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USDA'S THIRD COFFEE ESTIMATE VIRTUALLY UNCHANGED FROM SECOND

SUMMARY

The third USDA estimate of the 1980/81 world coffee crop is for a total production of 80.2 million bags (60 kg. each). This is .15 percent, or 121,000 bags, larger than the second estimate, but slightly (183,000 bags) below the current 80.4 million bag estimate for 1979/80. Based on past performance, the chances are two out of three that the third estimate of total production will not vary more than 3.5 percent from the final outturn for the year.

In North America, total output in 1980/81 is up slightly from the second estimate as decreases in the Dominican Republic and Haiti were more than offset by larger estimates for El Salvador, Nicaragua, and Panama. South American production is down 207,000 bags with downward adjustments registered for Ecuador, Peru, and Venezuela.

African production is up only a fraction of 1 percent from the preceding estimate and virtually unchanged from the 1979/80 total. Estimates for Angola, Cameroon, Kenya, Madagascar, and Uganda have been adjusted upward or downward somewhat, mainly on the basis of recorded trade and stock data.

In Asia, estimates for India and Indonesia were raised slightly, bringing total regional production to 8.62 million bags, up 69,000 bags from 1979/80's.

World coffee exports in 1980/81, based on crop year data for individual producing countries, are now estimated at 60.971 million bags, substantially below the estimate contained in FCOF 5-80, owing to the introduction of coffee export quotas for the year in October. Producer held stocks are now expected to decline from 23.658 million bags at the end of 1979/80 to

22.852 million at the end of 1980/81. If the 27 to 29 million bag 1981 (1981/82) harvest in Brazil materializes, as seems almost certain, stock levels will jump considerably by the end of 1981/82.

PRODUCTION

North American production of coffee in 1980/81 is estimated at 15.1 million bags with exportable production at 11.5 million bags, both up slightly from 1979/80 levels as well as from previous estimates for 1980/81. El Salvador's crop is up 300,000 bags from earlier expectations while the Dominican Republic's is off by 175,000 bags. The estimate for Nicaragua has also been raised offsetting a decline in Haiti.

A record Costa Rican coffee harvest of 1.88 million bags from 81,000 hectares, equivalent to 23.2 60 kilogram bags per hectare, is still likely for 1980/81 (October/September). The record crop would be the result of an up year in the normal production cycle, excellent weather conditions during the blossoming season, good tree care, and the absence of major disease problems. Harvesting of the 1980/81 crop began in mid-November and should be much more thorough this year, with the help of school age labor. The National Salary Council has approved an increase in the minimum wage rate for coffee pickers, up from 8.0 to 9.7 colones (8.54 colones =US\$1.00) per cajuela (28 pounds). The second measure may, however, have only marginal effect on the labor supply for the 1980/81 harvest; most pickers were already receiving 10 to 15 colones per cajuela.

The outlook for coffee in Costa Rica is not as bright at this time as it was one year ago, because production credit has become more costly and difficult to obtain, especially by the small and medium sized growers. The most obvious effect will be a slowdown in the rate at which older trees are being replaced with newer, higher yielding varieties, planted at much greater density.

Final figures on the quantity of coffee exported during crop year 1979/80 are not yet available, but may have totaled about 1.3 million bags, down more than 200,000 bags from 1978/79. Exports during calendar year 1979 are unofficially placed at 1.6 million bags, valued at about \$317 million. As in 1978, coffee will rank as Costa Rica's single most important source of foreign exchange. Six traditional markets purchased more than 78 percent of the 1979/80 export volume, led by the United States with 29.8 percent. The other five markets, in order of importance, were West Germany, 17.4 percent; Netherlands, 11.8 percent; Finland, 9.3 percent; France, 5.0 percent.

For 1980/81, Costa Rica received a basic ICO export quota of 1.5 million bags, which can easily be filled. Sales to nonmember countries should help hold actual sales at that level, or above, even if ICO quota allocations are cut by falling world coffee prices.

According to The Gaceta No 175 of September 12, 1980, the Government of Costa Rica has altered the method of calculating export taxes on coffee, to the following Ad Valorem basis, which automatically adjusts to changes in international price levels.

<u>F.O.B. EXPORT VALUE IN US \$ Per Bag</u>	<u>TAX RATE</u>
95.00 and below	1%
95.01 to 115.00	1% plus 28.5 cents
115.01 to 175.00	7% plus 11.5 cents
175.01 to 215.00	13% plus 21.875 cents
over 215.01	18%

The Coffee Office requires that 12-13 percent of the 1980/81 crop be retained for the domestic market. Purchases for the domestic market are made at auctions. During 1979/80, the domestic auction price for green coffee averaged 8.82 colones per kilogram (U.S. 46 cents per pound). The Government regulated prices for roasted/ground coffee, containing 12 percent sugar, are unchanged at 6.50 colones per 500 grams wholesale, and 7.25 colones per 500 grams retail. Prices for coffee without sugar, which are unregulated, currently range between 17 and 24 colones per kilogram, depending on quality.

The 1980/81 crop estimate for the Dominican Republic has been adjusted downward to 825,000 bags, 75,000 bags below the current estimate for 1979/80. The main reasons for the lower estimate are (a) Damage to cherries caused by hurricane Allen, mostly to the Barahona area (10-20 percent of total production) and (b) damage to the farm road system. Had it not been for the hurricane damage to the Barahona area (berries and roads) the Dominican Republic would have had an excellent year, considering it was the low year of a 2-year production cycle.

Dominican production of green coffee for the 1979/80 crop year has been revised upward to 900,000 bags, 14 percent above 1978/79's. Initial estimates overstated the losses due to the passage of hurricanes David and Frederick. Also, funds from a U.S. \$8 million loan program were used by coffee producers to purchase fertilizer, trees, etc. thus materially boosting 1979/80 crop outturn.

There are an estimated 120,000 hectares of land planted primarily to coffee in the Dominican Republic. Many of the coffee trees are grown in a semiwild state, in extremely mountainous terrain, with minimum care. Up to 80 percent of the trees are more than 100 years old. Private sources indicate yields as low as 100-200 pounds per hectare.

Coffee exports during 1979/80 totaled about 620,000 bags, up more than 100,000 bags from the year before. These exports resulted in foreign exchange earnings of about US\$150 million. For 1980/81, exports are forecast at 525,000 bags, leaving September 30 carryover stocks relatively unchanged from the year before.

Domestic consumption is estimated at 295,000 bags for 1980/81, up 4 percent from the preceding season. No significant volume of coffee is imported into the country.

Production estimates for coffee in El Salvador have been elevated to 2.73 million bags for 1979/80 and to 2.40 million for 1980/81. Crop year statistics, now available, indicate the 1979/80 outturn was better than expected. While early rains in January caused some premature blossoming, weather conditions were generally favorable for the balance of the growing season. The major caveat in the 1980/81 forecast, and the reason why it has not been raised even higher, remains the possibility of terrorist-inspired labor disruptions during the harvesting and marketing seasons.

El Salvador is critically short of foreign currency reserves. In order to meet the country's operating needs, as well as to avoid the high interest and warehousing costs, the National Coffee Marketing Board (INCAFE) resumed foreign coffee sales in early October at the rate of 75,000 bags per week. These sales were drawn from large out-of-country stocks held by the Board. Sales were to be accelerated during 1980/81 according to the rate of purchases.

INCAFE remains Salvador's monopoly buyer and seller of coffee. On October 28, 1980, after being out of the market for 3 months, in line with PANCAFE'S efforts to influence the international market price for coffee, INCAFE began quoting export prices and resumed purchasing from local producers. Under the Salvadorean system grower's received 35 percent of their coffee's value in April and another 35 percent in July. The last installment has to await final sales abroad, after actual revenues have been determined.

Although some early maturing varieties had already been picked, the bulk of the harvesting activity was due to begin in mid-November 1980. In order to prevent a recurrence of last year's violent disruptions, the Government pledged to provide as much physical security as possible. However, labor shortages could still occur if news that thousands of Salvadoreans are living away from their coffee growing area homes as refugees, is true.

At the equivalent of US\$54 per hundredweight for the 1979/80 harvest, INCAFE is offering growers less for their crop than stated production costs of \$64 to \$68 per hundredweight. The level of payments for pergamino coffee from the 1980/81 harvest was announced October 28, 1980, at the equivalent of US\$74 per 100 pounds, compared to \$139 in mid-November 1979. Even if total production costs exceed returns, most growers will spend the additional funds needed to harvest the 1980/81 crop in order to recover at least a part of their investment. They would also like to retain their harvest workers, many of whom have worked on the same plantation for years.

Coffee exports during 1979/80 exceeded 2.6 million bags, more than half unsold at the time of shipment. Overseas reserves reportedly reached the 1-million-bag level several times during the year. In part, the buildup occurred because of the concern for the physical security of the coffee and, in part, because the coffee was needed as collateral for foreign loans. Barring an internal disruption in the flow, El Salvador should be able to fill the 2.3-million-bag ICO coffee export quota assigned it for 1980/81 if that level is authorized by world market prices.

Coffee exports are taxed at the rate of US\$5.25 for the first \$40 of the f.o.b. price for each hundredweight, and 30 percent on the remainder.

Efforts to control the spread of coffee rust continue by the Instituto Salvadoreño de Investigaciones (ISIC), the Organismo Internacional Regional de Sanidad Agropecuaria (OIRSA), and the Ministry of Agriculture, even though coffee output has not so far been affected by the disease. Outbreaks have been noted in the Usulután area of eastern El Salvador and in several locations in the center and west of the country. About 10,000 Manzanas (7,000 hectares) of the 40,000 manzanas under quarantine are actually infected.

At 2.65 million, 60 kilogram bags, Guatemala's 1979/80 coffee crop was 6.4 percent below the 2.83 million bags harvested in 1978/79. Yields were also lower per hectare. A further decline to 2.60 million bags can be expected in 1980/81 because of the cost/price squeeze producers entered into 1980.

Guatemalan coffee producers generally viewed 1980 as a discouraging year. In March, the Government raised the minimum wage rate for coffee laborers to the U.S. equivalent of \$3.20 per day, more than double the previous \$1.56 per day. Rising production costs, coupled with falling world coffee prices, tight credit, and high export taxes, curtailed the use of fertilizer and insecticides. Funding for many other activities such as the coffee improvement program are being cut. There is also the problem of rust entering the country from El Salvador. Since the fungus disease has been detected as near as 25 miles from the border the pervasive feeling is that it is only a matter of time before the disease will arrive. Finally, political activism, especially among the migrant laborers, has been a constant concern to the industry, to the extent that a portion of crop may not be harvested in some areas.

The only producer triumph for the year came when the Government agreed to lower export taxes, effective October 28. Due to the imminent passage of this law by Guatemalan Congress, 200,000 to 300,000 bags of green coffee for export became backlogged September and October. The new tax rates are as follows for green coffee:

<u>FOB Price/46 kg bag</u>	<u>Tax rate (U.S. equivalent)</u>
Up to \$70.00	None
\$70.01-\$75.00	25% on amount over \$70.00
\$75.01-\$80.00	30% on amount over \$75.00
\$80.01 to \$85.00	35% on amount over \$80.00
85.01 and up	45% on amount over \$85.00

The tax will not be over \$60.00 when the international price falls between \$208.34 and \$250.00; \$70.00 when it falls between \$250.01 and \$300.00; \$80.00 when it falls between \$300.01 and \$350.000; and \$90.00 above \$350.01. Coffee exports totaled 2,145,339 bags during the 1979/80 coffee year, including the soluble equivalent of 3,115 bags of green beans. Under the newly established ICO quota system, Guatemala received a basic authorization of 2.1 million bags. Since Guatemala's exports have been almost entirely to member importing countries, exports would fall by 100,000 bags or more in 1980/81, if the current trend in prices is not reversed. The lower the price, the larger the stock levels that can be projected for September 30, 1981.

Guatemala's economy is closely tied to coffee. It provides employment for about 2 million people, one third of the total population. More than one-fourth of Guatemala's programs for social and economic development are dependent on coffee. Almost 90 percent of the crop is exported each year. It accounts for more than 45 percent of the country's agricultural export earnings.

Hurricane Allen reduced Haiti's 1980/81 coffee crop to about 485,000 bags, 100,000 to 125,000 bags below the production potential before the storm. This is 170,000 bags below the record 655,000 bags harvested during 1979/80.

By international standards, grower returns equivalent to 45 to 60 U.S. cents per pound, are low. During 1980 exports totaled about 400,000 bags, earning \$90 million dollars. The volume will fall to about 250,000 bags during calendar year 1981.

The 1979/80 coffee estimate for Honduras has been lowered by 100,000 bags to 1.11 million bags, owing to the failure of a larger crop to materialize statistically, according to Instituto Hondureno del Cafe (IHCAFE). USDA's third estimate for the 1980/81 harvest is unchanged at 1.31 million bags. While growing conditions have generally been good, tight credit and the current low world coffee price could adversely affect the degree to which the crop is harvested in marginally profitable areas.

While the Government of Honduras has not officially acknowledged its presence in Honduras, coffee rust has been observed in neighboring countries for some time.

Export shipments from the 1979/80 crop (October/September) were lower than anticipated, at about 980,000 bags. The substantially bigger 1980/81 harvest would permit a 200,000 bag increase in exports, but the actual volume will largely be determined by the 1.1-million-bag export quota for the year, adjusted for any cuts which are applied. Honduras has few markets which are not members of the ICO.

USDA continues to conservatively estimate Mexico's 1980/81 (October/September) coffee crop at 3.7 million bags, up nearly 100,000 bags from last year. Overall, weather conditions for the current year's crop have been good, with adequate, but not excessive, rainfall throughout most of the growing areas. Coffee yields in the states of Veracruz and Oaxaca are expected to more than offset the prospect of lower yields in the southern half of the main producing state of Chiapas. The reasons for the decline in southern Chiapas may relate to a failure to properly care for the trees, including the control of insect infestations.

Reports of coffee rust in Mexico have so far proven unfounded. Both the Mexican Coffee Institute (INMECAFE) and Sanidad Vegetal continue to investigate all reported outbreaks. The Government is extremely concerned about the hazard rust portends to the Mexican coffee industry and apparently is taking every possible precaution to prevent, or at least postpone, its introduction into Mexico. INMECAFE is importing rust resistant varieties of coffee from several countries as an initial step in a long-term effort to increase the resistance of Mexican trees to the disease. The various state governments are working with INMECAFE, Sanidad Vegetal, and Customs to control the import of used coffee bags from both infected and noninfected countries, as a possible source for disease introduction.

On the assumption Mexico will fill its ICO quota of 2.2 million bags, altered by adjustments based on price, and be able to find some markets for in non-ICA countries, USDA's 1980/81 export forecast is for 2.15 million bags, 300,000 bags below the level for 1979/80.

INMECAFE'S "Sistema de Comercialization de la Cosecha 1980/81" was implemented on November 1, 1980. The two most important changes from the marketing program for 1979/80 were (1) The elimination of the exporter fees paid to INMECAFE on each bag of coffee sold abroad to help subsidize the producer price for coffee; and (2) the addition of provisions for the licensing of exports each quarter to conform to the terms of the ICA (i.e. issuing 94 percent of the allowable quota initially and holding the remaining 6 percent until the last 20 days of the quarter). Export registrations will also be based on stock levels prior to the first day of each quarter.

It is now believed that domestic consumption will be up 110,000 bags in 1980/81, over 1979/80, at 1.4 million bags. Since two new soluble processing plants have been opened within the past year, bringing the country total to nine, it is also now probable that 40 percent, or 560,000 bags (GBE), of Mexico's coffee consumption will occur as soluble in 1980/81. The new plants, which are located in Cordoba, Veracruz, and Hermosillo, Sonora, will reportedly have the capacity to produce 1,000 to 1,500 tons of soluble coffee annually.

Ending stocks of coffee, including that for export and domestic use are expected to grow by about 150,000 bags between September 30, 1980 and September 30, 1981, reaching about 620,000 bags. If the harvest is above 3.7 million bags carryover stock levels from the current year will be larger.

Nicaragua's 1980/81 coffee crop is now estimated at a record 1,050,000 bags, up 138,000 bags from the revised estimate of 912,000 bags for 1979/80. Unlike last year's harvest, which was delayed and damaged by unseasonable October and November rains, climatic conditions this year have been described as nearly ideal. However, improved labor relations will be necessary to insure the harvesting and marketing of the larger crop. Returns from coffee are being squeezed by higher labor costs (up 140 percent over last season) and declining world coffee prices.

The prices Nicaraguan coffee producers receive are tied to the New York "C" contract market price. In late October, when the "C" contract price was \$1.24-\$1.26 per pound, producers would have received 94.5 cents per pound, or less than the cost of production, according to the Empresa Nicaraguense de Cafe (ENCAFE). ENCAFE hopes that by the time export purchases occur from the 1980/81 harvest, "C" contract market prices will have risen sufficiently to pull producer prices up to the guaranteed \$1.00 per pound minimum, so that no payments from the Coffee Fund will be necessary.

Of the 912,000 60 kilogram bags of coffee produced in 1979/80, only 780,000 bags were of export-quality beans. About 40,000 bags of nonexportable beans were processed into soluble coffee and exported. West Germany, with 182,093 bags, and the United States, with 153,857 bags, were the largest individual markets, while shipments to the Eastern Bloc countries (USSR, East Germany, Czechoslovakia, and Bulgaria), which are not members of the ICO, totalled 66,376 bags.

If the 1980/81 crop reaches or exceeds 1,050,000 bags, at least 950,000 bags would be available for export. There will be a yearend buildup in stocks to the extent Nicaragua cannot find markets for 150,000 or more bags in countries which are not members of the ICO. Sales of soluble coffee are expected to increase to about 90,000 bags (G.B.E.) during 1980/81.

There are indications export and coffee fund taxes will be reduced for the 1980/81 marketing season in an effort to provide financial relief for the small producers who have been badly hurt by the lower prices.

Coffee growers in Nicaragua are concerned about the possible takeover of their farms by MIDA-INRA, the agrarian reform agency of the Ministry of Agriculture, under the pretext that the farms are in a state of neglect or abandonment. Growers may also subject their land to takeovers by peasant organizations when wage payments to farm laborers have to be delayed because the Government has failed to provide the necessary preharvest financing on a timely basis.

Total coffee production in Trinidad and Tobago is now expected to decline for the fifth year in a row, to 33,000 bags in 1980/81, and there is little prospect for a trend reversal in the near future. Due to serious labor shortages, caused by the focus on industrial development, a portion of the 1979/80 crop was not harvested, thus the USDA estimate for the year has been reduced by 2,000 bags, to 36,000 bags.

The Government has developed plans to rehabilitate, as well as move, the coffee plantations to more specialized areas where only coffee would be grown.

Producer prices were raised from the U.S. equivalent of \$1.23 per pound in 1978/79 to \$1.33 per pound in 1979/80, including 83 cents turned over at the time of purchase, and 50 cents paid later as a dividend.

Trinidad and Tobago coffee exports are provisionally estimated at 22,200 60 kilogram bags for 1979/80, including the soluble equivalent of 8,184 bags of green coffee. The largest market for beans was the United Kingdom with 10,130 bags; while Guyana and the Caribbean area, especially Jamaica and Barbados, were the principal buyers of soluble coffee. As Trinidad's natural gas and oil incomes rise, so does its ability to import foodstuffs, including decaffeinated coffee from the United States, as well as specialty roasts from the United Kingdom.

SOUTH AMERICA

Production of coffee in South America for 1980/81 is estimated at 37.7 million bags, down nearly 200,000 bags from the second estimate, and almost 600,000 bags below the 1979/80 outturn. Exportable production estimates are also comparatively lower than previously recorded. Reductions in the estimates for Ecuador, Peru, and Venezuela account for the changes in the 1980/81 estimates.

Coffee production in Brazil in 1980/81 (1980 crop) is still estimated at 21.5 million bags, compared with 22.0 million for 1979/80, and 20.0 million for 1978/79. Yields from the 1979/80 harvest were lower than expected, because of climatic conditions during the growing season.

Based on field observations, in the principal coffee producing States of Parana, Sao Paulo, and Minas Gerais, which revealed generally good growing conditions, Brazil's 1981 (1981/82) coffee harvest is conservatively estimated at 27 to 29 million bags. Under favorable weather--no high winds and adequate rainfall conditions--and if farm management practices, especially the application of fertilizer, are adequate, the crop could be significantly above this range.

Coffee trees in Brazil have completely recovered from the 1975, 1978, and 1979 frosts and freezing temperatures. However, the blossoms in several areas of Northern Parana were exposed to near freezing temperatures last September during the last Southern Hemisphere's winter season, and, as a result, lost a portion of their production potential. Although the intervals between spring rains were occasionally too widely spaced, the coffee trees, and consequently Brazil's 1981 coffee crop, were not significantly affected.

The Brazilian coffee production potential for 1981 can be compared with the estimates for 1980, by states, as follows:

State	1980 (1980/81)	1981 (1981/82)
	Millions of 60 kilogram bags	
Parana	4.50-5.00	7.50-8.00
Sao Paulo	7.75	8.50-9.00
Minas Gerais	4.75-5.25	7.50-8.00
Other States	4.00	3.50-4.00
	<hr/> 21.00-22.00	<hr/> 27.00-29.00

According to Brazilian Coffee Institute (IBC) President Rainho, there are about 3.3 billion coffee trees in Brazil at present. Fifty percent are located outside the country's frost belt. About 77 percent are fully productive. The remainder will reach maturity in a few years. Although world coffee supplies will exceed demand over the next several years, Brazil will continue to finance the planting of seedling trees in new areas. The IBC is also giving special priority to the development of infrastructural facilities at the farm level, in order to improve crop quality. On the negative side, rust has begun to spread again because producers have stopped using chemical controls, because of their high cost.

On January 1, 1980, the National Monetary Council (CMN) will raise the producer guaranteed price for type 6 or better coffee to Cr\$7,300 from the July 1, level of Cr\$6,000 per 60 kilograms. The increase is in compensation for the currency devaluations which have occurred since July 1. Type 7 (Robusta) coffee, free from Rio zone Flavor, will go from Cr\$4,800 to Cr\$5,840 (The official rate of exchange was Cr\$62.31 per US \$1.00 as of end of November.)

During the 1979/80 (July/June) coffee marketing year, Brazil exported 12.0 million bags of green coffee and 2.0 million bags of soluble, green bean equivalent (GBE), for a 14.0-million-bag total. Earnings for the year reached US\$2.85 billion, of which \$402 million were from soluble sales. Exports are expected to reach 16.5 million bags in 1980/81, including the soluble equivalent of 2.5 million bags of green coffee. Brazil may be able to export around 17.0 million bags green and soluble (GBE) during calendar year 1981, including 14.5 million bags to ICO members, and 2.5 million to nonmembers. Prior to the imposition of ICO export quotas, Brazil had an export goal of 18 to 20 million bags for 1981/82.

Proportionately less top-quality coffee was produced in Brazil in 1980. As a result, the supply is expected to be very tight next March, April, and May, before the 1981/82 harvest begins.

If exports reach 16.5 million bags during 1980/81 (July/June), yearend stocks on June 30, 1981, will fall to their lowest level in over 20 years, at 5.43 million bags. However, beginning in 1981, Brazil will begin rebuilding stocks levels towards the 1 year reserve equivalent it would prefer to have.

Last February, Brazil launched an aggressive export sales policy in order to: (1) Substantially increase export earnings from coffee and, (2) recover its share of the world coffee market (especially the U.S. and German markets). Beginning in March, large U.S. roasters were granted extra-official-price discounts through a system of rebates below the minimum official registration prices, so that actual prices for Brazil's unwashed Arabicas were always below the prices for Central American milds (but above those for the African Robustas). The minimum registration price for type 6 coffee continues above US\$2.00 per pound before discounts. The minimum registration prices for soluble coffee exports were set at US\$6.30 per pound and US\$5.30 per pound of freeze and spray-dried soluble coffee, respectively.

During 1980, there were 19 Cruzeiro devaluations, usually at 2-week intervals. The contribution quota (or export tax), was adjusted each time there was a currency devaluation (in order maintain its dollar value). As of mid-November, the contribution quota was US\$132 for each 60 kilogram bag of green coffee, and US\$2.86 and \$2.91 per pound for spray freeze-dried soluble coffees, respectively.

Export registrations for January, February, and March 1981, were opened November 24, 1980. The major difference between the 1980 and 1981 IBC contracts with roasters is that for 1981 there will be a minimum or market floor price. They will grant discounts as low as US\$1.20 per pound. Also, the price guarantee will be effective for three, 10-day periods following shipment, rather than four, as under 1980 contracts. Finally, roasters will have to contract for a fixed amount of green coffee in 1981, instead of having a 10 percent margin, as they did in 1980.

USDA's third estimate for Colombia's 1980/81 coffee crop remains unchanged from the second time at 12.4 million bags. Between 1978/79 and 1979/80, coffee production declined by 300,000 bags, or from 12.6 to 12.3 million bags, as higher costs discouraged the application of fertilizer and higher wages made labor use less intensive. Cyclical pruning of the high

yielding varieties in renovated plantations is being delayed beyond the 5 year interval recommended by agronomists, thus per-hectare output is declining. The trend will continue in 1980/81 as production costs rise against producer prices held down by declining world coffee prices. The producers did, however, receive an increase in the minimum price for their coffee from 8,732.50 pesos (US\$191.50) to 9,200 pesos (US\$201.75) per 125 kilos in early December of 1980.

Programs to detect and control possible coffee rust outbreaks remain pre-eminent in the area of crop sanitation. These efforts, begun in 1970, turned aggressive over the past year in a joint news media campaign by the various agencies involved. The campaign has been reinforced in border areas, especially that with Ecuador.

While weather conditions during the 1979/80 crop year were generally good, hail caused some damage to the blossoms and fruit in the Risaralda area. Also, the excessively dry weather and resulting dust along unpaved roads, led to increased populations of red spiders, but no significant damage resulted.

During 1979/80 (October/September) Colombia recorded legal exports of 11,542,526 60 kilogram bags of green coffee up, 1 percent from the previous record set in 1978/79 at 11,432,145 bags, with West Germany nearly overtaking the United States as Colombia's largest customer. Exports to the United States, at 3,216,139 bags, or 27.9 percent of total exports, were down more than 250,000 bags from the previous year, while West Germany's imports rose 36,129 bags to 3,058,902 bags. The Netherlands was the third most important market, taking 8.9 percent of the total, or 1,032,233 bags. Most of the remainder went to Spain, Sweden, Japan, Finland, Algeria, Argentina, and Canada.

Virtually all (97.8 percent) exports during coffee year 1979/80 were arranged by the Coffee Growers Federation (CGF), even though in May it gave up the trading monopoly it had assumed earlier to stabilize prices. The remaining 2.2 percent of shipments were arranged by private exporters who have acted mostly as agents for the CGF in domestic sales. In 1978/79, private exporters accounted for 23 percent of all legal exports.

Over the past 3 months the Government of Colombia has twice (On October 2 and in early December) announced a series of measures to bring its internal coffee pricing mechanisms into line with the international market situation. These measures included reductions in the minimum coffee export registration price by reducing the "reintegro"--the amount of dollars exporters must deposit with the Central Bank for each 70 kilograms of coffee exported--from US\$287.32 to \$181.45. Secondly, they reduced the retention cafeteria, or tax in kind or currency, paid to the National Government through the National Coffee Fund, from 62 to 15 percent.

In October, the system of "Certificados de Cambios" for foreign exchange generated from coffee exports was eliminated. These noninterest-bearing, dollar denominated certificates, with a 120 day maturity, introduced as a means to slow the growth in Colombia's money supply, amounted to a tax to the coffee exporter. Included among the December measures was a reduction in the Ad Valorem tax from 16 to 13 percent, with a further 1 percent reduction set for next year.

Colombia's export sales policy over the past year has been to rebate to its coffee buyer, the difference between the ICO indicator price for Colombian coffee and that for Central American milds. There have been several attempts to reduce the amount of the rebate. In September, the CGF sold small quantities at about \$1.50 per pound in an attempt to discourage short sales of physicals by some New York dealers anticipating prices would move lower by the time they needed to cover their obligations. Colombia dislikes the role of speculators since it believes they put an upward pressure on prices, and hence the amount of rebates it must pay.

Another reason for the recent tax reductions may have been to make Colombian coffee more attractive on the world market. For 1980/81, Colombia received an initial ICO export quota of 9.7 million bags. In 1979/80, sales to nonmembers totaled about 850,000 bags. If Colombia can increase these sales only marginally, plus cover any quota reductions because of low world market price levels, there would be little if any buildup in the country's coffee stocks.

Domestic consumption in Colombia is calculated at 1.825 million bags for 1980/81, up 50,000 bags from 1979/80. Roasters obtain at least part of their supplies from the CGF's "retention" tax paid in parchment coffee and from "pasilla" and "ripio," the lowest grades obtained from green coffee selection processes.

Coffee growers were recently rewarded for their lobbying efforts when the Colombian Government allowed a 9 percent increase in the internal price for coffee bringing it to the equivalent of 72 U.S. cents per pound. However, there is still an estimated 12 cents subsidy per pound in effect.

In Ecuador the outlook is for a 65,000 bag decrease in coffee output between 1979/80 and 1980/81 (April-March years) to 1.43 million bags. The slight increase in area harvested between these years was more than offset by lower yields per tree, due to drought conditions, and damage to Robusta plantations caused by twig borers (*Xilosandrus Morigerus*). Expansion in the area planted to coffee slowed to an estimated .8 percent annual rate during 1980/81, due to the reduced availability of Government-supplied seedlings and waning interest in the Government's loan program for this purpose.

A 6 percent increase in coffee production, to 1.52 million bags, is forecast for 1981/82, based on more favorable weather conditions than in 1980/81. There are indications the long-term weather pattern is improving. However, the prospect of a larger harvest next year is tempered by the lower international prices, which could lead to the incomplete gathering of cherries in marginally productive areas, or where harvest labor is unavailable or too expensive.

The twig borer problem is a major concern because there is no indication that the National Coffee Program will have the necessary funds to carry out an effective control program, free of charge to the growers, as authorized May 23, 1980 by Ministry of Agriculture Agreement 0194..

Coffee exports were off by about 45 percent in volume January through July 1980 compared with the same period for calendar year 1979. The 52.2 percent reduction in bean exports was partially offset by a 76.2 percent in-

crease in soluble exports. Declining international green coffee prices apparently led to an increase in the level of stocks held by intermediary buyers and exporters. The delay in the harvest, due to the drought, and the Government's investigation of contraband activities, were two other reasons for the precipitous decline in bean exports.

During 1979, green coffee exports contributed 44.58 percent of Ecuador's total foreign exchange earnings from agricultural exports, with processed coffee product sales adding 2.42 percent. The United States continues to be the principal Ecuadorean market for both beans and soluble, taking 55.8 percent of their total value for the January-July, 1980 period. Spain and Chile held second and third places, respectively, for the 7-month period.

Ecuador exported between 100,000 and 150,000 bags of coffee to countries which are not members of the ICO during 1979/80. Since Ecuador failed to export at least 500,000 bags during August and September 1980, a substantial stock buildup has occurred because sales to importing ICO members during October 1980-March 1981 must be limited to 650,000 bags or less. The higher stock level will probably continue to exist through 1981/82 (April/March).

The rapid growth in spray and freeze dried soluble coffee exports during 1979 is partially the result of efforts by SICAFE and COLCAFE to maintain the maximum exemption possible from export taxes (up to 15 percent of the f.o.b. value). Because of the current low level of coffee prices in the international market, growers, intermediary buyers, and exporters have asked the Ecuadorean Government to modify or eliminate coffee export taxes. Some reductions are likely but complete removal is not anticipated because the tax provides substantial budgetary support, including that for the special credit lines to renovate and rehabilitate coffee plantations.

There are now four new soluble coffee processing plants planned, with the announcement that LICAFE will be built by a group of green coffee exporters. It is understood that the LICAFE group would like to begin exporting beginning in late 1981. The first of the four new plants TRANSFAFE was scheduled to begin processing in late 1980.

Peru's 1980/81 (April/March) coffee production estimate has been revised downward to 1.025 million bags, 75,000 bags below USDA's second estimate. The impact of unfavorable weather and coffee rust were apparently more serious than originally believed. Since domestic consumption is expected to remain unchanged, at about 250,000 bags, Peru's export potential will fall by an amount equal to the reduced production estimate. Assuming carryover stocks of 120,000 bags on March 31, 1981, production and carryin stocks would allow for the export of 775,000 bags of coffee from April 1980 through March 1981, well below any ICO quota reduced by cuts.

Because of the distribution of the harvest, and Peru's financial needs, Peru asked for authority to export 30 percent of its annual quota 1980/81 during October-December, 1980.

Venezuelan coffee production in 1980/81 is forecast at 1.073 million bags, down 77,000 bags from the second USDA estimate for the year, but still up 7.6 percent from 1979/80. The pattern indicates the cyclical trend of coffee production in Venezuela, as well as the effect of favorable weather. Offsetting factors include delays in support price and bonus payments, which made it difficult to fertilize and prune the trees on time. Production

loans from BANDAGRO, the Government's principal lending agency--mainly to the owners of middle-and large-sized plantations in the Andes area--were also delayed longer than normal.

Last year a portion of the coffee was not collected because of labor shortages. This year, various state organization have made arrangements with their Government to allow the entry of Colombian harvest labor.

At 42,887 bags, Venezuela's exports in 1979/80 (October/September) were down sharply from the 177,677 bags exported in 1978/79. The decline was partly because of sharply higher domestic consumption, and partly because of lower international prices since June 1980. At least 30,000 bags of coffee are believed to have crossed the western frontier of Venezuela illegally from Colombia during 1979/80, because of the wide disparity in prices.

Over 90 percent of national production from the 1979/80 harvest was consumed internally. Between 1978/79 and 1979/80, per capita consumption rose from 3.23 kilograms to nearly 3.50 kilograms. Retail prices for 1979 are compared with those for 1980 in the following table. (In U.S. equivalents)

<u>Weight</u>	<u>1979</u>	<u>1980</u>
	<u>US dollars</u>	
1,000 gram	\$3.27	\$4.32
500 gram	\$1.64	\$2.16
250 gram	\$0.82	\$1.09
<u>In Cans</u>		
900 gram	\$3.86	\$4.56
450 gram	\$1.93	\$2.34
<u>In coffee bars and</u>		
<u>restaurants</u>		
Small cup	\$0.08	\$0.12
Large cup	\$0.18	\$0.23

AFRICA

African coffee production in 1980/81 is estimated at 18.0 million bags, with exportable production at 15.4 million bags. These estimates are up slightly from the previous estimates as well as from the preceding year. Available information indicates Angolan production in significantly less than previously carried in USDA data.

Coffee production estimates for Angola have been reduced to 350,000 bags for 1980/81. Between 1978/79 and 1979/80, coffee exports declined by almost 20 percent, from 1.245 million bags to 1.012 million bags. This compares with exports of 4.135 million bags in 1973/74, before Angola's independence, when Angola was the world's fourth largest coffee producer. The decline was caused by the drought in 1978, the guerrilla war in the northern coffee growing area's, and a weak exporting structure. Coffee exports, once Angola's main foreign exchange earner, brought in only about \$160 million in 1980, with the United States, the Netherlands, Portugal, Algeria, West Germany, and the Soviet Union, the principal buyers.

In early December 1980 Cameroon's marketing board withdrew from both the coffee and cocoa markets because of low international prices. Most traders were filling back orders and there were no storage problems, enabling the board to take this action.

USDA estimates of Ethiopian coffee production for 1979/80 and 1980/81 remain unchanged at 2.963 and 3.100 million bags, respectively. The full effects of the drought, which hurt the 1980/81 crop potential earlier this year, is still not known. Coffee berry disease also will adversely affect output.

Coffee exports totaled about 1.31 million bags in 1979/80, down 70,000 bags from the year before. While the quantity of coffee exported was lower, seasonal market prices and the premium prices paid by the Soviet Union increased earnings. The two major changes, which have occurred in marketing over the past year, are that the Government Marketing Corporation (ECMC) increased its share of the exports from one-third to two-thirds, and that the Soviets increased their purchases by over 50 percent. The ability to export is controlled by licensing and these have been restricted for the private exporters. Also private exporters must make their purchases in the Addis Ababa Auction, whereas the ECMC can also make purchases in the interior.

While sales to the Soviets, through ECMC, were up substantially in 1979/80, the U.S. remains as the principal market.

Coffee exports are critical to the Ethiopian economy since they normally provide about two-thirds of the country's foreign exchange. In order to maximize its earnings from lower priced coffee during 1980/81, Ethiopia will attempt to fill its ICO quota, set basically at 1.4 million bags, increase its sales to the Soviet Union and bloc countries as well as to Middle Eastern countries, which are not members of the ICO. In order to do so, there will be an effort to reduce domestic consumption and curtail illegal smuggling.

Production of coffee in Ghana is estimated at 40,000 bags for 1980/81, compared with 37,000 bags for 1979/80. The estimates do not include about 15,000 bags which left the country illegally each year because of the overvaluation of the Cedi. Yields are not expected to show any improvement in 1980/81, especially if serious fungi attacks occur, since chemical controls are in short supply. Some new areas are being planted to coffee in Ghana, under Government and World Bank projects, however, the main impact of this expansion will not be felt until at least 1983.

Output of coffee in the Ivory Coast continues to be estimated at 4.166 million bags, while the estimate for 1979/80 has been raised to 4.116 million bags. Coffee production has been stagnant in the Ivory Coast for the past few years. Yields from most of the country's 280,000 plantations, covering an estimated 1.3 million hectares, are comparatively low by world standards. Unless the Government decides to provide additional incentives very little change in the level of output can be anticipated over the next 5 years.

Recent Government policy has favored the expansion of cocoa over coffee. In order to correct the imbalance, the Government proposed to equalize the subsidy for the two commodities. However, for unexplained reasons, this decision has not as yet been implemented. Also, on October 13, the Government announced that prices for 1980/81 would remain unchanged from 1979/80 at 150 CFAF (210 CFAF=US\$1) per kilogram for cherry coffee and 300 CFAF for beans.

During 1979/80, approximately 12,000 tons of beans were processed into 4,000 tons of soluble coffee. Approximately 500 tons of soluble were consumed domestically with the balance exported to neighboring African countries and Europe.

Bean exports for 1979/80, at about 3.5 million bags, were more than 800,000 bags below the estimate for the year before resulting in a substantial increase in year-end stocks. During 1980/81, coffee exports are expected to total at least 3.5 million bags, with sales to non-ICO member countries about offsetting quota cuts.

France remained the principal Ivoirian coffee market during 1979, and into 1980, followed by the Netherlands. Other important markets include Italy, the United Kingdom and the United States.

In the Ivory Coast, the Caisse de Stabilization is the principal action agency involved with coffee marketing. It fixes producer prices, supervises domestic marketing of the crop, and issues licenses to some 34 qualified exporters. The exporters borrow money from banks to finance an estimated 264 licensed traders who purchase coffee in the exporter's name. Purchases are made either at collection centers, or decortication plants, at prices established by the Caisse. Exporters are all licensed by the agency, which also has final say on any bids received. Shippers are paid a fixed fee, plus a margin of profit for their services. Any additional profit goes to the Government for use in development projects.

USDA believes that Kenya harvested its second largest coffee crop during 1979/80--1.432 million bags. Heavy and well-distributed rainfall led to profuse flowering for the 1980/81 harvest, so that a harvest of 1.25 million bags is now anticipated.

Exports for 1980/81 should at least equal production, even if sales are entirely to ICA importing countries. When domestic consumption is considered, yearend stock levels should fall by about 60,000 bags between 1979/80 and 1980/81.

Coffee production estimates for Madagascar have been raised to 1.3 million bags for 1979/80, based on larger than expected export volumes, and to 1.25 million bags for 1980/81, based on an updated analysis of available statistics. For the 1980/81 harvest, producers will receive more Madagascar (CFA) Francs per kilo than the 185 Francs they received for the 1979/80 harvest. Even if the basic ICO quotas assigned for 1980/81 are cut, it should not lead to a major buildup in stocks for Madagascar, providing it can exchange 10,000 tons of coffee for other items from East European countries during the year, as expected.

In Nigeria, the 1978/79 and 1979/80 coffee crops are each estimated at 50,000 bags. Both crops were faced with identical weather conditions of unusually heavy and prolonged rainfall, which led to an increased incidence of fungal problems. Farms were sprayed several times in an effort to control the attacks.

The outlook is for a slight increase in output in 1981/82 owing to improved weather conditions, even though some deterioration in crop husbandry is expected because of the high cost of chemical sprays and low world coffee prices.

Producer prices per ton were increased as follows for the 1980/81 crop.

Type	1979/80		1980/81	
	Naira	US\$Eq.	Naira	US\$Eq.
Arabica	1,100	190.30	1,155	199.82
Robusta	950	164.35	998	172.66
Liberia	880	152.24	924	159.86

At 40,000 to 50,000 bags per year, Nigerian exports will fill only about half of the country's ICO export quota for 1980/81. Actually, Nigeria is a net importer of coffee, since Nigeria's soluble coffee imports (GBE) generally exceed the export volume of its own beans. The United Kingdom is usually the principal supplier, followed by France and the United States. Nigeria's only soluble plant, with a capacity of about 630 tons (about 10,000 bags), is unable to meet the country's soluble coffee requirements.

Arabica coffee is Rwanda's most important export crop, accounting for more than 50 percent of the country's total trade revenues in recent years. OCIR/Cafe (Office des Cultures Industrielles du Rwanda), a quasi-state coffee marketing organization, is continuing its efforts to improve the quality and quantity of Rwanda's coffee crop by providing extension services to the country's estimated 400,000 coffee farmers. The United States usually buys more than half of Rwanda's coffee, but in recent years a growing proportion has gone to Europe. There is no other exportable commodity in Rwanda which offers the earning potential of coffee.

During 1980, coffee exports were expected to bring in only about \$75 million, down sharply from the \$140 million realized in 1979, owing to a reduced export volume sold at declining world prices.

ASIA AND OCEANIA

The combined 1980/81 output of coffee in Asia and Oceania is estimated at 9.46 million bags, with exportable production at 6.82 million. These totals are up 1.7 and 0.5 percent, respectively, from the total and exportable outputs for 1979/80. Improved crop prospects in Indonesia and the Philippines were partially offset by less favorable prospects in India.

India's 1980/81 (October/September) coffee crop is estimated at 2.33 million bags, including 1.25 million Arabica and 1.08 million Robusta. Output will be down 6.7 percent from the record 2.5 million bags produced in 1979/80. Favorable weather conditions prevailed for development of the new berries during most of the year. Berry drop, caused by heavy rains, was reported from a few areas, but the resulting damage was insignificant. Leaf disease problems, black rot, and mealy bugs have also been reported in some areas.

Apart from favorable weather conditions, the 1979/80 crop became a record because of the extension service program, implemented by the Indian Coffee Board during the season. Long-term loans have also played a role in stimulating a higher level of production. Under the program, plantation owners with less than 20 hectares, can obtain loans of Rs 3,750 (\$484) per hectare for Robusta and Rs 5,000 (\$645) per hectare for Arabica. Over the longer term (by the year A.D. 2000), the coffee production target is 200,000 tons (about 3.33 million bags), based on an expansion in area of 55,000 hectares in the traditional states of Karnataka, Tamil Nadu, and Kerala, and 72,000 hectares in nontraditional areas.

In recent years, India has made a vigorous effort to expand its exports. With the record 1979/80 crop, exports increased to 70,000 tons (about 1.17 million bags) worth Rs 2,200 million (\$283 million), compared with 64,620 tons (1.08 million bags) valued at Rs1,643 million (\$205 million) for the previous year. These figures do not include the 30,000 bag green bean equivalent of soluble coffee.

If India can export 25,000 tons (about 420,000 bags) of coffee to the Soviet Union and other nonmembers of the ICO, it should not find the 1980/81 quota restrictive, even if it is cut below the basic 66,000-ton (1.1-million bag) level.

The export duties on coffee have been adjusted five times as follows per 100 kilograms over the past 10 months, as the Indian Government sought to keep Indian export prices in line with world prices.

Date	Old		New	
	Rs	US\$	Rs	US\$
February 1, 1980	730	94.20	570	73.50
May 28, 1980	570	73.50	700	90.30
July 17, 1980	700	90.30	500	64.50
August 14, 1980	500	64.50	260	33.50
December 1, 1980	260	33.50	150	19.40

Annual production of soluble coffee is gradually increasing and, according to the Coffee Board and the United Planters Association of South India, is around 2,000 to 2,500 tons at present. About 50 percent of soluble production is exported to the Soviet Union and West European markets. The Board is considering an attempt to penetrate the North American market. Currently, there are three instant coffee manufacturing plants in India, and licenses for three more units have been issued. Soluble coffee was exempted from export duties until December 31, 1980.

Per capita consumption of coffee in India continues to be low, at an estimated 0.8 kilograms, equivalent to 833,350 bags in 1979/80. In view of the record 1979/80 harvest, from which there are still substantial carryover stocks, and the good 1980/81 harvest, releases by the Board for internal consumption are expected to be more liberal for the current year. Domestic consumption is, therefore, accordingly projected at 915,000 bags.

Based on the preceding estimates, carryover stocks are expected to rise only marginally, from 1.11 million bags on October 1, 1980, to 1.16 million bags 1 year later.

A final estimate for the 1980/81 (April/March) Indonesian coffee crop is not yet possible. However, because of the generally good growing conditions a 5 percent increase in output, from 5.003 million bags in 1979/80 to 5.275 million bags in 1980/81, was expected. The increase occurred because cultural practices were improved, including increased use of fertilizer and a larger proportion of trees were pruned. Also, a greater percentage of the available coffee cherries were collected. Growing conditions for 1980/81 were, on average, reported to be better than for 1979/80, but above normal rainfall resulted in beans with a higher moisture content. The result was more quality problems.

Indonesian exports are expected to total about 3.3 million bags during 1980/81, down nearly 500,000 bags from 1979/80, because of ICO export restrictions. While exports during the first 6 months of the marketing year totalled about 2 million bags, exports during the second 6 months (October 1980-March 1981) will be held to about 1.65 million bags by the ICO quota, plus the 100,000 to 200,000 bags it can export to nonmember buyers, such as Singapore, South Korea, Greece, and Hong Kong.

The basic ICO export quota Indonesia has received for 1980/81 has been divided into quarters and allocated to individual export areas, as shown below for October-December 1980.

<u>Port</u>	<u>Tons</u>	<u>Port</u>	<u>Tons</u>
Aceh	1,630	Semarang	385
Medan	3,230	Surabaya	4,640
Padang	940	Timor Timus	60
Bengkulu	925	Bali	775
Palembang	6,155	Kupang	525
Lampung	7,070	Ujung Pandang	948
DKI Jakarta	765	NTB Mataram	60

The quarterly quota for the October-December quarter of 28,108 tons has been assigned to about 265 approved exporters. A 79,570-ton reserve has been established for the year, making additional quota allowances possible upon petition, but the system for additional allocations has not yet been announced.

Production of coffee has grown rapidly in recent years, so that Indonesia now ranks third in magnitude behind Brazil and Colombia. Since the ICO quotas were based on export history, the Government is concerned that there will be a rapid buildup in stocks in the future. (Stocks are expected to grow from 478,000 bags at the end of 1979/80 to 1.007 million bags

at the end of 1980/81). Because of the growing importance of coffee in Indonesia, the Government hopes to play a larger role in future ICO decisions. An Indonesian has been designated as Vice President of the ICO Council, and the Government is seeking a seat on the ICO's Executive Board. Finally, a trade group--the Association of Indonesian Coffee Exporters--will assist Government officials in their future ICO negotiations, and in the administration of ICO regulations.

Papua New Guinea's coffee production during 1981 (1980/81) is now estimated at 810,000 bags, down 11,000 bags from 1980, but 90,000 bags above the 730,000 bags produced in 1979. Coffee production is growing in Papua New Guinea, thus the 1980 crop-output figure reflects seasonal conditions which were more favorable than in 1979 or 1981. In contrast to most countries, where lower prices discouraged careful harvesting, Papua New Guinea growers are more likely to collect all available beans, in order to try to maintain their incomes.

Grower prices for green coffee are based on export market returns, and have therefore shown a downward trend over the past several months. Prices are either quoted on a factory gate basis or delivered at the main export port of Lae. Factory door prices for sound quality, dry parchment beans were quoted during the week starting October 20, 1980, in the main production areas, as follows, in their U.S. cent equivalents per kilogram.

<u>Highland</u>	<u>Arabica</u>	<u>Robusta</u>
Karnantre	95-103	--
Goroka	98-103	--
Kundiawa	100-105	--
Minji/Bang	95-102.5	--
Mount Hagen	100-105	--
<u>Coastal</u>		
Lae	70-95	85-90
Wewak	--	40-50
Madang	70	70

If necessary, the PNG Coffee Industry Board will use a portion of its Coffee Stabilization Fund to purchase coffee from the growers.

Exports of green beans during the July-June 1979/80 marketing year amounted to 794,933 bags, compared with 803,538 bags for July-June 1978/79. The outlook for 1980/81 is somewhat clouded by the imposition of a 700,000-bag export quota by the ICO, which was subsequently cut to 657,525 bags. Although Papua New Guinea will maximize its efforts to sell to non-quota markets, such sales are likely to be small. As a result, shipments could fall more than 100,000 bags below the amount available for export; shipments will be distributed more evenly over the year, with a buildup in stocks occurring at the time of the main harvest. In order to help provide the necessary additional storage space the PNG Coffee Industry Board has embarked on a two-stage construction program. The first stage calls for the completion of 80,000 bag capacity storage unit by the beginning of the 1981 harvest in January. A second stage will began later on a 200,000-bag unit.

Domestic consumption of coffee in Papua New Guinea is still fairly small at 15,500 bags, green bean equivalent, including 9,500 bags of domestic coffee and 6,000 bags GBE equivalent of imported soluble coffee. The five highland provinces have formed a committee to study the feasibility of building a soluble coffee processing facility in the country. According to reports, the committee envisages a plant which would consume about 1,800 metric tons of beans a year, to produce 500 to 600 tons of soluble coffee.

SUPPLY-DISTRIBUTION UPDATE

Based on crop year data for individual producing countries, world coffee exports in 1980/81 are now estimated at 60.971 million bags, green bean equivalent, down 1.491 million bags from the previous estimate because of anticipated ICO quota restrictions. The estimate is also 1.23 million bags, or 2.0 percent, below the current estimate for 1979/80 exports. Relatively little change in world consumption is thought to have occurred during the year, thus the statistics would indicate a buildup in stocks in the world's consuming countries.

Domestic consumption in producing countries appears to be increasing but at a relatively slow rate for most countries except Mexico, Colombia, Venezuela and India.

Stocks held in producing countries at the end of 1980/81 are forecast at 22.852 million bags, down from ending stocks of 23.658 million bags for 1979/80, but up from our previous estimate because of the ICO's coffee export quota restrictions.

Beginning in 1981/82 carryover stocks should grow by 5 to 10 million bags, primarily in Brazil, which will harvest at least 27 to 29 million bags for the year.

INTERNATIONAL COFFEE AGREEMENT

The United States was among four importing and four exporting countries of the ICO which were unable to apply the Rules for the Application of a System of Certificates of Origin when Quotas are in Effect (Controls System) by the time these controls entered into effect on November 1, 1980. The other importing members countries were Australia, Israel, and Switzerland. Legislation which would permit the United States to meet its obligations under the International Coffee Agreement, 1976 (H.R. 3637) was proposed under International Coffee Agreement Act of 1979. H.R. 3637 would enable the United States to limit imports of coffee from nonmember countries and to require appropriate documentation for coffee imports from member countries. Because the Bogota Group was formed to intervene in the world market, and because world market prices subsequently rose, the legislation was not acted upon.

Renewed consideration was given to passage of the Act, especially after the Bogota Group agreed during the ICO meeting in London, September 16 to October 3, 1980, to phase out the activities of Pancafe, its trading arm.

At the request of the Administration, the U.S. House Ways and Means Trade Subcommittee decided to send the legislation to the full House for consideration. H.R. 3637 was approved by the House and later by the Finance Committee of the U.S. Senate, without objection. Final passage of the bill by the full Senate occurred December 15. The bill was signed by the President on December 24, thus the U.S. Customs Service can now act on its provisions.

Adjustments in quota allocations for ICO exporting members are based on the level of the 20-day moving average of the composite indicator price. At the time the agreement was reached on the economic provisions for 1980/81 (October-September) on October 3, 1980, the 20-day moving average price stood at 125.17 U.S. cents per pound. After remaining stable around that level for more than a month, it dropped to 119.52 cents per pound on November 18, thus effecting the first of three possible 1.4 million bag cuts in the annual export quota. The reduction was applied pro rata to the exporting members entitled to basic quotas, except that Angola, Brazil, and Uganda, which made conditional declarations of shortfalls, are exempt from this reduction. Quota cuts are totally applied during the quarter in which they occur. The Executive Director has the authority to withhold 2.4 percent of the quarterly quota of coffee export stamps if the 20-day moving average of the composite indicator price remains below 135 U.S. cents per pound during the quarter. Tables 6 and 7 show the initial and revised annual quota for coffee year 1980/81 and for the October-December 1980 quarter.

Since the composite indicator price remained at or below 120 U.S. cents per pound on average for 20 consecutive market days after the initial quota cut, a second 1.4 million bag cut occurred on December 17, 1980. Reductions were made pro rata to the annual quotas of exporting members entitled to a basic quota, subject to the provisions on conditional declaration of shortfalls.

Tables showing the effects of the second cut are not available for inclusion in this circular. Any reductions in the global annual quota are applied to the extent possible in the same quarter in which they occur. Unfilled balances are carried forward to the succeeding quarter. No more than two cuts can be applied in the same quarter. The first quota cut is restored if the 20-day moving average indicator price reaches or exceeds 1.35 U.S. cents per pound and the second if it remains at or above the \$1.35-level for 20 consecutive market days.

On October 14, the Government of the Philippines deposited its instrument of accession with the Secretary General of the United Nations, making it the 44th exporting country to join the ICO. The largest of the remaining nonmember coffee producing countries, it was given a 262,500-bag basic-export quota. The Government of Zimbabwe also indicated its desire to accede to the International Coffee Agreement of 1976 as an exporting member, and was subsequently granted the status of an Annex 1 member exporting less than 100,000 bags annually, and therefore exempt from basic quotas. It will have an initial annual export quota of 65,000 bags for coffee year 1980/81. Greece is also obligated to seek ICA accession as an importer after January 1, 1981, under the Treaty of Rome, as a member of the E.E.C.

At the December 2-3, 1980, meeting of the ICO's Executive Board, the Board acted favorably on three of eight producer member requests for redistribution of quotas for the first two quarters of the 1980/81 coffee year. Costa Rica and Guatemala received permission to export 30 percent, (as opposed to 25 percent) of their annual quota during the second quarter. Nicaragua was granted the right to export 60 percent of its annual quota by March 31, 1981. Requests for similar redistributions from Mexico, Peru, El Salvador, and Dominican Republic were withdrawn because of the concern expressed by other producers of the possible adverse affects of the action on prices.

Other issues considered by the Board at the December 2-3 meeting were the complaint raised by the European Community, on behalf of the Committee of European Coffee Associations, charging that Brazil and Colombia were engaging in discriminatory practices with their "special deals" between coffee traders and roasters; the problem of controlling the reexport of 200,000 bags of Indonesian coffee shipped to Singapore prior to October 1, and how to document 1.15 million bags of coffee held in customs-controlled warehouses of the London Terminal Market Association prior to November 1, but not yet imported.

OTHER DEVELOPMENTS

As of December 12, 1980, the ICO composite price (basis 1976 ICA) of green coffee was \$1.15 per pound, compared with \$1.22 on October 1, and \$1.85 a year earlier. The declining price suggests that adequate stocks from the 1979/80 and 1980/81 crops are available even though world production and consumption from these crop years were essentially in balance. Perhaps the principal factor which has precipitated the decline since mid-year 1980 is the almost certain prospect of a much larger Brazilian harvest beginning mid year 1981. While world prices are unlikely to rise much above \$1.35 per pound during 1980/81 (October-September)--since the authorized basic export quota of the ICA may be slightly greater than world consumption at that price level--prices should remain at or above the \$1.20 per pound level, which results in two 1.2 million bag cuts in the export quotas, thereby reducing exports below apparent world consumption levels.

Fernando Montes, President of Pancafe S.A., the coffee trading arm of the Bogota Group, said at the close of a 2-day meeting, November 12 and 13, in Panama City, that the company will suspend its market activities. The decision was, however, predicated on the effective operation of the newly negotiated economic provisions of the International Coffee Agreement. Pancafe members are concerned about the present world coffee market situation and the ICA. According to Mr. Montes the suspension of Pancafe activities will "take a form which will not hurt our interests or increase any tendency for prices to fall." He further said that "while reactivation was not then being considered, no possibility is closed. We have kept our pledge to freeze the company and hope that importers will understand the market situation and end speculative pressures." Pancafe is composed of Brazil, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, and Venezuela.

During the first 10 months of calendar 1980, U.S. imports of green coffee totalled 15.0 million bags, valued at \$3.29 billion. This was down nearly 5.7 percent in volume but up 10.4 percent in value from the corresponding January-October 1979 import totals.

According to ICO data, coffee imports by importing members of the ICO increased from 49.3 million bags in 1977 to 62.8 million bags in 1979. The trend does not reflect a dramatic growth in consumption, but rather a recovery from the affects of high coffee prices because of the 1975 Brazilian frost. There will be very little growth in the import volume between 1979 and 1980.

Roasting of green coffee for January-September 1980, according to U.S. Bureau of Census data, were 12.1 million bags, a decrease of 627,000 bags (-5%) from the first three quarters of 1979. Roastings for soluble use totaled 2.054 million bags, a decrease of 202,000 bags (-9%) from 1979's. U.S. inventories of green coffee held by roasters, dealers, and importers on September 30, 1980 were 2,955,000 bags, compared with 2,907,000 on June 30, and 2,724,000 a year earlier.

The wholesale price of a 1-pound can of roasted coffee during November 1980, based on compilations of the U.S. Bureau of Labor Statistics, averaged 269.4 cents per pound, down 4.6 cents from October and 45.4 cents from November 1979.

Preliminary USDA data indicate that U.S. per capita consumption of coffee in 1980 was about 10.5 pounds, green bean equivalent, down about 0.3 pound from the 10.8-pound level reached in 1978, and 1.0 pound less than the 11.5 pounds consumed in 1979. Per capita consumption appears to have resumed the decline begun in 1962, when it was almost 16 pounds. With average prices expected to be much lower in 1981 than in 1980, some observers believe the trend may be moderated somewhat with total consumption remaining unchanged or rising slightly.

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TABLE 1.--COFFEE, GREEN: TOTAL PRODUCTION IN SPECIFIED COUNTRIES - AVERAGE 1971/72-1975/76, ANNUAL 1976/77-1980/81 ^{1/}
(IN THOUSANDS OF 60 KILOGRAMS BAGS) ^{2/}

REGION AND COUNTRY	AVERAGE 1971/72-1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
NORTH AMERICA:						
COSTA RICA.....	1,413	1,331	1,449	1,749	1,507	1,880
CUBA.....	460	450	425	450	450	450
DOMINICAN REPUBLIC.....	862	728	1,025	787	900	825
EL SALVADOR.....	2,644	2,973	2,400	3,186	2,730	2,400
GUATEMALA.....	2,203	2,213	2,541	2,827	2,647	2,600
HAITI.....	577	486	519	443	655	485
HONOURAS.....	731	691	1,036	1,132	1,114	1,312
JAMAICA.....	26	17	23	14	35	24
MEXICO.....	3,756	3,330	3,401	4,141	3,610	3,700
NICARAGUA.....	693	852	967	1,004	912	1,050
PANAMA.....	77	78	105	104	123	120
TRINIDAD-TOBAGO.....	48	60	41	39	36	33
US-HAWAII.....	16	13	14	10	11	11
US-PUERTO RICO.....	195	145	19	159	183	200
TOTAL NORTH AMERICA.....	13,699	13,367	14,145	16,045	14,913	15,090
SOUTH AMERICA:						
BOLIVIA.....	99	108	118	122	137	141
BRAZIL.....	22,780	9,300	17,500	20,000	22,000	21,500
COLOMBIA.....	8,220	9,300	11,050	12,000	12,300	12,400
ECUADOR ^{3/}	1,141	1,690	1,302	1,833	1,495	1,430
GUYANA.....	13	17	17	17	20	19
PARAGUAY.....	97	41	71	144	40	75
PERU.....	1,027	947	1,050	1,100	1,265	1,025
VENEZUELA.....	975	656	1,061	1,011	997	1,073
TOTAL SOUTH AMERICA.....	34,352	22,059	32,169	36,827	38,254	37,663
AFRICA:						
ANGOLA.....	3,205	1,131	1,247	613	370	350
BENIN.....	29	17	3	3	5	5
BURUNDI.....	373	359	285	387	466	333
CAMEROON.....	1,494	1,307	1,371	1,627	1,560	1,650
CENTRAL AFRICAN EMPIRE.....	173	166	165	100	215	180
CONGO, BRAZZAVILLE.....	16	33	46	107	60	58
EQUATORIAL GUINEA.....	107	90	80	90	100	100
ETHIOPIA.....	2,431	2,782	3,143	3,142	2,963	3,100
GABON.....	7	7	3	6	8	8
GHANA.....	63	70	35	26	37	40
GUINEA.....	59	39	16	59	37	70
IVORY COAST.....	4,534	4,867	3,393	4,601	4,116	4,166
KENYA.....	1,171	1,687	1,417	1,239	1,432	1,250
LIBERIA.....	80	156	137	133	150	140
MADAGASCAR.....	1,119	984	1,292	726	1,300	1,250
NIGERIA.....	51	53	43	50	50	52
RWANDA.....	361	531	362	311	501	300
SIERRA LEONE.....	111	168	77	220	147	180
TANZANIA.....	884	805	835	856	768	916
TOGO.....	159	177	82	109	150	160
UGANDA.....	3,175	2,664	1,868	1,615	2,100	2,300
ZAIRE (CONGO,K).....	1,355	1,437	1,129	1,300	1,400	1,400
TOTAL AFRICA.....	20,955	19,530	17,029	17,320	17,935	18,008
ASIA:						
INDIA.....	1,506	1,753	2,124	1,842	2,500	2,333
INDONESIA.....	2,569	3,219	3,611	4,788	5,003	5,275
MALAYSIA.....	98	125	122	137	140	143
PHILIPPINES.....	483	550	575	600	690	750
PORTUGUESE TIMOR.....	68	65	75	4/	4/	4/
VIETNAM.....	56	60	65	70	70	70
YEMEN, ARAB REP.....	49	45	50	50	50	50
TOTAL ASIA.....	4,829	5,817	6,622	7,487	8,453	8,621
OCEANIA:						
NEW CALEDONIA.....	26	25	25	25	25	25
PAPUA NEW GUINEA.....	593	642	767	730	820	810
TOTAL OCEANIA.....	619	667	792	755	845	835
WORLD TOTAL.....	74,454	61,439	70,757	78,434	80,400	80,217

--Denotes negligible, unknown, or not available.

^{1/} Coffee marketing year begins about July in some countries and in others about October. ^{2/} 132.276 pounds. ^{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 1980 in that country is shown as production for the 1980/81 marketing year. In Ecuador, however, this is referred to as the 1979/80 crop. ^{4/} Beginning 1978/79 included in Indonesia.

NOTE: Production estimates for some countries include cross-border movements. Also, due to rounding, country totals may not add to area and world totals.

Source: 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.

TABLE 2.—COFFEE, GREEN: EXPORTABLE PRODUCTION IN SPECIFIED COUNTRIES - AVERAGE 1971/72-1975/76, ANNUAL 1976/77-1980/81^{1/}
(IN THOUSANDS OF 60 KILOGRAM BAGS) ^{2/}

REGION AND COUNTRY	AVERAGE 1971/72-1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
NORTH AMERICA:						
COSTA RICA.....	1,255	1,147	1,264	1,533	1,297	1,660
CUBA.....	--	--	--	--	--	--
DOMINICAN REPUBLIC.....	577	482	755	507	617	530
EL SALVADOR.....	2,472	2,788	2,210	2,991	2,530	2,200
GUATEMALA.....	1,931	1,915	2,236	2,517	2,332	2,275
HAITI.....	353	270	304	228	435	260
HONOURAS.....	632	587	929	1,028	1,006	1,200
JAMAICA.....	9	8	17	6	28	17
MEXICO.....	2,194	2,080	2,001	3,034	2,320	2,300
NICARAGUA.....	616	774	887	921	827	965
PANAMA.....	15	13	38	36	55	51
TRINIDAD-TOBAGO.....	36	45	27	24	20	16
US-HAWAII.....	--	--	--	--	--	--
US-PUERTO RICO.....	--	--	--	--	--	--
TOTAL NORTH AMERICA.....	10,091	10,109	10,668	12,825	11,467	11,474
SOUTH AMERICA:						
BOLIVIA.....	73	80	87	89	103	106
BRAZIL.....	15,114	1,800	10,800	12,000	14,000	13,500
COLOMBIA.....	6,806	7,900	9,500	10,970	10,550	10,575
ECUADOR ^{3/}	990	1,515	1,107	1,630	1,284	1,210
GUYANA.....	--	--	--	--	2	--
PARAGUAY.....	74	15	45	117	9	47
PERU.....	787	697	800	850	1,015	775
VENEZUELA.....	290	189	271	178	62	115
TOTAL SOUTH AMERICA.....	24,133	12,196	21,810	25,834	27,025	26,328
AFRICA:						
ANGOLA.....	3,113	267	1,172	533	290	265
BENIN.....	28	16	2	2	4	4
BURUNDI.....	370	357	282	384	463	330
CAMEROUN.....	1,467	1,281	1,344	1,599	1,530	1,618
CENTRAL AFRICAN EMPIRE.....	162	155	153	88	201	163
CONGO, BRAZZAVILLE.....	15	32	45	106	59	57
EQUATORIAL GUINEA.....	97	80	70	80	90	90
ETHIOPIA.....	1,056	1,049	1,354	1,342	1,130	1,250
GABON.....	6	6	2	5	7	7
GHANA.....	49	55	25	17	31	33
GUINEA.....	54	33	10	53	31	64
IVORY COAST.....	4,084	4,782	3,357	4,551	4,056	4,101
KENYA.....	1,147	1,644	1,367	1,181	1,376	1,191
LIBERIA.....	73	146	126	122	138	128
MAOAGASCAR.....	979	851	1,152	578	1,145	1,084
NIGERIA.....	8	--	--	--	--	--
RWANDA.....	359	529	360	309	499	298
SIERRA LEONE.....	106	163	72	215	142	175
TANZANIA.....	861	780	814	836	748	891
TOGO.....	158	176	81	108	149	159
UGANDA.....	3,151	2,634	1,838	1,585	2,070	2,270
ZAIRE (CONGO,K).....	1,216	1,270	954	1,120	1,210	1,205
TOTAL AFRICA.....	18,560	16,306	14,580	14,814	15,369	15,383
ASIA:						
INDIA.....	782	903	1,221	1,034	1,667	1,418
INDONESIA.....	1,605	2,219	2,586	3,735	3,923	4,175
MALAYSIA.....	8	39	--	--	--	--
PHILIPPINES.....	47	242	250	242	300	342
PORTUGUESE TIMOR.....	59	55	65	4/	4/	4/
VIETNAM.....	26	30	30	35	35	35
YEMEN, ARAB REP.....	39	35	40	40	40	40
TOTAL ASIA.....	2,566	3,523	4,192	5,086	5,965	6,010
OCEANIA:						
NEW CALEDONIA.....	16	15	14	14	14	14
PAPUA NEW GUINEA.....	582	627	752	715	804	794
TOTAL OCEANIA.....	598	642	766	729	818	808
WORLD TOTAL.....	55,948	42,777	52,016	59,288	60,644	60,003

--Denotes negligible, unknown, or available.

^{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/} 132,276 pounds. ^{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 1980 in that country is shown as production for the 1980/81 marketing year. In Ecuador, however, this is referred to as the 1979/80 crop. ^{4/} Beginning 1978/79 included in Indonesia.

NOTE: Production estimates for some countries include cross-border movements. Also, due to rounding, country totals may not add to area and world totals.

Source: 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.

Table 3.-- GREEN COFFEE: EXPORTS FROM SPECIFIED COUNTRIES,
BY COUNTRY OF DESTINATION, CALENDAR YEAR 1979
(In bags of 60 kilograms) 1/

Country of destination :	Brazil :	Colombia :	Guatemala :	Indonesia :	Ivory Coast :	Mexico 2/
Europe:						
Austria.....	61,900	-	-	-	-	11,190
Belgium-Luxembourg.....	208,182	158,129	119,152	39,383	-	33,162
Bulgaria.....	-	-	-	-	-	-
Czechoslovakia.....	163,433	25,154	-	-	-	-
Denmark.....	382,864	133,650	1,855	248,249	-	1,835
Finland.....	156,000	400,137	100,402	500	-	5,683
France.....	504,006	198,320	36,782	99,750	1,022,816	142,086
German Democratic Rep....	284,366	68,120	-	-	-	-
Germany, West.....	610,692	2,783,675	412,977	299,915	106,800	145,816
Greece.....	199,890	3,208	-	32,850	-	-
Hungary.....	79,631	-	-	19,583	-	-
Iceland.....	32,100	851	-	-	-	-
Italy.....	968,290	144,986	67,881	345,765	361,816	3,838
Netherlands.....	155,106	923,460	319,934	525,981	863,133	27,383
Norway.....	265,675	157,437	24,668	12,500	-	-
Poland.....	470,589	155,107	-	-	-	-
Portugal.....	75,996	-	-	3,750	-	333
Romania.....	16,667	33,333	24,995	-	-	-
Soviet Union.....	17,067	16,666	-	-	-	-
Spain.....	503,502	465,178	2,673	-	-	110,550
Sweden.....	581,498	653,888	21,159	4,917	-	10,483
Switzerland.....	211,979	58,329	25,303	417	-	20,469
United Kingdom.....	94,504	20,293	14,080	50,166	390,100	-
Yugoslavia.....	84,017	91,109	20,925	-	-	-
Other.....	29,103	6,822	-	-	-	-
Total.....	6,157,057	6,497,852	1,192,786	1,683,726	2,744,665	512,82
North America:						
Canada.....	26,200	66,093	11,499	2,750	-	114,829
United States.....	2,011,925	3,756,904	1,204,645	1,284,845	646,600	1,934,418
Other.....	-	2,399	-	-	-	-
Total.....	2,038,125	3,825,396	1,216,144	1,287,595	646,600	2,049,247
South America.....	467,528	162,758	-	-	-	-
Africa.....	36,889	170,311	-	-	-	-
Asia and Oceania.....	670,299	425,289	155,097	697,997	270,250	-
Not specified.....	-	-	-	367	223,133	-
Grand total.....	9,369,898	11,081,606	2,564,027	3,669,685	4,333,864	2,562,109

-- Denotes unknown or not available.

1/ 132.276 pounds. 2/ Based on available data from importing countries.

Source: Compiled by Foreign Agricultural Service from official statistics of specified countries.

Table 4.--GREEN COFFEE: ICO COMPOSITE PRICE, BASIS 1968 AGREEMENT 1/, MONTHLY AND ANNUAL AVERAGES, 1965-1980
(In cents per pound)

Year	Jan.:	Feb.:	Mar.:	Apr.:	May:	June:	July:	Aug.:	Sept.:	Oct.:	Nov.:	Dec.:	Average
1965 <u>2/</u> .	3/	3/	38.20	38.41	37.05	39.27	40.67	42.20	41.65	42.15	41.73	42.32	40.37
1966 <u>2/</u> .	42.15	40.91	40.14	40.30	40.46	39.83	39.49	39.14	38.31	38.45	38.24	37.91	39.61
1967 <u>2/</u> .	37.22	37.13	36.68	37.43	38.30	38.57	37.58	36.69	36.53	36.43	37.20	36.82	37.22
1968 <u>2/</u> .	37.26	37.36	37.68	37.81	37.61	37.70	37.56	37.38	37.30	37.38	36.93	36.37	37.36
1969....	36.33	36.54	36.05	35.17	34.96	35.35	35.42	37.01	40.28	45.33	45.83	46.22	38.71
1970....	49.15	48.73	49.27	50.40	51.14	50.89	51.70	51.99	52.03	51.87	50.23	48.88	50.52
1971....	49.02	46.96	45.08	44.28	44.31	43.76	43.50	43.67	43.31	43.13	43.68	45.23	44.66
1972....	44.80	44.92	46.01	46.42	47.33	47.76	54.11	55.83	53.99	53.95	54.55	55.17	50.40
1973....	57.04	60.75	61.77	59.78	61.63	62.78	62.85	62.33	63.07	64.05	64.82	65.09	62.16
1974....	66.22	70.78	72.04	72.89	73.74	71.49	68.45	64.55	61.97	63.04	64.57	65.63	67.95
1975....	64.96	63.80	60.71	59.53	60.29	63.00	4/60.43	88.49	85.80	84.59	82.73	86.84	71.76
1976....	94.97	101.94	100.50	123.15	138.93	149.24	142.34	150.87	154.19	164.53	181.28	207.85	142.48
1977....	227.89	251.20	324.59	333.49	295.95	269.81	246.15	240.17	236.02	221.70	228.51	201.15	256.39
1978....	200.11	191.31	167.67	166.78	158.40	169.82	143.14	143.77	156.23	156.13	151.87	142.66	162.32
1979....	139.42	130.61	135.55	142.60	151.31	191.21	202.06	194.40	204.58	202.62	200.20	196.67	174.27
1980....	184.11	178.01	189.83	186.00	195.29	188.22	174.50	167.24	164.78	158.83	151.91	--	--

GREEN COFFEE: ICO COMPOSITE PRICE, BASIS 1976 AGREEMENT 5/, MONTHLY AND ANNUAL AVERAGES, 1976-1980
(In cents per pound)

1976 <u>6/</u> .	--	--	--	--	--	--	--	--	--	162.62	179.63	205.54	182.60
1977....	217.61	254.93	304.85	314.96	277.41	243.05	209.00	201.36	195.78	172.48	182.13	185.70	229.94
1978....	191.65	186.08	166.37	161.68	152.86	159.82	130.17	133.34	151.12	151.89	145.21	131.58	155.15
1979....	130.93	127.76	132.76	140.22	148.74	190.99	199.78	189.70	198.36	192.97	192.19	185.63	169.50
1980....	165.62	163.42	177.14	171.86	182.30	175.22	151.81	134.02	125.42	125.79	115.61	--	--

1/ International Coffee Organization (ICO) composite price of Colombian Mild Arabica, Other Mild Arabica, Unwashed Arabica (Brazilian), and Robusta type coffees.

2/ Unofficial.

3/ Series began March 22, 1965.

4/ Average through July 1-18 only.

5/ ICO composite price of Other Mild Arabica and Robusta type coffees.

6/ Series began October 1, 1976.

Source: International Coffee Organization.

TABLE 5.--WORLD COFFEE SUPPLY AND DISTRIBUTION, 1960-1981

(IN 1,000 60-KG BAGS)

COUNTRY BY TIME PERIOD	BEGINNING STOCKS	IMPORTS	TOTAL SUPPLY DISTRIBUTN	DOMESTIC USE	EXPORTS		ENDING STOCKS			
					8EANS	RSTD/GRND SOLUBLE				
WORLD TOTAL										
1960/61.....	58,806	65,374	215	124,395	16,270	42,846	63	92	43,003	65,123
1961/62.....	65,123	75,550	191	141,264	20,985	45,959	56	135	46,151	74,128
1962/63.....	74,128	67,787	162	142,077	14,591	46,778	42	123	46,546	80,538
1963/64.....	80,538	65,338	91	145,967	17,524	50,883	69	118	51,070	77,371
1964/65.....	77,371	52,649	89	130,109	16,650	41,765	58	78	41,902	71,556
1965/66.....	71,556	82,153	144	153,853	17,697	49,669	37	257	49,965	86,189
1966/67.....	86,188	63,380	158	149,726	19,128	48,324	26	564	48,915	81,684
1967/68.....	81,684	70,877	155	152,716	17,950	54,935	55	741	55,732	79,039
1968/69.....	79,039	63,216	115	142,470	19,528	52,542	76	963	53,582	69,360
1969/70.....	69,360	69,713	181	139,254	18,789	53,875	84	1,161	55,119	65,346
1970/71.....	65,346	58,979	179	124,504	15,278	50,280	107	1,253	51,641	53,588
1971/72.....	53,588	73,679	211	127,478	18,951	56,431	258	1,589	58,279	50,246
1972/73.....	50,246	77,033	206	127,485	17,365	58,723	381	2,045	61,150	48,974
1973/74.....	48,974	66,115	288	115,377	19,028	58,080	163	2,149	60,391	35,958
1974/75.....	35,958	82,508	293	118,759	19,145	53,099	240	1,985	55,325	44,288
1975/76.....	44,288	72,935	245	117,468	18,780	56,748	394	2,164	59,369	39,382
1976/77.....	39,382	61,440	246	101,068	18,793	54,264	307	2,224	56,846	25,429
1977/78.....	25,429	70,757	294	96,480	18,869	47,160	176	893	48,226	29,385
1978/79.....	29,382	78,434	279	108,095	19,318	61,125	169	2,430	63,723	25,054
1979/80.....	25,054	80,400	275	105,753	19,894	59,445	136	2,620	62,201	23,658
1980/81.....	23,658	80,217	295	104,170	20,347	57,684	158	3,129	60,971	22,852

NOTE: TOTAL MAY NOT ADD BECAUSE OF ROUNDING, -- DENOTES UNAVAILABLE, NEGLIGIBLE, OR ZERO

JANUARY 1981

COMMODITY PROGRAMS, FAS, USDA

TABLE 6

COFFEE YEAR 1980/81

INITIAL AND REVISED ANNUAL QUOTAS

(60 kilo bags)

	Initial annual quota <u>1/</u>	Conditional part 2.4%	First downward adjustment of quota	Revised annual quota col (1)-(2)-(3)
	(1)	(2)	(3)	(4)
TOTAL	58,192,766	1,321,680	1,400,000	55,471,086
A. Sub-total: Members entitled to a basic quota	55,631,667	1,321,680	1,400,000	52,909,987
Colombian Milds	11,800,000	283,200	432,801	11,083,999
Colombia	9,700,000	232,800	355,776	9,111,424
Kenya	1,300,000	31,200	47,682	1,221,118
Tanzania	800,000	19,200	29,343	751,457
Other Milds	14,470,000	347,280	530,730	13,591,990
Costa Rica	1,500,000	36,000	55,017	1,408,983
Dominican Republic	470,000	11,280	17,238	441,482
Ecuador	1,300,000	31,200	47,682	1,221,118
El Salvador	2,300,000	55,200	84,359	2,160,441
Guatemala	2,100,000	50,400	77,024	1,972,576
Honduras	1,100,000	26,400	40,345	1,033,255
India	1,100,000	26,400	40,345	1,033,255
Mexico	2,200,000	52,800	80,692	2,066,508
Nicaragua	800,000	19,200	29,343	751,457
Papua New Guinea	700,000	16,800	25,675	657,525
Peru	900,000	21,600	33,010	845,390
Unwashed Arabicas	15,900,000	381,600	51,349	15,467,051
Brazil	14,500,000	348,000	0	14,152,000
Ethiopia	1,400,000	33,600	51,349	1,315,051
Robustas	13,461,667	309,600	385,120	12,766,947
Angola	400,000	9,600	0	390,400
Indonesia	3,200,000	76,800	117,370	3,005,830
OAMCAF <u>2/</u>	6,661,667	146,400 <u>3/</u>	223,736 <u>3/</u>	6,291,531
Uganda	2,000,000	48,000	0	1,952,000
Zaire	1,200,000	28,800	44,014	1,127,186
B. Sub-total: Members exempt from basic quota <u>4/</u>	2,561,099	0	0	2,561,099
Arabicas	1,752,433			
Bolivia	102,200			
Burundi	400,000			
Haiti	400,000			
Jamaica	16,000			
Malawi	7,500 <u>5/</u>			
Panama	57,400			
Paraguay	98,000 <u>5/</u>			
Rwanda	360,000			
Venezuela	311,333			
Robustas	808,666			
Ghana	33,333			
Guinea	83,333 <u>5/</u>			
Liberia	120,000			
Nigeria	98,000			
Philippines	262,500			
Sierra Leone	175,000			
Trinidad and Tobago	36,500			

1/ Table 1 of ED-1005/80 adjusted to show the total quota of OAMCAF as a group Member and Table 4 of ED-1005/80 adjusted for shortfalls declared by Guinea and Malawi and revised data provided by Paraguay

2/ Includes members of the OAMCAF group exempt from basic quota

3/ Reduction in respect of Cameroon, Ivory Coast and Madagascar

4/ Excludes members of the OAMCAF group exempt from basic quotas. See footnote 2/

5/ Revised figures. See footnote 1/

TABLE 7

COFFEE YEAR 1980/81

INITIAL AND REVISED QUOTA
QUARTER OCTOBER-DECEMBER 1980

(60 kilo bags)

Exporting Member	Initial quarterly quota 1/ (1)	Conditional part 2.4% of column (1) (2)	First downward adjustment (3)	Revised quarterly quota col (1)-(2)-(3) (4)
TOTAL	14,982,367	333,024	1,400,000	13,249,343
A. Sub-total: Members entitled to a basic quota	14,082,042	333,024	1,400,000	12,349,018
Colombian Milds	2,950,000	70,800	432,801	2,446,399
Colombia	2,425,000	58,200	355,776	2,011,024
Kenya	325,000	7,800	47,682	269,518
Tanzania	200,000	4,800	29,343	165,857
Other Milds	3,686,000	88,464	530,730	3,066,806
Costa Rica	375,000	9,000	55,017	310,983
Dominican Republic	141,000 2/	3,384	17,238	120,378
Ecuador	325,000	7,800	47,682	269,518
El Salvador	575,000	13,800	84,359	476,841
Guatemala	525,000	12,600	77,024	435,376
Honduras	275,000	6,600	40,345	228,055
India	275,000	6,600	40,345	228,055
Mexico	550,000	13,200	80,692	456,108
Nicaragua	200,000	4,800	29,343	165,857
Papua New Guinea	175,000	4,200	25,675	145,125
Peru	270,000 2/	6,480	33,010	230,510
Unwashed Arabicas	3,975,000	95,400	51,349	3,828,251
Brazil	3,625,000	87,000	0	3,538,000
Ethiopia	350,000	8,400	51,349	290,251
Robustas	3,471,042	78,360	385,120	3,007,562
Angola	140,000 3/	3,360	0	136,640
Indonesia	800,000	19,200	117,370	663,430
OAMCAF 4/	1,731,042	36,600 5/	223,736 5/	1,470,706
Uganda	500,000	12,000	0	488,000
Zaire	300,000	7,200	44,014	248,786
B. Sub-total: Members exempt from a basic quota 6/	900,325	0	0	900,325
Arabicas	572,284			
Bolivia	25,550			
Burundi	100,000			
Haiti	100,000			
Jamaica 7/	16,000			
Malawi 7/	7,500			
Panama 7/	57,400			
Paraguay 7/	98,000			
Rwanda	90,000			
Venezuela	77,834			
Robustas	328,041			
Ghana 7/	33,333			
Guinea	20,833			
Liberia	30,000			
Nigeria 7/	98,000			
Philippines	65,625			
Sierra Leone	43,750			
Trinidad and Tobago 7/	36,500			

1/ Twenty five percent of the annual quota shown in column (1) of Table 1 unless otherwise indicated

2/ Thirty percent of annual quota

3/ See paragraph 13 of Decisions Adopted number 125 (document EB-1832/80)

4/ Includes members of the OAMCAF group exempt from basic quotas. Annual quotas are included in respect of Benin, Congo and Gabon

5/ Reduction in respect of Cameroon, Ivory Coast and Madagascar

6/ Excludes members of the OAMCAF group exempt from basic quotas. See footnote 4/

7/ Annual quotas. Members not subject to quarterly quotas

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