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Global Agricultural Information Network

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Costa Rica

Coffee Annual

Coffee production, consumption and trade

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Report Highlights:

Based on preliminary data, Costa Rica's 2015/2016 coffee crop reached 1,654,617 60 kg. bags. Production was higher than previously estimated as a result of improved management practices in the plantations, coupled with favorable weather conditions. Production is expected to increase about 3 percent in 2016/2017 based on the initial strong flowering observed throughout the main production areas, and also as a result of ongoing investments by farmers in their plantations.

Executive Summary:

Costa Rica's 2015/2016 coffee production increased 13.7 percent to 1,654,617 bags (Note: for the purpose of this report bags refers to 60 kg. bags) as compared to 1,455,087 bags during the previous crop year. Higher production was primarily the result of improved management practices such as pruning and renovations, and favorable weather in most production regions (with the exception of the Western Central Valley). Farmers were also affected to a lesser degree by coffee rust, a fungal disease that has affected coffee plantations in the past few years. Production is forecast to increase slightly to 1,700,000 bags in the 2016/2017 crop year as a result of the strong flowering observed in most production areas after the first rains of the year. According to different sources, the weather phenomenon known as "El Niño" is dissipating and a stronger rainy season is expected this year.

Commodities:

Select

Production:

Costa Rica's coffee production stopped declining during the 2015/2016 crop after three years of consecutive production declines. According to preliminary data from the ICAFE (Costa Rican Coffee Institute), the 2015/2016 crop increased by a higher than expected volume of 13.7 percent. The crop was positively influenced by several factors, including good fertilization, pruning, appropriate preventive disease controls by farmers, and relatively good weather. Nevertheless, some agronomical management activities got delayed as a result of the lower and irregular distribution of rains during calendar year 2015. The lower amount of rainfall observed in 2015 had positive results in early ripening areas such as Coto Brus and Perez Zeledón in the south, because the flowering occurred in a concentrated way without significant losses. The same condition had a negative effect on late ripening areas such as the Central Valley and the Western Central Valley, where the lack of rain caused flowering losses. The area of Los Santos (the largest production area) had very timely flowering and the weather was favorable during the entire production period, resulting in an excellent harvest. According to industry sources, even though coffee prices are low, producers are enthusiastic about the strong flowering observed in the main growing regions, and are preparing to assist their plantations with higher input use with the expectation of a good 2016/2017 crop. The concern at this point is whether the climate conditions will remain favorable during the coming months. Producers are preparing for a higher incidence of fungal diseases if the rainy season becomes too strong.

According to data from a 2014 agricultural census conducted by the National Institute of Statistics and Census, there were 26,527 coffee farms in the country covering an area of 84,133 ha. The data differs from ICAFE's estimate based on field surveys from 2012 which had area planted to coffee estimated at 93,774 ha. The main reductions according to the census data occurred in the area of Los Santos and in the Western Central Valley. We are updating the PS&D accordingly.

Consumption:

Costa Rica has increased coffee imports for local consumption over the years. In the past, coffee was rarely imported. However, the incentive to export as much of the higher quality/higher priced coffee as

possible has resulted in increasing imports of lower priced coffee to supplement sales to the local market. According to recent information made available by the Chamber of Coffee Roasters, Costa Rica may require a higher import volume during 2016. Assuming that most of the green coffee being imported is for local consumption, and based on information from the local industry, consumption for 2015/2016 will reach about 385,000 bags and is expected to increase slightly in 2016/2017. Local consumption has remained fairly stable in the last few years. Industry sources indicate that these fluctuations are partly related to the way roasters buy coffee in the local market. Local roasters are taking advantage of lower priced coffee available in the Central American region, which also enters the country duty free as a result of trade agreements. Most of the imported coffee comes from Honduras, Nicaragua and Guatemala.

Imports of coffee started around 2008 and reached a peak in 2011. Since then, imports have fluctuated widely, responding to market opportunities related to price, availability and logistics. According to data from ICAFE, the price of coffee for domestic consumption has been increasing during the last few crop years relative to the price of coffee for export. In the past, the price of coffee for domestic consumption was always lower than the price of coffee for export. This change signals that roasters have had to compete with higher prices to obtain high quality coffee locally.

Trade:

Export volume declined to 1,161,683 bags in 2014/2015 as a result of lower production. Costa Rica had exported 1,246,602 bags in 2013/2014. Coffee sold for export during the 2014/2015 harvest was valued at \$322.3 million, 15.8 percent higher than in the previous harvest, although this was the result of higher prices, since the export volume declined as indicated earlier.

Most of Costa Rica’s coffee continues to be exported to the United States (50.7 percent), Belgium (14.3 percent), and Germany (5.0 percent). The United States has been the main destination for Costa Rica’s coffee for several years now. Exports to the United States declined from 652,657 bags in 2013/2014 to 589,536 bags in 2014/2015 (9.7 percent). Export volume declined during the previous three marketing years, mainly as a result of declining production, but it is expected to increase during this crop year.

Exports are forecast to increase to 1,410,000 bags during 2015/2016 and to 1,450,000 bags in 2016/2017, assuming that production increases as expected.

Two destinations for Costa Rican coffee have increased their share of imports over the last few years, Australian and South Korea. According to ICAFE, South Koreans have a high per capita income and coffee has become popular among the 20-30 year old population group, who are in general, more open to occidental customs. Coffee stores have become meeting venues for the younger population. Moreover, since coffee has become a quality and status symbol, traders are importing very high quality coffee. Australia has also become an important importer of Costa Rican coffee. Per capita coffee consumption per year has increased from 1.2 kg to 2.6 kg over the last 30 years in that country and Costa Rica’s exports are increasing as well.

Production, Supply and Demand Data Statistics:

Coffee, Green Market Begin Year Costa Rica	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	98	98	98	84	0	84
Area Harvested	93	93	93	80	0	80
Bearing Trees	360	360	360	340	0	340

Non-Bearing Trees	70	70	70	24	0	24
Total Tree Population	430	430	430	364	0	364
Beginning Stocks	130	130	10	124	0	103
Arabica Production	1400	1455	1350	1654	0	1700
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
Total Production	1400	1455	1350	1654	0	1700
Bean Imports	150	80	175	120	0	120
Roast & Ground Imports	12	0	15	0	0	0
Soluble Imports	32	0	30	0	0	0
Total Imports	194	80	220	120	0	120
Total Supply	1724	1665	1580	1898	0	1923
Bean Exports	1220	1161	1100	1410	0	1450
Rst-Grnd Exp.	40	0	10	0	0	0
Soluble Exports	0	0	0	0	0	0
Total Exports	1260	1161	1110	1410	0	1450
Rst,Ground Dom. Consum	429	375	445	380	0	385
Soluble Dom. Cons.	25	5	25	5	0	5
Domestic Consumption	454	380	470	385	0	390
Ending Stocks	10	124	0	103	0	83
Total Distribution	1724	1665	1580	1898	0	1923

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

Export Trade Matrix, Coffee, Green

Costa Rica Coffee, Green 60 kg bags	
Time Period	2014/2015
Exports for:	
U.S.	589,536
Others	
Belgium	165,904
Germany	57,841
Australia	51,060
South Korea	41,306
Italy	40,209
Netherlands	33,065
Total for Others	389,385
Others not Listed	182,762
Grand Total	1,161,683

