25	35	35
TOTAL.....	4,503	4,508	5,360	5,357	5,660	5,460
OCEANIA:						
NEW CALEDONIA.....	30	25	25	25	25	25
NEW GUINEA.....	338	480	560	588	617	625
NEW HEBRIDES.....	3	2	2	2	2	2
TOTAL.....	372	507	587	615	644	652
WORLD TOTAL.....	62,981	71,834	76,485	62,544	80,432	72,501

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 1975 in that country is shown as production for the 1975/76 marketing year. In Ecuador, however, this is referred to as the 1974/75 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 Attaches and Foreign Service Officers, results of office research, and related information.

COFFEE, GREEN: EXPORTABLE PRODUCTION IN SPECIFIED COUNTRIES ^{1/}
(IN THOUSANDS OF BAGS) ^{2/}

REGION AND COUNTRY	AVERAGE 1966/67-1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
NORTH AMERICA:						
COSTA RICA.....	1,150	1,190	1,160	1,400	1,225	1,283
CUBA.....	54	35	20	50	---	---
DOMINICAN REPUBLIC.....	425	490	490	600	537	639
EL SALVADOR.....	2,041	2,440	1,935	2,203	3,120	2,284
GUADELOUPE.....	^{3/}	^{3/}	^{3/}	^{3/}	^{3/}	^{3/}
GUATEMALA.....	1,536	1,845	1,990	1,925	2,217	2,459
HAITI.....	303	370	325	340	320	315
HONDURAS.....	379	575	720	635	660	698
JAMAICA.....	6	9	6	14	4	14
MARTINIQUE.....	---	---	---	---	---	---
MEXICO.....	1,501	1,835	2,100	1,690	2,156	2,195
NICARAGUA.....	494	615	480	496	588	595
PANAMA.....	17	23	20	---	---	---
TRINIDAD+TOBAGO.....	48	27	40	13	45	41
US-HAWAII.....	11	1	2	---	---	---
US-PUERTO RICO.....	3	---	---	---	---	---
TOTAL.....	7,968	9,455	9,288	9,366	10,872	10,523
SOUTH AMERICA:						
BOLIVIA.....	52	65	65	73	68	68
BRAZIL.....	9,299	14,850	15,000	6,370	19,135	15,000
COLOMBIA.....	6,618	5,750	7,430	6,250	7,400	6,350
ECUADOR ^{4/}	816	875	860	625	1,018	658
GUYANA.....	1	---	---	---	---	---
PARAGUAY.....	24	43	35	28	19	17
PERU.....	694	800	800	750	640	634
SURINAM.....	2	1	1	1	1	1
VENEZUELA.....	235	300	430	255	35	315
TOTAL.....	17,742	22,684	24,621	14,352	28,316	23,043
AFRICA:						
ANGOLA.....	3,204	3,300	3,400	3,095	2,895	1,140
BURUNDI.....	279	395	350	345	445	295
CAMEROON.....	1,081	1,220	1,410	1,473	1,473	1,472
CAPE VERDE ISLANDS.....	1	---	---	---	---	---
CENT AFRICAN REP.....	161	165	170	179	164	169
COMORO ISLANDS.....	1	1	1	---	---	---
CONGO, BRAZZAVILLE.....	14	13	13	9	9	9
DAHOMEY.....	15	14	14	12	13	13
EQUATORIAL GUINEA.....	119	110	110	100	105	85
ETHIOPIA.....	1,402	1,490	1,410	1,005	1,340	1,475
GABON.....	15	9	14	8	9	9
GHANA.....	76	67	67	31	31	30
GUINEA.....	154	95	120	100	94	84
IVORY COAST.....	3,685	4,400	4,985	3,219	4,432	4,580
KENYA.....	839	973	1,240	1,073	1,072	1,136
LIBERIA.....	47	65	80	60	69	69
MALAGASY REPUBLIC.....	884	835	865	865	1,060	1,058
NIGERIA.....	44	50	40	11	12	12
RWANDA.....	182	254	180	260	250	254
SAO TOME+PRINCIPE.....	3	1	1	---	---	---
SIERRA LEONE.....	83	91	130	62	120	128
TANZANIA.....	865	830	780	678	816	778
TOGO.....	189	197	197	177	197	192
UGANDA.....	2,952	2,830	3,280	3,078	2,978	2,778
ZAIRE (CONGO-K).....	985	1,200	1,265	1,040	1,015	900
TOTAL.....	17,300	18,604	20,122	16,880	18,599	16,666
ASIA:						
INDIA.....	634	435	820	730	810	750
INDONESIA.....	1,518	1,320	1,650	1,795	1,925	1,705
MALAYSIA.....	---	---	---	---	---	---
PHILIPPINES.....	4	---	---	---	---	2
PORTUGUESE TIMOR.....	44	60	60	50	54	44
VIETNAM SOUTH.....	^{3/}	^{3/}	^{3/}	^{3/}	^{3/}	^{3/}
YEMEN.....	50	75	35	20	30	30
TOTAL.....	2,250	1,850	2,565	2,599	2,819	2,531
OCEANIA:						
NEW CALEDONIA.....	21	15	15	14	14	14
NEW GUINEA.....	325	474	554	584	613	620
NEW HEBRIDES.....	3	1	1	1	1	1
TOTAL.....	349	490	570	599	628	635
WORLD TOTAL.....	45,608	53,083	57,166	43,792	61,234	53,398

^{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 1975 in that country is shown as production for the 1975/76 marketing year. In Ecuador, however, this is referred to as the 1974/75 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 Attaches and Foreign Service Officers, results of office research, and related information.

COFFEE: EXPORT VALUE AS PERCENT OF TOTAL EXPORTS, 1970-74
(In percent)

Continent and Country	1970	1971	1972	1973	1974
North America:					
Costa Rica	31.6	26.3	27.7	26.8	28.0
Dominican Republic	12.1	9.4	7.2	9.4	4.7
El Salvador	48.7	40.0	38.1	43.7	39.0
Guatemala	34.7	35.3	32.2	33.4	30.2
Haiti	31.5	52.3	27.8	35.5	22.9
Honduras	15.2	12.6	13.9	17.7	17.0
Mexico	6.0	4.6	4.7	7.6	5.0
Nicaragua	18.0	15.6	13.2	15.9	12.1
South America:					
Brazil	34.3	26.6	24.8	20.0	12.3
Colombia	63.5	58.7	49.2	39.3	41.4
Ecuador	23.1	15.3	16.4	10.9	6.4
Peru	4.3	4.0	1.5	6.2	2.4
Venezuela	0.6	0.5	0.5	0.5	0.2
Africa:					
Angola	31.9	33.1	27.6	39.0	51.0
Cameroon	N.A.	25.4	27.0	25.6	24.8
Ethiopia	61.5	56.5	48.4	38.2	27.7
Ivory Coast	33.2	33.3	25.8	25.2	23.5
Kenya	31.1	26.7	27.3	29.2	23.5
Malagasy Republic	27.2	26.5	27.8	29.7	38.8
Tanzania	18.5	13.1	18.9	22.1	14.8
Uganda	58.3	58.7	60.9	67.6	73.3
Asia and Oceania:					
India	1.6	1.6	1.4	2.1	1.9
Indonesia	6.2	4.5	4.3	4.1	1.0

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

GREEN COFFEE: EXPORTS FROM SPECIFIED COUNTRIES, BY COUNTRY OF DESTINATION, CALENDAR YEAR 1974
(In bags) 1/

Country of destination	Angola	Brazil 2/	Colombia	Guatemala	Ivory Coast	Mexico 3/
Europe:						
Austria	---	45,496	---	3,000	---	---
Belgium-Luxembourg ..	13,907	183,134	96,673	58,500	5,033	52,853
Bulgaria	---	13,083	8,333	---	---	---
Czechoslovakia	---	169,605	21,751	---	---	2,300
Denmark	14,053	491,980	98,964	9,683	---	2,926
Finland	10,188	134,261	263,605	96,167	---	5,521
France	71,874	792,703	178,700	30,517	1,441,967	66,051
Germany, East	---	277,106	92,270	---	---	---
Germany, West	102,342	451,695	1,388,686	474,917	171,533	207,217
Greece	---	80,155	27,200	233	20,683	---
Hungary	---	112,043	4,189	8,633	80,650	---
Iceland	---	27,662	---	---	---	---
Italy	119,211	1,317,089	75,367	11,783	261,883	8,125
Netherlands	97,971	262,115	542,196	154,367	502,850	63,435
Norway	25,580	339,077	66,638	25,117	---	14,204
Poland	---	299,643	110,447	2,500	---	---
Portugal	---	---	---	---	---	---
Romania	---	34,665	33,332	---	---	---
Spain	303,736	445,869	271,858	15,417	---	45,524
Sweden	5,170	684,869	320,225	18,683	---	1,251
Switzerland	26,869	125,309	24,120	9,833	10,083	8,625
United Kingdom	11,008	904,211	34,991	17,133	156,217	12,032
USSR	---	220,751	83,328	---	---	16,667
Yugoslavia	---	339,022	33,333	---	41,383	34,484
Total	801,909	7,751,543	3,776,206	936,483	2,692,282	541,215
North America:						
Canada	8,840	92,443	69,082	12,550	---	7,647
United States	2,300,718	3,650,212	2,711,997	1,001,400	691,817	1,361,247
Others	---	---	807	233	---	---
Total	2,309,558	3,742,655	2,781,886	1,014,183	691,817	1,368,894
South America.....	---	645,564	224,457	---	---	18,285
Africa	195,510	551,528	4,377	1,000	556,467	---
Asia and Oceania	73,224	588,147	118,014	66,201	179,467	62,953
Not specified	---	---	1,394	---	271,850	---
Grand total	3,380,201	13,279,437	6,906,334	2,017,867	4,391,883	1,991,347

1/ Bags of 60 kilograms or 132.276 pounds. 2/ Includes 1,855,326 bags soluble coffee in green coffee equivalent. 3/ Includes 50 bags soluble coffee and 78,490 bags roasted coffee, in green coffee equivalent.

Foreign Agricultural Service. Compiled from official statistics of specified countries.

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