FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE

Foreign Agricultural Service Washington D.C.

COFFEE
FCOF 1-68
January 1968

WORLD COFFEE CROP

ESTIMATE DOWN

Summary

The Foreign Agricultural Service's third estimate (December) of the 1967-68 world coffee crop is down 2.5 million bags 1/ from its last estimate in September. The total world crop is now expected to be 67.3 million, of which 50.5 million is estimated to be exportable production 2/. This will be slightly under world import needs for the year and will result in a net stock drawdown for the second year in a row. This drawdown is expected to be confined to Brazil. Some other countries may actually be adding to carryover stocks for the first time, because of tightened International Coffee Agreement regulations.

The drop in the December estimate is primarily due to new smaller estimates for the Brazilian crop, with some reports putting the crop even lower than the current estimate of 23 million bags. The coffee crops in Colombia and the Ivory Coast are also somewhat below previous reports. In India, the 1967-68 crop is expected to be definitely higher as production continues its uptrend.

Revised production figures for the 1966-67 marketing year put that crop at 61.6 million bags, of which 45.6 million were exportable production.

Prices should remain at or below mid-January levels during the first half of 1968. Later in the year the size of the 1968-69 crop in Brazil will be an important price determinant, as will Brazil's coffee policies. Brazil's 1968-69 crop is expected to be another small one, nevertheless prices should average about the mid-January level providing that the International Coffee Agreement's price selectivity system works smoothly.

1/ All bags in text and tables weigh 132.276 lbs. or 60 kgs.
2/ Exportable production: Total production minus estimated domestic consumption.

GREEN COFFEE: World total harvested production for the marketing year 1967-68, with comparisons 1/

Continent and country	Average 1960/61 1964/65	1964-65	1965-66	1966-67	3rd estimate 1967-68
	1,000 bags 2/	1,000 bags 2/	1,000 bags 2/	1,000 bags 2/	1,000 bags 2/
North America:					
Costa Rica	1,056	825	1,025	1,185	1,280
Cuba	645	600	460	450	450
Dominican Republic	607	675	615	505	600
El Salvador	1,812	2,060	1,820	1,950	2,100
Guatemala	1,704	1,630	2,050	1,670	1,900
Haiti	564	550	575	465	545
Honduras	379	450	460	340	480
Mexico	2,431	2,650	3,000	2,650	3,000
Nicaragua	491	575	465	480	600
Other 3/	505	531	413	434	443
Total North America	10,194	10,546	10,883	10,129	11,398
South America:					
Brazil	25,840	10,000	37,700	21,000	23,000
Colombia	7,760	7,600	8,200	7,600	7,600
Ecuador 4/	696	655	1,035	975	1,100
Peru	700	830	885	900	860
Venezuela	821	780	800	775	800
Other 5/	114	128	181	121	131
Total South America	35,931	19,993	48,801	31,371	33,491
Africa:					
Angola	2,910	3,100	2,800	3,300	3,200
Burundi	198	200	240	300	225
Cameroon	801	870	1,200	1,000	1,100
Cent. Afr. Republic	147	130	190	125	175
Congo (Kinshasa)	990	950	975	900	900
Ethiopia	1,490	1,650	1,525	1,760	1,700
Guinea	195	150	160	120	160
Ivory Coast	3,185	3,375	4,550	2,250	4,200
Kenya	624	660	875	935	900
Malagasy Republic	923	1,050	825	875	925
Rwanda	167	175	155	165	200
Sierra Leone	79	100	120	90	110
Tanzania	497	600	660	990	760
Togo	186	200	225	95	230
Uganda	2,429	2,450	2,600	2,400	2,550
Other 6/	326	342	343	374	389
Total Africa	15,147	16,002	17,443	15,679	17,724
Asia and Oceania:					
India	1,045	1,100	1,150	1,385	1,400
Indonesia	2,016	1,800	2,200	1,900	2,100
Philippines	631	735	715	740	775
Other 7/	390	437	432	444	447
Total Asia and Oceania	4,082	4,072	4,497	4,469	4,722
World total production	65,354	50,613	81,624	61,648	67,335

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/ Includes Guadeloupe, Hawaii (USA), Jamaica, Martinique, Panama, Puerto Rico, and Trinidad and Tobago. 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 1967 in that country is shown as production for the 1967-68 marketing year. In Ecuador, however, this is referred to as the 1966-67 crop. 5/ Includes Bolivia, Guyana, Paraguay, and Surinam. 6/ Includes Cape Verde, Comoro Islands, Congo (Brazzaville), Dahomey, Gabon, Ghana, Liberia, Nigeria, Sao Tome and Principe, and Spanish Guinea. 7/ Includes Malaysia, New Caledonia, New Hebrides, Papua and New Guinea, Portuguese Timor, South Vietnam, and Yemen.

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

GREEN COFFEE: World exportable production for the marketing year 1967-68, with comparisons 1/

Continent and country	Average 1960/61-1964/65	1964-65	1965-66	1966-67	3rd estimate 1967-68
	1,000 bags 2/	1,000 bags 2/	1,000 bags 2/	1,000 bags 2/	1,000 bags 2/
North America:					
Costa Rica	937	700	895	1,050	1,140
Cuba	70	---	---	---	---
Dominican Republic	461	520	455	340	430
El Salvador	1,702	1,935	1,690	1,815	1,960
Guatemala	1,500	1,420	1,835	1,450	1,675
Haiti	395	385	405	290	365
Honduras	308	370	375	250	390
Mexico	1,521	1,550	1,800	1,350	1,650
Nicaragua	446	525	410	420	540
Other 3/	161	136	80	97	95
Total North America	7,501	7,541	7,945	7,062	8,245
South America:					
Brazil	18,840	3,000	30,200	13,000	14,500
Colombia	6,800	6,500	7,000	6,350	6,300
Ecuador 4/	528	470	845	780	900
Peru	540	640	690	700	650
Venezuela	355	265	265	225	230
Other 5/	62	72	113	53	63
Total South America	27,125	10,947	39,113	21,108	22,643
Africa:					
Angola	2,859	3,045	2,740	3,240	3,140
Burundi	187	195	235	295	220
Cameroon	780	840	1,170	970	1,070
Cent. Afr. Republic	142	125	185	120	170
Congo (Kinshasa)	940	900	925	850	850
Ethiopia	1,152	1,300	1,170	1,395	1,330
Guinea	181	135	145	105	145
Ivory Coast	3,135	3,325	4,500	2,195	4,145
Kenya	605	640	855	915	880
Malagasy Republic	825	950	725	770	815
Rwanda	156	170	150	160	195
Sierra Leone	69	90	110	80	100
Tanzania	484	585	645	975	745
Togo	183	195	220	90	225
Uganda	2,416	2,440	2,585	2,385	2,535
Other 6/	301	318	319	350	365
Total Africa	14,415	15,253	16,679	14,895	16,930
Asia and Oceania:					
India	462	460	560	750	700
Indonesia	1,756	1,450	1,850	1,540	1,730
Philippines	---	---	---	---	---
Other 7/	225	227	212	219	222
Total Asia and Oceania	2,443	2,137	2,622	2,509	2,652
World exportable production	51,484	35,878	66,359	45,574	50,470

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/ Includes Guadeloupe, Hawaii (USA), Jamaica, Martinique, Panama, Puerto Rico and Trinidad and Tobago. 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 1967 in that country is shown as production for the 1967-68 marketing year. In Ecuador, however, this is referred to as the 1966-67 crop. 5/ Includes Bolivia, Guyana, Paraguay, and Surinam. 6/ Includes Cape Verde, Comoro Islands, Congo (Brazzaville), Dahomey, Gabon, Ghana, Liberia, Nigeria, Sao Tome and Principe, and Spanish Guinea. 7/ Includes Malaysia, New Caledonia, New Hebrides, Papua and New Guinea, Portuguese Timor, South Vietnam, and Yemen.

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The most important factor in the price picture in the next few months will be the decisions made or not made on a new International Coffee Agreement. Without a new effective Agreement to replace the one which expires on September 30, 1968, prices would drop sharply. A meeting of the International Coffee Council to discuss a number of major issues pertaining to the Agreement was held January 8-17, 1968.

Production

Latin America: The outlook in Brazil is for a smaller crop than was anticipated in September, and some reports say the crop will be down even more. The month of January should bring more information on this crop, however, as the Brazilian Coffee Institute's increased support price will probably stimulate registrations. Brazil's exportable production for two consecutive years has been below its annual export entitlements under ICA. It is anticipated that Brazil's 1968-69 exportable production will also be below such export entitlements. Colombia is not expected to produce as much coffee in 1967-68 as was previously estimated, apparently because of unfavorable weather. Production continues its downward trend in Venezuela and this, combined with increasing domestic consumption, is making less coffee available for export. Coffee production in Guyana, though still small, is increasing and is now estimated to total almost 20,000 bags. Only about 2,000 bags of this are exported, with the remainder consumed domestically as per capita consumption increases rapidly.

Good growing conditions have resulted in a good crop in Costa Rica and in most of the rest of Central America. This follows the 1966-67 crop which was generally a "down" year in the area, particularly in Guatemala and Honduras. Production appears to be falling off in Puerto Rico, with the result that little coffee will be exported to areas other than the United States in 1967-68. The predominantly Robusta crop in Trinidad and Tobago is expected to be close to a record in 1967-68. Also of note in that country is the recent granting of new industry status to a planned soluble-coffee plant Production from this plant must be forthcoming within 2 years or the "new industry" status will be forfeited.

Africa: The 1967-68 crop in Cameroon is expected to be a good one and could be close to the record 1965-66 output. Coffee production in the Congo (Kinshasa) as compared to exports, would indicate sizeable and accumulating stocks in that country. It is possible, however, that some of this coffee is finding its way to market via other exporting countries. The 1967-68 crop in the Ivory Coast now appears to be lower than previously estimated, as does the 1966-67 crop. Stocks appear to have been at a manageable level at the beginning of the 1967-68 marketing year but could become a problem should the 1967-68 harvest turn out as expected. Coffee Berry Disease continues to take its toll in Kenya with the result that 1967-68 production is expected to fall back from the 1966-67 level in spite of a long-time upward trend in production. Rwanda expects a big crop in 1967-68 as that country moves ahead with its program to strengthen coffee production. The general level of production in Sierra Leone is now considered to be a little lower than previously estimated, and the 1967-68 figure will be accordingly lower. Heavy shipments in the fall of 1966 indicate that 1966-67 production in Tanzania was previously underestimated, while output in 1967-68 is expected to return to a more normal level. Of the smaller coffee-producting countries in Africa, both Ghana and Nigeria are expected to have considerably larger crops in 1967-68 than are estimated for 1966-67.

Asia and Oceania: Coffee production in India is moving upward. This means not only that more coffee will be available for the export market, but also that more will be released for domestic consumption on the local market. Production is also up in the Philippines, which means that this country's import needs will probably drop slightly.

Other Developments

Prices: A downtrend in prices that had continued since June 1967, was halted early in the new coffee year, and there followed a sharp upturn that reached a peak during the first week of November. Apparently this was largely due to the industry's present tendency to reduce inventories and to work on a "hand-to-mouth" basis. After the first week in November a general weakening set in again and lasted until early December when some coffees, especially Robustas, once again showed signs of strengthening. At that time, the 1967-68 crop of Robustas had not yet reached its peak harvest season, and the small 1966-67 crop had decreased supplies before the new harvest.

Prices should remain at or below their present levels during the early part of 1968 because of a number of factors: (1) The price selectivity system has recently resulted in quota increases for both the Robusta and "Colombian Milds" groups, (2) the 1967-68 crop harvest will soon be substantially completed in most countries, and (3) the market continues to be undecided as to what is going to happen regarding negotiations of the International Coffee Council for a new Agreement.

With reference to the price selectivity system operating during the 1967-68 marketing year, the last coffee circular, FCOF 4-67, October 1967, page 6, carried a statement to the effect that "the number of quota changes in any one direction in any one quarter will be limited to two." However, it has been determined that any number of changes may be made, provided that no downward adjustment is made in excess of the total annual special export authorization of a member plus any increases that have been granted during the quarter.

Trade: World imports of green coffee during the 1966-67 international coffee year (October-September) are estimated to have been almost 1.8 million bags below the total a year earlier, as smaller quantities of "tourist" coffees moved in international trade. There was also a drawdown in stocks in importing countries during the same period. U.S. imports of green coffee during 1966-67 totaled 21.3 million bags, compared with 24.1 million in 1965-66. (The latter figure is somewhat inflated due to a delay in processing documents in September 1965.) U.S. imports of soluble coffee increased from 159,000 bags (green bean equivalent) in 1965-66 to 525,000 bags in 1966-67.

Brazil continues to be the principal source of imported soluble coffee, with France in second place. Corrected import figures show that the United States imported 1.3 million pounds of soluble from France during the first 10 months of 1967, as compared with 0.3 million in 1966 and less than 500 pounds in 1965, thus moving ahead of the more traditional suppliers in Central America and Mexico. During the same 10 months of 1967, imports of soluble from Brazil rose to 17.3 million pounds, compared with 6.0 million in 1966 and 0.3 million pounds in 1965.

Coffee earnings, as a percentage of total earnings, were up significantly in Guatemala and in Tanzania in 1966 (see Table I). In the latter country, however, the crop accounted for only about one-fifth of total earnings, while in Guatemala it accounted for more than half. The percentage also increased in Colombia, Angola, Cameroon, and the Ivory Coast but was down in such important producing countries as El Salvador, Ethiopia, and Uganda.

Stocks: Smaller world coffee crops in 1966-67 and 1967-68 are expected to lower world stock levels to about 75 million bags at the end of the current marketing season (Table III), but this would still be enough to meet world coffee needs for more than a year. Some of this coffee would not generally be considered of exportable quality but could probably be consumed in some form in the country of origin. This stock picture is a little misleading, however, since most of the supply is held in a few countries and is not available to the world market under the ICA export quota system. The present year could bring a slight change in this picture because of tightened quota regulations that should compel some countries to hold back coffee for the first time.

International Coffee Agreement (ICA): The International Coffee Council, at the January meeting in 1968, was able to resolve 4 of the 5 major issues which were carried over from the Council meeting held in November-December 1967. The 4 issues which were resolved were: (1) Production goals, (2) a Diversification and Development Fund, (3) preferential tariffs, and (4) price selectivity. The only issue that remains to be resolved as this circular goes to press is that of soluble coffee. The United States, which has been the principal export market for these solubles, does not object to the development of a soluble industry in Brazil, or elsewhere, but does object to the subsidization of the industry at a time when the International Coffee Agreement is holding up the price of the green coffees which the U. S. soluble manufacturer must import, thereby putting him at a competitive disadvantage.

Table I

Coffee: Export value as percent of total exports
1962-66 1/

Continent and Country	Year				
	1962	1963	1964	1965	1966
	Percent	Percent	Percent	Percent	Percent
North America:					
Costa Rica	55.5	49.7	42.2	41.7	38.0
Dominican Republic	11.5	10.6	17.0	16.8	15.3
El Salvador	55.5	48.5	52.1	50.7	47.6
Guatemala	62.4	49.5	46.5	46.0	55.5
Haiti	69.8	36.8	47.8	55.6	51.2
Honduras	14.3	17.3	18.4	17.6	13.8
Mexico	7.9	4.6	9.2	6.7	7.0
Nicaragua	17.1	16.4	16.9	17.7	14.9
South America:					
Brazil	52.9	53.2	53.1	44.3	44.4
Colombia	71.6	67.8	71.9	63.8	64.7
Ecuador	17.9	14.3	16.3	28.6	21.8
Peru	4.5	4.7	5.5	4.5	3.7
Venezuela	.7	.9	.7	.6	.5
Africa:					
Angola	43.7	40.5	48.7	46.8	48.1
Congo, Kinshasa	3.8	6.8	8.0	5.2	N.A.
Cameroon	20.4	20.2	27.6	23.2	29.4
Ethiopia	54.6	50.5	61.3	65.0	57.7
Ivory Coast	42.0	51.8	42.5	37.8	39.4
Kenya	27.9	25.1	32.7	29.9	21.3
Malagasy Republic	31.9	28.9	26.7	31.5	31.5
Tanzania	12.8	10.8	15.8	13.7	19.1
Uganda	53.6	52.8	54.9	48.5	45.5
Asia and Oceania:					
India	1.2	1.1	1.0	1.4	1.1
Indonesia	1.8	2.8	3.7	4.5	4.8

1/ This table is subject to revision.
N.A. = Not available

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Table II

GREEN COFFEE: Exports for specified countries by country of destination, calendar year 1966

Country of destination	Angola	Brazil	Colombia	Guatemala	Ivory Coast	Mexico
	Bags 1/	Bags 1/	Bags 1/	Bags 1/	Bags 1/	Bags 1/
Europe:						
Austria	1,583	15,259	320	1,467	---	---
Belgium-Luxembourg	52,533	354,408	97,714	36,285	---	3,081
Czechoslovakia	---	109,393	19,636	---	---	5,412
Denmark	9,450	679,440	53,350	5,309	---	3,070
Finland	13,567	391,473	206,062	47,042	---	725
France	18,833	569,366	30,244	3,124	1,212,717	662
Germany, East	---	285,511	121,750	---	---	---
Germany, West	108,533	663,918	910,992	340,607	3,017	73,096
Greece	---	151,597	---	---	---	---
Hungary	---	106,216	38,081	---	33,583	23,333
Italy	4,267	1,391,627	48,426	10,970	115,733	62
Netherlands	562,217	594,063	196,784	70,936	---	9,879
Norway	8,333	424,868	42,394	10,252	---	415
Poland	44,183	43,875	84,165	---	33,600	22,167
Portugal	220,833	61	---	---	---	---
Spain	42,767	174,508	333,572	16,948	8,400	89,025
Sweden	167	1,009,294	269,566	21,421	---	58
Switzerland	30,333	24,630	19,137	5,830	---	138,961
United Kingdom	17,650	90,636	50,891	2,944	---	233
U.S.S.R.	---	277,495	33,332	---	---	---
Yugoslavia	---	379,742	8,167	---	---	---
Others	---	155,876	3,500	26,054	---	---
Total	1,135,249	7,893,256	2,568,083	599,189	1,407,050	370,179
North America:						
Canada	87,833	258,013	78,177	8,321	---	17,770
United States	1,272,250	6,958,784	2,713,402	1,011,144	818,700	1,030,312
Others	---	---	---	2,145	---	---
Total	1,360,083	7,216,797	2,791,579	1,021,610	818,700	1,048,082
South America	---	716,202	99,025	---	---	---
Africa	90,150	183,334	1,254	57,472	316,034	---
Asia and Oceania	21,384	1,021,180	104,503	189,204	319,333	118,104
Not specified	---	---	174	---	163,216	526
Grand total	2,606,866	17,030,769	5,564,618	1,867,475	3,024,333	1,536,891

1/ 60 kilograms or 132.276 lbs. each.

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

Table III

GREEN COFFEE: Estimated world supply and distribution
Marketing years 1947-48 to 1967-68

Marketing Year	Beginning carry-over	Production	Total Supply	Net exports	Domestic distribution 1/	Ending carry-over
	1,000 bags 2/	1,000 bags 2/	1,000 bags 2/	1,000 bags 2/	1,000 bags 2/	1,000 bags 2/
1947-48.....	17,050	34,618	51,668	30,848	8,292	12,528
1948-49.....	12,528	39,095	51,623	32,266	9,330	10,027
1949-50.....	10,027	37,615	47,642	31,205	8,304	8,133
1950-51.....	8,133	38,164	46,297	31,593	8,163	6,541
1951-52.....	6,541	38,530	45,071	32,152	7,646	5,273
1952-53.....	5,273	41,513	46,786	32,939	8,236	5,611
1953-54.....	5,611	43,996	49,607	33,458	9,656	6,493
1954-55.....	6,493	42,188	48,681	29,219	8,266	11,196
1955-56.....	11,196	50,348	61,544	38,296	6,731	16,517
1956-57.....	16,517	45,420	61,937	36,203	10,778	14,956
1957-58.....	14,956	55,009	69,965	37,340	8,779	23,846
1958-59.....	23,846	61,665	85,511	38,977	9,664	36,870
1959-60.....	36,870	78,919	115,789	42,351	12,498	60,940
1960-61.....	60,940	65,768	126,708	44,220	12,954	3/ 66,534
1961-62.....	66,534	72,043	138,577	45,361	13,768	4/ 72,448
1962-63.....	72,448	67,387	139,835	47,909	13,971	5/ 70,655
1963-64.....	70,655	70,998	141,653	49,214	14,097	78,342
1964-65.....	78,342	50,613	128,955	45,400	14,727	68,828
1965-66.....	68,828	81,624	150,452	52,800	15,265	82,387
1966-67.....	82,387	61,648	144,035	50,000	16,074	77,961
1967-68.....	77,961	67,335	145,296	53,000	16,865	75,431

Note: In recent years some of the carry-over stocks were not of exportable quality.
1/ Domestic distribution in producing countries.
2/ 132.276 lbs. each.
3/ Stocks reduced by 3 million bags which were allocated for industrial use in Brazil.
4/ Stocks reduced by 7 million bags which were destroyed in Brazil in mid-1961.
5/ Stocks reduced by 7.3 million bags due to revision in IPC stocks.

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