

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 5/20/2010

GAIN Report Number:

Costa Rica

Coffee Annual

Coffee Production, Consumption, and Exports

Approved By:

Justina Torry, Agricultural Attaché

Prepared By:

Victor Gonzalez, Agricultural Specialist

Report Highlights:

Costa Rica's 2009/2010 coffee production declined more than previously expected to 1,456,000 60 kg bags as compared to 1,580,000 bags during the 2008/2009 crop. Production is forecast to decline to 1,380,000 60 kg. bags during the 2010/2011 crop year as a result of aging plantations.

Executive Summary:

According to industry sources, Costa Rica's coffee production has declined by about 35 percent since the 2002/2003 crop year. The sharp decline is attributed to the age of the plantations. According to the Costa Rican Coffee Institute (ICAFE), 40% of the plantations are over 20 years old and need renovation. ICAFE recently signed an agreement with the Development Banking System to allocate approximately \$12 million to finance farm renovations. The program is directed primarily at small producers. However, this is only a first step towards the goal of renovating Costa Rica's coffee plantations, as the initial resources are expected to cover the cost of about 2,000 hectares out of a total 30,000 hectares which need replanting. The replanting process under the best scenario would take several years to show results. Therefore, we expect coffee production to decline in the short term.

Commodities:

Select

Production:

Coffee production declined 7.8 percent to 1,456,000 60 kg bags in 2009/2010 (Note: for the purpose of this report bags refers to 60 kg bags) from 1,580,000 bags in 2008/2009. The steep decline was the result of several factors including aging of the coffee plants, and reduced rainfall volume during the flowering of the plants in some parts of the country. There were no significant disease related problems during the 2009/2010 crop year, mainly because it was a drier year in general. Although it is still early in the coffee cycle, the 2010/2011 forecast is for the crop to continue declining as a result of the aging plantations. However, some sources indicate that as a result of the higher prices received by producers, improved fertilization may result in more limited production decline. Area planted is not expected to change significantly during the next crop year. However, coffee production faces competition for area, primarily from urbanization.

Consumption:

Coffee consumption has remained stable at roughly 250,000 bags during the last two marketing years. Consumption is estimated to reach a slightly higher volume during 2010/2011 assuming that the economic situation improves. It is believed that domestic consumption has declined from previous years because of the higher price of coffee in the domestic market. However, Costa Rica's per capita consumption remains high at about 3.6 kg/person/year.

Trade:

Costa Rica exported 1,335,218 bags of coffee in 2008/2009 (16.2% less than in the previous marketing year). Most of the coffee was exported to the United States (54.68%), Belgium (8.77%), and Germany (7.87%). Coffee exports to the United States as a percentage of total exports have grown significantly in the past few years. Based on data available through April, 2010, exports are expected to reach 1,210,000 bags in 2009/2010. Export volume has declined sharply during the last 10 years. During 1998/1999 Costa Rica exported 2,149,539 bags, as compared to 1,335,218 bags in 2008/2009.

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. In 2007/2008, the export value of coffee reached \$302.3 million, declining to \$250 million in 2008/2009. Bananas and pineapples now surpass coffee in terms of export value.

According to preliminary data from ICAFE, the average FOB export price for the 2008/2009 coffee crop was \$187.34, as compared to \$189.80 per bag for the 2007/2008 crop. The average export price has improved since the 2001/2002 crop year.

Production, Supply and Demand Data Statistics:

Table 1: Production, Supply and Distribution: Coffee, Green

Coffee, Green Costa Rica	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Planted	98	98	98	98	98	98			98	(1000 HA)
Area Harvested	93	93	93	93	93	93			93	(1000 HA)
Bearing Trees	384	384	384	384	384	384			384	(MILLION TREES)
Non-Bearing Trees	46	46	46	46	46	46			46	(MILLION TREES)
Total Tree Population	430	430	430	430	430	430			430	(MILLION TREES)
Beginning Stocks	76	76	76	77	77	71			67	(1000 60 KG BAGS)
Arabica Production	1,622	1,622	1,580	1,730	1,730	1,456			1,380	(1000 60 KG BAGS)
Robusta Production	0	0	0	0	0	0			0	(1000 60 KG BAGS)
Other Production	0	0	0	0	0	0			0	(1000 60 KG BAGS)
Total Production	1,622	1,622	1,580	1,730	1,730	1,456			1,380	(1000 60 KG BAGS)
Bean Imports	0	0	0	0	0	0			0	(1000 60 KG BAGS)
Roast & Ground Imports	0	0	0	0	0	0			0	(1000 60 KG BAGS)
Soluble Imports	0	0	0	0	0	0			0	(1000 60 KG BAGS)
Total Imports	0	0	0	0	0	0			0	(1000 60 KG BAGS)
Total Supply	1,698	1,698	1,656	1,807	1,807	1,527			1,447	(1000 60 KG BAGS)
Bean Exports	1,300	1,300	1,335	1,400	1,400	1,210			1,150	(1000 60 KG BAGS)
Rst-Grnd Exp.	0	0		0	0	0			0	(1000 60 KG BAGS)
Soluble Exports	0	0		0	0	0			0	(1000 60 KG BAGS)
Total Exports	1,300	1,300	1,335	1,400	1,400	1,210			1,150	(1000 60 KG BAGS)
Rst,Ground Dom. Consum	316	316	245	325	325	245			250	(1000 60 KG BAGS)
Soluble Dom. Cons.	5	5	5	5	5	5			5	(1000 60 KG BAGS)

Domestic Use	321	321	250	330	330	250			255	(1000 60 KG BAGS)
Ending Stocks	77	77	71	77	77	67			42	(1000 60 KG BAGS)
Total Distribution	1,698	1,698	1,656	1,807	1,807	1,527			1,447	(1000 60 KG BAGS)

Table 2: Export Trade Matrix, Coffee, Green

Costa Rica Coffee, Green 60 kg bags	
Time Period	2008/2009
Exports for:	
U.S.	730,168
Others	
Belgium	117,172
Germany	105,139
Japan	83,551
Italy	67,775
Netherlands	36,687
Canada	30,207
Total for Others	440,531
Others not Listed	164,519
Grand Total	1,335,218