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# India

# Coffee Semi-annual

# 2010

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**Report Highlights:**
The Coffee Board now pegs MY 2010-11 (Oct-Sep) coffee production at 308,000 metric tons, (99,500 tons of Arabica and 208,500 tons of Robusta) a 6.4 percent increase over the MY 2009-10 post-monsoon estimate of 289,600 metric tons, largely due to better growing conditions. Coffee exports (including re-exports) in MY 2009-10 are provisionally estimated by the Board at 270,828 metric tons, a 50 percent increase over the depressed MY 2008-09 exports affected by the global economic slowdown. Exports in MY 2010/11 are likely to match or exceed the MY 2009/10 level due to expected larger production.

## Commodities:

Coffee, Green

## Production:

India’s Coffee Board now pegs MY 2010-11 (Oct-Sep) coffee production at 308,000 metric tons (mt) (5.13 million bags of 60 kg), which include 99,500 mt of Arabica and 208,500 mt of Robusta, a 6.4 percent increase over MY 2009-10 production. There is some concern that Arabica production may have been affected by white stem borer in certain isolated areas, but the extent of the damage will not be known until harvest is complete and a final production estimate is released.

Good and well distributed rainfall during October 2009 to March 2010 and excellent blossom and backing showers supported higher production in the major growing regions of Karnataka and Kerala. Continued high and stable prices encouraged better crop husbandry practices by plantation owners contributing to higher production. However, production declined marginally in Tamil Nadu due to the biennial nature of Arabica coffee from the previous year’s strong production level. Arabica harvest has been delayed somewhat this year due to prolonged rains in major coffee growing regions. Quality is expected to be good provided rains subside in coming weeks.

## Consumption:

Domestic coffee consumption is increasing, thanks to the expansion of a coffee café culture in urban areas, even in the non-traditional coffee drinking regions of northern India. According to the Indian Coffee Board, domestic coffee consumption is increasing 5 to 6 percent annually. The concerted efforts of the Coffee Board and coffee marketers in promoting the beverage as a lifestyle drink via coffee cafes and vending machines has added more visibility to coffee.

According to a survey sponsored by the Indian Coffee Board, coffee consumption in 2008 was estimated at 94,400 mt, 73 percent in urban areas and 27 percent in rural areas (mainly rural areas in southern India). Based on this, coffee consumption in 2009 is estimated by the Board at 97,000 mt and in 2010 at 100,000 mt. Blending coffee with chicory is reportedly common with certain soluble coffee products in India. This practice tends to complicate the estimation of consumption, but for the purposes of this report, Coffee Board consumption estimates are considered an accurate and reliable estimate of coffee consumption.

## Trade:

Coffee exports (including re-exports) in MY 2009-10 are provisionally estimated by the Board at 270,828 mt, a 50 percent increase over depressed MY 2008-09 exports due to the global economic slowdown (see note in stocks section about export estimates). Considering the larger size of the MY 2010/11 crop, coffee exports are forecast to match or even exceed MY 2009/10 exports. However, the recent appreciation of the Indian Rupee against the U.S. Dollar is making exports less competitive and could pose a challenge to exporters if the situation persists. Quality issues sometimes hamper Indian coffee exports to quality conscious markets such as Japan and Italy.

On a calendar year basis, India’s coffee exports in CY 2010 are provisionally estimated at 270,000 mt compared with 187,000 mt in CY 2009. Italy, Russia, Germany, Belgium, Spain, and Finland are major destinations for Indian coffee.

India imports small quantities of low-priced coffee, mostly from Indonesia, Uganda, Vietnam, and Ivory Coast, for value addition and re-exports. Based on Indian fiscal year data (IFY, Apr/Mar) for 2009/10, coffee imports were 41,000 mt, a significant increase over the IFY 2008/09 imports of 29,160 mt. These data have been adjusted to match the Oct/Sep marketing year in the attached PS&D table.

The Coffee Board is working with the Coffee Quality Institute in preparing “a cupping profile for Robusta”, which accounts for two-third of exports.

## Stocks:

Although no official data are available, MY 2010/11 carryover stocks of coffee are likely to decline due to larger exports and increasing domestic consumption. However, larger imports of cheaper coffee beans for re-exports are expected to somewhat offset a sharp decline in stocks.

Note that the current stock levels provided by USDA Washington do not support the higher export figures reported by the Coffee Board, hence PS&D exports are lower than provisional 2009/10 Coffee Board estimates in order to maintain a positive ending stocks level. While the Coffee Board is considered the most accurate source of export data, we are unable to incorporate their figures into the PS&D given USDA Washington stock levels. Similarly, consumption estimates have been reduced to better match the results of the Coffee Board’s consumption survey and prevent ending stock levels from dropping to unrealistically low or negative levels.

## Production, Supply and Demand Data Statistics:

Commodity, Coffee Green, PSD

| **Coffee, Green India** | **2008/2009** | | **2009/2010** | | **2010/2011** | | |
|---|---|---|---|---|---|---|---|
| | **Market Year Begin: Oct 2008** | | **Market Year Begin: Oct 2009** | | **Market Year Begin: Oct 2010** | | |
| | **USDA Official** | **New Post** | **USDA Official** | **New Post** | **USDA Official** | **New Post** | |
| Area Planted | 394 | 394 | 395 | 395 | 0 | 396 | (1000 HA) |
| Area Harvested | 350 | 350 | 350 | 350 | 0 | 351 | (1000 HA) |
| Bearing Trees | 555 | 555 | 557 | 557 | 0 | 560 | (MILLION TREES) |
| Non-Bearing Trees | 70 | 70 | 70 | 70 | 0 | 70 | (MILLION TREES) |
| Total Tree Population | 625 | 625 | 627 | 627 | 0 | 630 | (MILLION TREES) |
| Beginning Stocks | 65 | 65 | 150 | 469 | 165 | 209 | (1000 60 KG BAGS) |
| Arabica Production | 1,325 | 1,325 | 1,575 | 1,575 | 1,675 | 1,658 | (1000 60 KG BAGS) |
| Robusta Production | 3,050 | 3,050 | 3,250 | 3,250 | 2,925 | 3,475 | (1000 60 KG BAGS) |
| Other Production | 0 | 0 | 0 | 0 | 0 | 0 | (1000 60 KG BAGS) |
| Total Production | 4,375 | 4,375 | 4,825 | 4,825 | 4,600 | 5,133 | (1000 60 KG BAGS) |
| Bean Imports | 530 | 530 | 575 | 575 | 600 | 600 | (1000 60 KG BAGS) |
| Roast & Ground Imports | 0 | 0 | 0 | 0 | 0 | 0 | (1000 60 KG BAGS) |
| Soluble Imports | 0 | 0 | 0 | 0 | 0 | 0 | (1000 60 KG BAGS) |
| Total Imports | 530 | 530 | 575 | 575 | 600 | 600 | (1000 60 KG BAGS) |
| Total Supply | 4,970 | 4,970 | 5,550 | 5,869 | 5,365 | 5,942 | (1000 60 KG BAGS) |
| Bean Exports | 2,120 | 2,109 | 2,350 | 2,700 | 2,200 | 2,750 | (1000 60 KG BAGS) |
| Rst-Grnd Exp. | 0 | 5 | 0 | 0 | 0 | 10 | (1000 60 KG BAGS) |
| Soluble Exports | 1,000 | 787 | 1,225 | 1,350 | 1,200 | 1,400 | (1000 60 KG BAGS) |
| Total Exports | 3,120 | 2,901 | 3,575 | 4,050 | 3,400 | 4,160 | (1000 60 KG BAGS) |
| Rst,Ground Dom. Consum | 1,400 | 1,300 | 1,500 | 1,300 | 1,500 | 1,300 | (1000 60 KG BAGS) |
| Soluble Dom. Cons. | 300 | 300 | 310 | 310 | 320 | 360 | (1000 60 KG BAGS) |
| Domestic Use | 1,700 | 1,600 | 1,810 | 1,610 | 1,820 | 1,660 | (1000 60 KG BAGS) |
| Ending Stocks | 150 | 469 | 165 | 209 | 145 | 122 | (1000 60 KG |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | BAGS) |
| Total Distribution | 4,970 | 4,970 | 5,550 | 5,869 | 5,365 | 5,942 | (1000 60 KG BAGS) |
| Exportable Production | 2,675 | 2,775 | 3,015 | 3,215 | 2,780 | 3,473 | (1000 60 KG BAGS) |
| TS=TD | | 0 | | 0 | | 0 | |