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COFFEE
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May 1967

WORLD COFFEE CROP

ESTIMATE DOWN SLIGHTLY

The Foreign Agricultural Service's fourth estimate (March) of the 1966-67 world coffee crop is for a total crop of 62.7 million bags ^{1/}, of which 47.3 million are estimated to be exportable production.^{2/} This estimate is down about 1.4 million bags from the December estimate and still below the world's consumption needs. World stocks remain more than adequate to meet the deficit, however.

The decrease from the December figure is due to slightly lower estimates for a number of countries, including El Salvador, Guatemala, Mexico, Brazil, Ivory Coast, and Uganda. Estimates are up for only a few of the smaller producing countries.

World trade appears to have been below normal levels during the first half of the 1966-67 coffee marketing year (October-September). Consumption needs have been met by the heavy shipments during the last quarter of 1965-66 and by some drawdown in stocks in importing countries.

An across-the-board cut in International Coffee Agreement (ICA) export quotas during the second quarter of the 1966-67 coffee marketing year had little effect on coffee prices; in fact, prices continued downward. The ICA's stamp plan, which went into effect on April 1, should reduce overshipments of quotas, thereby providing additional impetus to an upward trend in prices.

^{1/} All bags in text and tables equal 132.276 pounds.

^{2/} Exportable production: Total production minus estimated domestic consumption.

GREEN COFFEE: World total production for marketing year 1966-67, with comparisons 1/

Continent and country	Average	1963-64	1964-65	1965-66	4th estimate
	1955/56-1959/60	1963-64	1964-65	1965-66	1966-67
	1,000 bags <u>2/</u>	1,000 bags <u>2/</u>	1,000 bags <u>2/</u>	1,000 bags <u>2/</u>	1,000 bags <u>2/</u>
North America:					
Costa Rica	734	1,100	825	1,025	1,175
Cuba	713	475	600	460	500
Dominican Republic	549	690	675	615	560
El Salvador	1,436	2,000	2,060	1,800	1,900
Guatemala	1,357	1,790	1,630	2,050	1,700
Haiti	600	530	550	575	500
Honduras	321	395	450	460	425
Mexico	1,716	2,855	2,650	3,000	2,800
Nicaragua	376	450	575	500	550
Panama	<u>3/</u> 27	80	75	70	85
Trinidad and Tobago	44	75	75	50	55
Other <u>4/</u>	427	322	381	304	294
Total North America	8,300	10,762	10,546	10,909	10,544
South America:					
Brazil	28,300	28,200	10,000	37,400	20,400
Colombia	7,360	8,200	7,600	8,200	7,800
Ecuador	521	700	935	935	835
Peru	324	815	880	885	890
Venezuela	835	890	790	825	825
Other <u>5/</u>	63	128	128	158	130
Total South America	37,403	38,933	20,333	48,403	30,880
Africa:					
Angola	1,443	2,800	3,100	2,800	3,500
Burundi <u>6/</u>	(7/)	250	200	240	225
Cameroon <u>8/</u>	405	800	870	1,000	1,100
Central African Republic	<u>3/</u> 41	210	150	200	200
Congo (Kinshasa)	1,195	1,100	950	1,000	1,100
Ethiopia	1,100	1,600	1,650	1,600	1,700
Guinea	<u>9/</u> 114	175	150	160	150
Ivory Coast	2,130	4,350	3,375	4,550	2,900
Kenya	415	740	660	875	950
Malagasy Republic	902	835	1,050	825	950
Rwanda <u>6/</u>	(7/)	145	175	155	150
Tanzania	375	545	575	800	750
Togo	122	230	200	225	200
Uganda	1,508	2,900	2,450	2,600	2,600
Other <u>10/</u>	332	429	432	458	470
Total Africa	10,082	17,109	15,987	17,488	16,945
Asia and Oceania:					
India	712	1,240	1,100	1,150	1,200
Indonesia	1,343	1,900	2,200	2,000	2,000
Philippines	199	655	735	715	710
Yemen	88	80	90	75	60
Other <u>11/</u>	179	319	337	337	352
Total Asia and Oceania	2,521	4,194	4,462	4,277	4,322
World total production	58,306	70,998	51,328	81,077	62,691

1/ Coffee marketing season begins during second half of the calendar year starting some countries like Brazil as early as July 1 and other countries about October 1. Exportable production represents total production minus consumption, except for Brazil prior 1959-60, which was based on "registrations" of current crop minus port consumption and coastwise shipments. 2/ Sixty kilograms or 132.276 pounds each. 3/ 2-year average. 4/ Includes Guadeloupe, Hawaii, Jamaica, and Puerto Rico. 5/ Includes Bolivia, Guyana, Paraguay and Surinam. 6/ Prior 1962-63, was shown as Ruanda-Urundi. 7/ Shown in Congo (Leopoldville) prior 1959-60. Combined exports Rwanda and Burundi in 1959-60 totaled 160,000 bags. 8/ Beginning with 1961-62 includes West Cameroon. Prior 1961-62 this area was identified as Southern Cameroon and production included with Nigeria. 9/ 3-year average. 10/ Includes Cape Verde, Comoro Islands, Dahomey, Gabon, Ghana, Liberia, Nigeria, Congo (Brazzaville), Sao Tome and Principe, Sierra Leone, and Spanish Guinea. 11/ Includes Malaysia, New Caledonia, New Hebrides, Papua and New Guinea, Portuguese Timor and South Vietnam.

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 marketing year 1966-67, with comparisons 1/

Continent and country	Average	1963-64	1964-65	1965-66	4th
	1955/56- 1959/60				estimate 1966-67
	1,000	1,000	1,000	1,000	1,000
	bags <u>2/</u>	bags <u>2/</u>	bags <u>2/</u>	bags <u>2/</u>	bags <u>2/</u>
North America:					
Costa Rica	658	980	700	895	1,040
Cuba	207	---	---	---	---
Dominican Republic	421	540	520	455	395
El Salvador	1,327	1,885	1,935	1,670	1,765
Guatemala	1,158	1,580	1,420	1,835	1,480
Haiti	435	365	385	405	325
Honduras	262	320	370	375	340
Mexico	1,369	1,855	1,550	1,800	1,500
Nicaragua	334	405	525	445	490
Panama	<u>3/</u> 10	26	20	15	25
Trinidad and Tobago	37	68	65	40	45
Other <u>4/</u>	171	55	59	46	41
Total North America	6,389	8,079	7,549	7,981	7,446
South America:					
Brazil	23,360	21,200	3,000	30,200	13,000
Colombia	6,550	7,200	6,500	7,000	6,560
Ecuador	422	525	750	745	640
Peru	251	630	680	630	680
Venezuela	472	395	275	290	275
Other <u>5/</u>	44	77	72	102	74
Total South America	31,099	30,027	11,277	39,017	21,229
Africa:					
Angola	1,427	2,750	3,045	2,740	3,440
Burundi <u>6/</u>	(<u>7/</u>)	245	195	235	220
Cameroon <u>8/</u>	396	775	840	970	1,070
Central African Republic	<u>3/</u> 37	205	145	195	195
Congo (Kinshasa)	1,164	1,050	900	950	1,045
Ethiopia	850	1,250	1,300	1,245	1,335
Guinea	<u>2/</u> 105	160	135	145	135
Ivory Coast	2,063	4,300	3,325	4,500	2,845
Kenya	399	720	640	855	925
Malagasy Republic	812	735	950	725	845
Rwanda <u>6/</u>	(<u>7/</u>)	140	170	150	145
Tanzania	369	530	560	785	735
Togo	121	225	195	220	195
Uganda	1,454	2,885	2,440	2,585	2,585
Other <u>10/</u>	308	396	398	424	436
Total Africa	9,505	16,366	15,238	16,724	16,151
Asia and Oceania:					
India	223	620	460	540	585
Indonesia	1,120	1,600	1,850	1,650	1,640
Philippines	---	---	---	---	---
Yemen	74	70	80	65	50
Other <u>11/</u>	63	139	147	147	162
Total Asia and Oceania	1,480	2,429	2,537	2,402	2,437
World exportable production	48,473	56,901	36,601	66,124	47,263

1/ Coffee marketing season begins during the second half of calendar year starting some countries like Brazil as early as July 1 and other countries about October 1. Exportable production represents total production minus consumption, except for Brazil prior 1959-60 which was based on "registrations" of current crop minus port consumption and coastwise shipments. 2/ Sixty kilograms or 132.276 pounds each. 3/ 2-year average. 4/ Includes Guadeloupe, Hawaii, Jamaica, and Puerto Rico. 5/ Includes Bolivia, Guyana, Paraguay and Surinam. 6/ Prior 1962-63, was shown as Ruanda-Urundi. 7/ Shown in Congo (Leopoldville) prior 1959-60. Combined exports Rwanda and Burundi in 1959-60 totaled 160,000 bags. 8/ Beginning with 1961-62 includes West Cameroon. Prior 1961-62 this area was identified as Southern Cameroon and production included with Nigeria. 9/ 3-year average. 10/ Includes Cape Verde, Comoro Islands, Dahomey, Gabon, Ghana, Liberia, Nigeria, Congo (Brazzaville), Sao Tome and Principe, Sierra Leone, and Spanish Guinea. 11/ Includes Malaysia, New Caledonia, New Hebrides, Papua and New Guinea, Portuguese Timor and South Vietnam.

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Production

Latin America: Brazil's 1966-67 exportable crop remains below that country's export needs for the marketing year, with the result that stocks will be reduced slightly. The Brazilian Coffee Institute (IBC) is in the process of regrading its stocks to learn the exact grades and quantities available for export and domestic use. A new president has been named to head the IBC and the coffee world is waiting to see what changes, if any, will be made in Brazilian coffee policy. This is a crucial period in the life of that country's diversification plan, and the new administration's policy will have a heavy bearing on the plan's success or failure. The final result will also have effects outside Brazil in that it will either encourage or discourage other countries which are considering similar plans.

Production in Central America and Mexico is generally below previous estimates, with the biggest drop in El Salvador, where unfavorable weather is said to have been the principal factor. There was little change in the estimates for other countries in South America.

Africa: The 1966-67 crop in Ivory Coast is down considerably from the December figure, and some believe the crop will be even lower than the present estimate. A good crop is still expected in Angola, while in Uganda the crop will be down from the 1965-66 level. In the Malagasy Republic both the 1965-66 and 1966-67 crops are reported to be lower than previously estimated. Estimates for other African countries have changed little since December.

Asia and Oceania: The production situation in this area is unchanged from that of December.

Production in Smaller Producing Countries: Exportable production in the smaller producing countries is estimated to be as follows, in bags of 60 kilograms each, with comparable 1965-66 estimates in parentheses: Jamaica 6,000 (11,000); Puerto Rico 25,000 (25,000); Bolivia 35,000 (30,000); Paraguay 30,000 (60,000); Surinam 5,000 (8,000); Congo (Brazzaville) 14,000 (14,000); Dahomey 23,000 (23,000); Gabon 13,000 (13,000); Ghana 68,000 (58,000); Liberia 56,000 (56,000); Nigeria 34,000 (32,000); Sao Tome and Principe 5,000 (5,000); Sierra Leone 110,000 (110,000); Spanish Guinea 110,000 (110,000); New Caledonia 30,000 (30,000); Papua and New Guinea 95,000 (80,000); Portuguese Timor 33,000 (33,000).

Trade

A number of countervailing factors influenced the international coffee trade situation in the first semester of the 1966-67 coffee marketing year. First, there were the stocks of coffee still available from the rather heavy shipments in the latter part of the 1965-66 year. The presence of these supplies

tended to weaken demand, bringing softer prices which, in turn, made importers reluctant to buy on a declining market. Another factor was the unsuccessful attempt of some of the "Other Milds" producing countries to cooperatively strengthen the price for their coffee by adhering to minimum export prices. This tended to lower export levels, especially in the early part of the semester. In addition, some individual countries set their own minimum export prices, which again tended to retard exports. Counteracting these efforts to keep prices up was the pressure to move coffee to fill ICA quotas, and in some cases, to move surplus coffee before the ICA's new stamp plan came into effect April 1, 1967. Hence, some of the undershipments of the first quarter of 1966-67 were made up in the second quarter.

United States imports of coffee during the last 6 months of 1966 were considerably below shipments during the same period a year earlier (see table). This was largely due to the low imports during the October-December 1966 period. Total imports for 1966, however, were up almost 800,000 bags from 1965. The accompanying table on U. S. imports of coffee by area of origin shows that Brazil recovered some of its share of the U. S. market in 1966, having risen from a low of 27 percent in 1965. The percentage shares of Colombia, Central America, and Mexico all dropped slightly from 1965. One exception to this trend, however, was Guatemala, whose shipments to the United States reached a peak in 1966. Africa's share of the U. S. market continued its upward trend in 1966, with the biggest increase coming in imports from the Ivory Coast. Imports from Indonesia were also up since more of that country's crop is shipped directly rather than transshipped from other areas.

Other Developments

International Coffee Agreement: Cuts in the quotas of Colombia and "Other Milds" producing countries have had little effect on weakening coffee prices. However, the stamp plan ^{3/} which went into effect on April 1 helped to stop the downward price trend and has resulted in some increase. The ICA's proposed "Development and Diversification Fund" is still in the discussion stage.

Though some sort of diversification will be necessary if world production is to be brought in line with consumption, most countries that have considered this question have found that a major obstacle is finding a crop that is as profitable to the farmer as coffee. Most countries recognize the need for more and different food crops, but those who need these foods generally do

^{3/} Shipments after April 1 which are not accompanied by the proper number of ICA-issued stamps will not be allowed entry into importer-member countries.

not have the purchasing power to provide a market. Thus, it will be hard to get either an individual farmer or coffee-producing country to move out of a crop for which there is an assured market for at least the major part of the harvest.

The present International Coffee Agreement expires September 1968. The International Coffee Council will begin formal negotiations toward continuation of the Agreement in August 1967.

Prices: Prices generally weakened during the first half of the 1966-67 marketing year, though Robustas were an exception and had risen some 4 percent between October 1 and April 1. The prices for both Colombians and the predominantly Central American "Other Milds" went considerably below their ICA "floors." Brazil kept prices for its coffee within its price selectivity range and incidentally kept other prices from declining further by keeping its minimum export registration prices above its "floor." Meanwhile, ICA quota cuts--which were supposed to be the remedy for declining prices--had little effect on such trends. Since April 1, however, there has been a slight strengthening in all four major price categories. Colombian milds have shown the strongest advance, while Brazil's unwashed Arabicas have been slower to move upward. It appears that stock levels reached a point below which the coffee industry does not choose to go at the present time.

Price is one of the real problems that challenges the International Coffee Agreement and its members. Traditionally, there were price "hills and valleys" which disrupted economic plans and policies in producing countries, but which tended to bring down production levels from time to time and to prevent stock buildups. The ICA, whose purpose is to give stability to the market, has been somewhat successful in doing just that. However, a parallel goal--to reduce or hold back production--has not been achieved, and as a result stocks have tended to build up. Ironically, the stability that has come to the market has tended to encourage production and to make it more difficult for governments to set up effective diversification programs. With price stability and the fact that coffee was generally the most profitable crop, governments of most producing countries have been hesitant to move into effective diversification programs.

GREEN COFFEE: Value of exports by specified producing countries^{1/}
1959-1965 ^{2/}

Countries	1959	1960	1961	1962	1963	1964	1965 ^{3/}
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.
	dol.	dol.	dol.	dol.	dol.	dol.	dol.
Costa Rica	40	44	43	48	46	48	47
Dominican Republic	18	23	14	20	19	27	22
El Salvador	71	77	70	76	75	93	96
Guatemala	74	75	67	67	77	71	92
Haiti	16	17	13	24	16	16	20
Honduras	12	12	9	11	14	17	22
Mexico	49	61	59	61	43	84	63
Nicaragua	14	19	17	15	18	21	26
Brazil	733	713	710	643	747	760	707
Colombia	363	332	308	332	303	394	344
Ecuador	18	22	14	21	18	21	38
Peru	16	19	23	24	26	37	29
Venezuela	25	22	23	19	23	20	14
Angola	48	44	48	64	63	95	93
Ethiopia	40	44	38	43	44	64	70
Ivory Coast	65	76	82	77	120	129	105
Uganda	53	48	39	56	76	99	79
Kenya	34	29	29	30	31	43	39
Tanzania	17	21	19	18	19	31	24
India	13	14	20	17	17	29	24
Indonesia	19	14	14	13	20	27	32
Total specified countries	1,738	1,726	1,659	1,679	1,815	2,126	1,986

^{1/} Coffee exports from these countries represent around 90 percent of total world exports. ^{2/} Revised. ^{3/} Preliminary.

Foreign Agricultural Service. Compiled from official statistics of foreign governments, reports of Agricultural Attaches and Foreign Service Officers, trade reports, and other related source materials.

GREEN COFFEE: U. S. imports, 1962-1966

Continent and country	1962	1963	1964	1965 ^{1/}	1966 ^{2/}
	Bags ^{3/}	Bags ^{3/}	Bags ^{3/}	Bags ^{3/}	Bags ^{3/}
North America:					
Costa Rica	384,573	287,035	292,943	305,753	231,384
Cuba	---	---	---	---	---
Dominican Republic	417,735	367,505	531,792	309,716	352,874
El Salvador	842,728	762,544	682,885	722,125	592,683
Guatemala	966,535	1,079,815	788,844	903,830	1,110,111
Haiti	154,105	122,271	122,260	100,381	89,481
Honduras	159,645	218,377	200,612	290,138	248,555
Mexico	1,342,043	810,686	1,425,790	1,138,635	1,034,997
Nicaragua	190,494	224,283	170,106	250,949	135,376
Panama	763	27,502	3,316	1,960	5,264
Other	19,725	37,396	39,488	26,360	11,806
Total North America	4,478,346	3,937,414	4,258,036	4,049,847	3,812,531
South America:					
Brazil	9,091,956	9,265,380	7,213,818	5,742,684	6,731,010
Colombia	4,330,463	3,939,738	3,698,949	3,299,853	2,709,900
Ecuador	369,209	293,615	230,381	502,484	432,278
Peru	474,370	490,738	541,253	454,235	447,309
Venezuela	271,510	312,686	261,652	236,607	270,625
Other	34,795	35,256	45,133	65,294	78,283
Total South America	14,572,303	14,337,413	11,991,186	10,301,157	10,669,405
Africa:					
Angola	1,483,337	1,121,705	1,230,823	1,278,522	1,210,689
British East Africa ^{4/}	1,387,960	1,497,122	---	---	---
Cameroon	123,633	120,640	151,421	147,083	331,253
Congo (Kinshasa)	497,322	447,985	196,189	145,745	35,840
Ethiopia	660,583	815,398	923,759	1,158,095	792,048
Ivory Coast	606,849	705,636	1,191,664	840,669	1,224,366
Kenya	(5/)	(5/)	290,250	118,173	173,806
Malagasy Republic	164,719	207,079	169,604	404,927	230,453
Tanzania	(5/)	(5/)	131,910	122,265	237,154
Uganda	(5/)	(5/)	962,130	1,108,478	1,218,029
Other	170,370	145,495	822,818	838,645	1,003,833
Total Africa	5,094,773	5,061,060	6,070,568	6,162,602	6,457,471
Asia and Oceania					
India	11,779	23,893	76,458	73,398	45,283
Indonesia	301,436	453,939	391,760	643,263	974,349
Other	20,710	21,358	34,308	66,927	101,818
Total Asia and Oceania	333,925	499,190	502,526	783,588	1,121,450
Other countries	835	2	---	1,917	1,942
Grand total	24,480,182	23,835,079	22,822,316	21,299,111	22,062,799

^{1/} Revised. ^{2/} Preliminary. ^{3/} 132.276 pounds each. ^{4/} Includes Kenya, Tanganyika, and Uganda.
^{5/} Included in British East Africa prior to 1964.

Foreign Agricultural Service. Compiled from official records of the Bureau of the Census.

GREEN COFFEE: U. S. gross imports for consumption by months, 1962-1966

Calendar year	1962	1963	1964	1965	1966 ^{1/}
	Bags ^{2/}	Bags ^{2/}	Bags ^{2/}	Bags ^{2/}	Bags ^{2/}
January	2,294,540	1,241,088	1,977,276	460,698	1,829,079
February	2,310,778	2,238,665	1,969,568	1,295,938	2,017,663
March	1,828,026	2,157,406	2,476,132	2,446,165	2,384,800
April	1,859,220	2,245,754	2,459,757	1,658,847	1,965,127
May	2,006,712	1,797,858	1,597,003	1,553,587	1,817,855
June	1,550,237	1,332,142	1,343,896	1,830,766	1,680,072
January-June	11,849,513	11,012,913	11,823,632	9,246,001	11,694,596
July	1,678,724	1,956,858	1,552,377	1,206,105	1,569,851
August	2,003,959	1,887,944	1,428,029	1,556,237	1,309,060
September	2,074,355	2,166,907	1,659,684	1,820,811	2,084,606
October	2,074,786	2,486,099	1,960,222	2,666,075	2,167,597
November	2,256,432	2,181,114	2,329,666	2,549,383	1,573,023
December	2,542,413	2,143,244	2,068,706	2,254,499	1,664,066
July - December ...	12,630,669	12,822,166	10,998,684	12,053,110	10,368,203
Calendar year total:	24,480,182	23,835,079	22,822,316	21,299,111	22,062,799
Fiscal year total ^{3/} :	22,745,821	23,643,582	24,645,798	20,244,685	23,747,706

^{1/} Preliminary.

^{2/} 132.276 pounds each.

^{3/} Twelve months, ending June 30 of year shown.

United States Bureau of Census.

GREEN COFFEE: U. S. gross imports by country or area of origin,
average 1955-59, annual 1963-66

Area of origin	Average		1963		1964		1965 ^{1/}		1966 ^{2/}	
	1955-59									
	Mil. bags	Per-cent	Mil. bags	Per-cent	Mil. bags	Per-cent	Mil. bags	Per-cent	Mil. bags	Per-cent
	<u>3/</u>		<u>3/</u>		<u>3/</u>		<u>3/</u>		<u>3/</u>	
Brazil	8.91	42	9.27	39	7.21	31	5.74	27	6.73	31
Africa and Asia	2.86	14	5.56	23	6.57	29	6.95	33	7.58	34
Mild coffees:										
Colombia	4.54	22	3.94	17	3.70	16	3.30	15	2.71	12
Other South America ..	.84	4	1.13	5	1.08	5	1.26	6	1.23	6
Mexico and Central America	3.30	15	3.41	14	3.57	16	3.61	17	3.36	15
Caribbean55	3	.53	2	.69	3	.44	2	.45	2
Total milds	9.23	44	9.01	38	9.04	40	8.61	40	7.75	35
Total world	21.00	100	23.84	100	22.82	100	21.30	100	22.06	100

^{1/} Revised.

^{2/} Preliminary.

^{3/} 132.276 pounds each.

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