

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary - Public

Date: 11/17/2009

GAIN Report Number: HO9012

Honduras

Post: Tegucigalpa

Semi-Annual

Report Categories:

Coffee

Approved By:

Linda Eilks, Agricultural Attaché

Prepared By:

Ana Gomez, Agricultural Specialist

Report Highlights:

Honduran coffee production in 2010 is forecast at 3.9 million 60 kg. bags, three percent lower than forecast in May 2009. Coffee exports for 2010 are forecast at 3.5 million 60 kg. bags, two percent lower than estimated also in May 2009. The decrease in production is due to weather conditions that did not allow the good formation, maturation and harvest of the coffee fruit. The decrease in exports is due to world's financial crisis and some 600 to 750 thousand 60 kg. bags that were not registered as exports through official channels.

General Information:

Sixty-one percent of Honduran coffee production is grown in the mountains between 2,700 and 3,600 feet above sea level, 23 percent in areas from 3,600 to 4,800 feet above sea level, and 16 percent in areas 1,500 to 2,700 feet above sea level. Coffee is grown in 15 of the 18 states and in 213 out of the 298 municipalities of Honduras.

The coffee sector provides employment to 30 percent of the population and generates much needed foreign exchange. Two million people directly participate in the coffee harvest. They are paid about US\$71 million, distributed nationwide over a period of four months. Besides picking the beans, there are other activities such as fertilizer application, shade control, cleaning, drying, commercialization and transport, which provide other employment. More than 100,000 families in the rural areas live off of coffee production. At the macroeconomic level, coffee exports contribute 25 percent of the agricultural domestic product. Coffee is a major source of foreign exchange. Export value for the 2008/2009 harvest reached US\$464 million, which was 22 percent lower than the earnings from the 2007/2008 harvest.

Production:

The new data from the Honduran Coffee Institute (IHCAFE) suggests that the 2009/2010 harvest is expected to reach 3.9 million 60 kg. bags, this is three percent lower than forecast in May 2009. Production for the 2008/2009 harvest is estimated at 3.5 million bags, thirteen percent lower than estimated in May 2009. The decrease in the estimate is due to an extended summer and a dry rainy season. The coffee cherries did not receive water during critical stages of formation and maturation was accelerated and the fruit fell earlier.

IHCAFE continues with a trust fund to assist producers for purchase of fertilizers, maintenance and renewal of coffee farms. About 87,000 coffee producers participate in this program. Coffee producers did not expand plantation areas but they invested in their plantations through the application of fertilizers, provision of new seeds, improvement of planting density and soil conservation.

Consumption:

According to IHCAFE, domestic consumption generally increases about 3 percent annually. However, in 2009/2010 it is forecast to remain the same. Even though there is a proliferation of coffee bars, the financial crisis is affecting consumption.

Trade:

Coffee exports for 2009/2010 are forecast at 3.5 million, 60 kg. bags, two percent lower than forecast in May 2009. Exports for 2008/2009 are estimated at 3.0 million, 60 kg. bags, seventeen percent lower than the IHCAFE's forecast earlier this year. It should be noted that this data does not include coffee exports that are not registered through official channels. The amount exported

is between 600,000 to 750,000 60 kg. bags that are exported to Guatemala. In addition, exports are lower than estimated because of a decrease in demand due to the world's financial crisis.

Stocks:

Stocks during 2008/2009 increased from the estimated amount in light of the decrease in exports. Coffee beans stored by the roasters are only toasted upon request. Roasters keep the remaining beans for domestic consumption. The coffee might also be sold to other Central American countries throughout the year.

Production, Supply and Demand Data Statistics :

Coffee, Green Honduras	2008			2009			2010		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
		Data			Data			Data	
Area Planted	243	243	243	243	243	243	243	243	243
Area Harvested	230	230	230	230	230	230	230	230	230
Bearing Trees	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049
Non-Bearing Trees	141	141	141	141	141	141	141	141	141
Total Tree Population	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190
Beginning Stocks	88	88	88	235	235	266	367	402	519
Arabica Production	3,802	3,802	3,833	3,600	4,079	3,544	4,000	4,035	3,910
Robusta Production	0	0	0	0	0	0	0	0	0
Other Production	0	0	0	0	0	0	0	0	0
Total Production	3,802	3,802	3,833	3,600	4,079	3,544	4,000	4,035	3,910
Bean Imports	0	0	0	0	0	0	0	0	0
Roast & Ground Imports	7	7	7	7	7	7	7	7	7
Soluble Imports	7	7	7	7	7	7	7	7	7
Total Imports	14	14	14	14	14	14	14	14	14
Total Supply	3,904	3,904	3,935	3,849	4,328	3,824	4,381	4,451	4,443
Bean Exports	3,395	3,395	3,395	3,200	3,642	3,021	3,600	3,603	3,527
Rst-Grnd Exp.	35	35	35	33	35	35	38	35	35
Soluble Exports	0	0	0	0	0	0	0	0	0
Total Exports	3,430	3,430	3,430	3,233	3,677	3,056	3,638	3,638	3,562
Rst,Ground Dom. Consum	230	230	230	240	240	240	240	240	240
Soluble Dom. Cons.	9	9	9	9	9	9	9	9	9
Domestic Use	239	239	239	249	249	249	249	249	249
Ending Stocks	235	235	266	367	402	519	494	564	632
Total Distribution	3,904	3,904	3,935	3,849	4,328	3,824	4,381	4,451	4,443
Exportable Production	3,563	3,563	3,594	3,351	3,830	3,295	3,751	3,786	3,661