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Costa Rica

Coffee Annual

Coffee Production, Consumption and Trade

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Report Highlights:
Costa Rica's coffee production increased 13.6 percent to 1,796,000 60 kg. bags in 2011/2012. Production is expected to reach 1.8 million 60 kg. bags in 2012/2013. Producers have been able to improve fertilization and other agricultural practices as a result of high coffee prices.

Executive Summary:

Costa Rica's 2011/2012 coffee production increased to 1,796,000 60 bags (Note: for the purpose of this report bags refers to 60 kg. bags) as compared to 1,581,219 bags during the previous crop year. Higher prices during the last few crops have allowed producers to improved fertilization and cultural practices in their farms resulting in higher productivity. However, the Costa Rican Coffee Institute (ICAFE), estimates that 40% of the plantations are over 20 years old and need renovation. ICAFE designed and initiated a renovation program in coordination with the local banking system in 2010. The program initially faced obstacles but up to this year, the banks have approved $5.2 million to farmers for renovation. ICAFE expects to see results of the program starting in 2013.

Commodities:

Select

Production:

Coffee production increased 13.6 percent to 1,796,211 bags in 2011/2012 from 1,581,219 bags in 2010/2011. Although lower production was previously expected as a result of a strong rainy period during October of 2011, the effects of the rains were mild. Improved fertilization and agricultural practices including rapid attention to fungal diseases also resulted in higher production. Although the cyclicality of coffee production would lead to expect a lower 2012/2013 crop, production is forecast to reach 1.8 million bags. The forecast is based on the observed flowering of the plantations and the increased investment in the farms by producers in terms of fertilization. Coffee production continues to face competition for area, primarily from urbanization but also from other crops such as pineapples, depending on the production area. Also, even though there are no academic or formal studies on this issue, it is believed that the sector faces a generational period of change, where many producers are becoming older and the new generations are not interested in remaining in the coffee business.

Consumption:

Coffee sales from the domestic crop amounted to 281,850 bags during the 2010/2011 marketing year and are expected to reach 275,000 bags in 2011/2012. Assuming that most of the green coffee that is being imported is for local consumption, and based on information from local roasters, consumption for 2010/2011 was 370,000 bags and it would reach 410,000 bags in 2011/2012. Local consumption has experienced wide fluctuations in the last few years. The reasons are not totally clear at the moment, but industry sources indicate the issue is partly related to the way roasters buy coffee in the local market. Only recently did roasters begin to make purchase decisions in advance of the crop to compete more effectively for the limited volume of the Costa Rican crop. This situation may result in higher sales for domestic consumption as most roasters would rather purchase local coffee than imported coffee. Costa Rica's per capita consumption remains one of the highest at about 4.2 kg/person/year.

Roasters have continued to import lower cost coffee mostly from Guatemala and El Salvador, although import volume may decline in 2012/2013 because local production is expected to increase. According to producers, roasters did not prepare appropriately for the increase in international prices. 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:
Costa Rica exported 1,217,557 bags of coffee in 2009/2010 and 1,224,387 bags in 2010/2011. Most of the coffee was exported to the United States (56.4%), Belgium (12.6%), and Germany (4.75%). Coffee exports to the United States as a percentage of total exports have grown significantly in the past decade from 29.8 percent of the total in 1999/2000 to 56.4 percent in 2009/2010. Export volume has declined sharply during the last 10 years. During 2000/2001 Costa Rica exported 2,197,570 bags, as compared to 1,224,387 bags in 2010/2011. Also, export patterns have changed. Costa Rica used to export a higher share to Europe and Japan in the past.

Although coffee has declined to third place in terms of the export value of agricultural products, it is still an important producer of foreign exchange. Coffee exports amounted to $383.5 million during the 2010/2011 crop year. Bananas and pineapples now surpass coffee in terms of export value.

According to preliminary data from ICAFE, the average FOB export price for the 2010/2011 coffee crop was $295.15 as compared to $210.63 per bag for the 2009/2010 crop. The average export price has improved since the 2001/2002 crop year. However, some producers argue that because the Costa Rican currency, the colon, has appreciated against the U.S. dollar, they have not enjoyed the full benefit of the price increase.

Costa Rica Coffee, Green 60 kg bags	
Time Period	2010/2011
Exports for:	
U.S.	691,604
Others	
Belgium	154,751
Germany	58,187
Italy	47,060
Netherlands	39,820
Canada	39,101
Japan	38,013
Total for Others	376,932
Others not Listed	155,851
Grand Total	1,224,387

Production, Supply and Demand Data Statistics:

Coffee, Green Costa Rica	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	98	98	0	98		98
Area Harvested	93	93	0	93		93
Bearing Trees	384	384	0	384		384
Non-Bearing Trees	46	46	0	46		46
Total Tree Population	430	430	0	430		430
Beginning Stocks	125	125	170	197		179
Arabica Production	1,575	1,581	1,640	1,796		1,800
Robusta Production	0	0	0	0		0
Other Production	0	0	0	0		0
Total Production	1,575	1,581	1,640	1,796		1,800
Bean Imports	175	90	150	146		120
Roast & Ground Imports	0	0	0	0		0
Soluble Imports	0	0	0	0		0
Total Imports	175	90	150	146		120
Total Supply	1,875	1,796	1,960	2,139		2,099
Bean Exports	1,255	1,224	1,390	1,550		1,600
Rst-Grnd Exp.	0	0	0	0		0
Soluble Exports	0	0	0	0		0
Total Exports	1,255	1,224	1,390	1,550		1,600
Rst,Ground Dom. Consum	445	370	430	405		410
Soluble Dom. Cons.	5	5	5	5		5
Domestic Use	450	375	435	410		415
Ending Stocks	170	197	135	179		84
Total Distribution	1,875	1,796	1,960	2,139		2,099
1000 HA, MILLION TREES, 1000 60 KG BAGS						