

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Nicaragua

### Coffee Annual Report

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**Report Highlights:**

The 2015/2016 coffee harvest is expected to reach over 1,879,000 60kg bags, down 13 percent from the initial forecast. The harvest was not as good as initially expected due to El Niño, a cyclical weather phenomenon, which brought rising temperatures and lack of rain throughout Central America and other Latin American countries. However, this was not a general trend for the entire country; the impact of El Niño was much less on the mountainous region of Nicaragua, where most of Nicaragua's coffee plantations are located, due its microclimate condition that guaranteed a more normal rainfall For 2016/2017, the coffee harvest is expected to reach over 2.02 million 60kg bags, an 8 percent increase compared to the current harvest, assuming good weather conditions.

**Commodities:**

Coffee, Green

**Production:**

Coffee is the most important crop in Nicaragua due to its economic, social and environmental impact. In CY 2015, coffee exports reached over 103,176 MT with a total value of \$393 million.

The coffee sector employs about 332,000 persons, equivalent to 15 percent of the labor market and 54 percent of the agricultural sector. Coffee plantations also protect the natural environment due the great diversity of medium and large-size shade trees that help to protect the soil and retain water during the rainy season. According to the Nicaraguan Ministry of Agriculture, there are about 44 thousand coffee producers in Nicaragua. About 97 percent of Nicaraguan coffee producers are small (with farms ranging from less than a hectare up to 14 hectares) and the rest are considered medium and large (with farms ranging between 14 and 30 hectares, respectively). Most of Nicaragua's coffee production is Arabica (shade-grown) and is concentrated in the North Central Region of the country in the municipalities of Jinotega, Matagalpa and Nueva Segovia. There is also Robusta production in the Southern Autonomous Caribbean Coast (RACS) but in a lesser scale. Current Robusta production is close to 23,000 60kg bags (about 1 percent of total production) and is used for the domestic market.

The 2015/2016 coffee harvest is expected to reach over 1,879,000 60kg bags, down 13 percent from the initial forecast. The harvest was not as good as initially expected due to El Niño, a cyclical weather phenomenon, which brought rising temperatures and lack of rain throughout Central America and other Latin American countries. Some coffee farmers located in the low lands of the Pacific coast reported the falling of small fruits and reduced yields as a result of the drought. In addition to lower yields, in some areas, farmers also reported light weight unroasted coffee beans. However, this was not a general trend for the entire country and the 2015/2016 harvest was not considered a bad one; the impact of El Niño was much less on the mountainous region of Nicaragua, where most of Nicaragua's coffee plantations are located, due its microclimate condition that guaranteed a more normal rainfall. In terms of fungal disease and pest outbreaks, different coffee associations described the 2015/2016 cycle as normal with no significant problems with pests or fungal diseases. The Nicaraguan Coffee Council (CONACAFE) estimated that the level of coffee rust was below five percent which is considered normal. For 2016/2017, the coffee harvest is expected to reach over 2.02 million 60kg bags, an 8 percent increase compared to the current harvest, assuming good weather conditions.

According to the Nicaraguan Ministry of Agriculture, the total cultivated area in Nicaragua is close to 126 thousand hectares out of which 95 percent are being harvested. Most of Nicaragua's coffee production is Arabica and there is a small production of Robusta coffee (Around 1,600 hectares planted) for the domestic market. Among the common varieties are Caturra (72 percent) and Borbons, Paca, Catuai, Catimore, Maragogype and Pacamara (28 percent). Coffee is produced mainly in the North Central Region of Nicaragua. According to the last Nicaraguan Agricultural Census in 2011, 35 percent of the coffee plantations are located in Jinotega, 28 percent in Matagalpa, 24 percent in Las Segovias and 13 percent in other municipalities. The coffee plantations in the North Central Region are located in areas with a range of 365 and 1500 mts above sea level, in las Segovias between 490 and 1550 meters and on the Pacific between 420 and 933 mts.

**Consumption:**

Even though Nicaragua has a long history in the production of coffee, the level of consumption is not as high as other countries in the region. “*Nicaraguans have a culture of producing coffee but not a culture of consuming coffee*” Maussie Kühl, Co-Owner of Selva Negra Estate Coffee Farm, 27 March 2006. The average per capita consumption is close to 2 kg. Aside from a low cultural preference for drinking coffee, Nicaraguan consumers do not purchase the more expensive types of coffee. Most of the coffee consumed in Nicaragua is not suitable for export.

**Trade:**

**Exports: October 2014 to September 2015**

<b>Country</b>	<b>60 kg bags</b>
United States	914,947.15
Venezuela	178,804.30
Germany	110,181.92
Belgium	103,497.50
Canada	86,826.53
Italy	68,333.04
Sweden	37,469.95
England	30,285.52
Norway	29,822.87
Taiwan	28,833.98
Japan	26,924.80
Australia	26,603.30
Finland	16,094.25
Others	107,536.01
<b>Total</b>	<b>1,766,161.12</b>

**Policy:**

Nicaragua has two main laws that regulate coffee production: Ley del Café (368) or the coffee law published in December 2000. This law provides a series of fiscal exonerations to coffee producers on investments related to coffee production. The organization in charge of the implementation of this law is the Nicaraguan Coffee Council (CONACAFE). The second law, Ley para la Transformación y Desarrollo de la Caficultura (Law 853), was passed in December 2013. This law intends to renovate and transform the Nicaraguan coffee sector through the creation of a fund that will be used to renovate the old coffee plantations. Farmers will pay a small fee per each bag exported that will vary between US \$1 to 4 based on the international prices of coffee. Farmers will pay \$1 when the coffee price is close to \$140, \$2 when the price is between \$140, \$3 when the price is between \$165 and \$4 when the price is above \$185. The National Commission for the Transformation and Development of the Coffee Sector (CONATRADEC), which is formed by members of the Government of Nicaragua, coffee producers and exporters, will be in charge of administering the fund.

**Production, Supply and Demand Statistics**

Coffee, Green Market Begin Year Nicaragua	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	126	0	126	0	126
Area Harvested	0	119	0	119	0	119
Bearing Trees	0	514	0	514	0	514
Non-Bearing Trees	0	26	0	26	0	26
Total Tree Population	0	540	0	540	0	540
Beginning Stocks	22	22	92	156	0	122
Arabica Production	2100	2029	2200	1879	0	1993
Robusta Production	0	23	0	23	0	30
Other Production	0	0	0	0	0	0
Total Production	2100	2052	2200	1902	0	2023
Bean Imports	10	11	10	11	0	10
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	20	0	20	0	0	0
Total Imports	30	11	30	11	0	10
Total Supply	2152	2085	2322	2069	0	2155
Bean Exports	1825	1765	2000	1783	0	1826
Rst-Grnd Exp.	20	0	20	0	0	0
Soluble Exports	105	0	100	0	0	0
Total Exports	1950	1765	2120	1783	0	1826
Rst,Ground Dom. Consum	100	82	100	82	0	82
Soluble Dom. Cons.	10	82	15	82	0	82
Domestic Consumption	110	164	115	164	0	164
Ending Stocks	92	156	87	122	0	165
Total Distribution	2152	2085	2322	2069	0	2155

(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)

