

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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GAIN Report Number:

Costa Rica

Coffee Annual

Coffee Production Falls

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Report Highlights:

Based on preliminary data, Costa Rica's 2016/2017 coffee crop reached 1,347,000 60 kilogram bags. This represents a 17.5 percent drop as compared to the same period a year earlier. The large drop in production was the result of the low year in the production cycle of the main production area of Los Santos combined with flowering problems in the Western Central Valley. Production is expected to increase 15 percent in 2017/2018 based on the initial strong flowering observed throughout the main production areas and also as a result of ongoing investments in plantations.

Executive Summary:

After a production increase of 13.7 percent seen in 2015/2016, coffee production declined 17.5 percent in 2016/2017 to 1,347,000 bags (Note: for the purpose of this report bags refers to 60 kg. bags). Lower production resulted from a combination of several factors, including a big decline in production in the Los Santos region, which had experienced an exceptionally good harvest the year before. Also, flowering problems occurred in the Western Central Valley which resulted in aborted fruit, after the initial rains were followed by drier conditions in that region. Production is forecast to increase about 15 percent to 1,550,000 bags in the 2017/2018 crop year as a result of the strong flowering observed in most production areas after the first rains in April, and continued good care of the plantations by most producers. However, as industry sources have indicated, good flowering alone does not guarantee a strong crop.

Commodities:

Coffee, Green

Production:

According to the Costa Rica Coffee Institute (ICAFFE), during the 2015/2016 coffee harvest, there were 45,445 coffee producers in Costa Rica. The number of coffee growers has declined over time. For comparison purposes, the number of producers was 55,247 in 2005/2006. The number of coffee mills, on the other hand, has increased from 113 to 239 in the same periods.

After a higher than expected harvest in 2015/2016, which ended three consecutive declining coffee harvests, coffee production fell again in 2016/2017. Although coffee farmers maintained adequate preventive disease controls, and good fertilization, climatic factors negatively affected production in specific areas. Also, the rains related to the passage of Hurricane Otto in late November, caused ripe coffee to fall in some of the production areas. However, the main reason for the decline in production was the cyclicity of production in the region of Los Santos. This region which provides about 40 percent of total coffee production had a very good harvest the previous year, resulting in lower output in 2016/2017. Production is expected to rebound in 2017/2018, although this forecast will depend on the continuation of the normal rainy season pattern experienced so far. According to different sources, the weather phenomenon known as “El Niño” may reappear later this year even though the rainy season has started normally.

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 ICAFFE’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. Coffee production continues to experience strong competition from urbanization and high land prices in areas primarily near the Central Valley. The Costa Rican coffee sector considered and rejected the option of allowing producers to grow *robusta* coffee plants. Costa Rica has an Executive Decree that forbids the cultivation of the *robusta* variety, but some groups want to allow its production.

Consumption:

Costa Rica continues to import coffee, mostly from other Central American countries, to meet its consumption needs. 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, in that order, although smaller amounts of coffee are also imported from Colombia and Peru. In the past, green coffee was rarely imported. However, the incentive to export as much of the higher quality/higher priced local coffee as possible has resulted in increasing imports of lower priced coffee to supplement sales to the local market. According to Costa Rican Customs Data available for calendar year 2016, coffee imports reached 136,482 bags. Most of this coffee is green coffee imported for local consumption. Based on information from the local industry, consumption for 2016/2017 will reach 395,000 bags, and it is expected to increase slightly in 2017/2018. Local consumption has remained fairly stable in the last few years.

Coffee imports started about ten years ago and reached a peak in 2014. Since 2008, imports have fluctuated widely, responding to market opportunities related to price, availability and logistics.

Trade:

Export volume increased to 1,248,588 bags in 2015/2016 from 1,161,683 bags in 2014/2015 as a result of higher production. Because of the lower production, exports are forecast to decline to 1,160,000 in 2016/2017. Coffee sold for export during 2015 was valued at \$305.9 million, as compared to \$275.4 million in 2014.

Most of Costa Rica's coffee continues to be exported mainly to the United States (51 percent), followed by Belgium (14 percent), Australia (4 percent), Italy (4 percent), and Germany (3.9 percent). The United States has been the main destination for Costa Rica's coffee for several years now. Exports to the United States increased to 639,093 bags in 2015/2016 from 589,536 bags in 2014/2015 (8.4 percent). Exports are forecast to increase to 1,160,000 bags during 2016/2017 and to 1,250,000 bags in 2017/2018, assuming that production increases as expected.

Costa Rica's exports are almost exclusively raw material, that is, coffee is exported "not roasted or decaffeinated".

Costa Rica: Graph 1. Export Trade Matrix, Coffee, Green

Costa Rica Coffee, Green 60 kg bags	
Time Period	2015/2016
Exports to:	
United States	639,093
Others	
Belgium	171,766
Australia	50,992
Italy	49,943

Germany	48,975
Spain	30,204
United Kingdom	26,986
Total for Others	378,866
Others not Listed	230,629
Grand Total	1,248,588

Production, Supply and Demand Data Statistics:

Coffee, Green	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
Costa Rica	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	98	84	0	84	0	84
Area Harvested	93	80	0	80	0	80
Bearing Trees	360	340	0	340	0	340
Non-Bearing Trees	70	24	0	24	0	24
Total Tree Population	430	364	0	364	0	364
Beginning Stocks	114	114	119	234	0	161
Arabica Production	1400	1633	1400	1347	0	1550
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
Total Production	1400	1633	1400	1347	0	1550
Bean Imports	140	120	150	130	0	95
Roast & Ground Imports	12	0	10	5	0	5
Soluble Imports	30	0	30	0	0	0
Total Imports	182	120	190	135	0	100
Total Supply	1696	1867	1709	1716	0	1811
Bean Exports	1200	1248	1200	1160	0	1250
Roast & Ground Exports	10	0	10	0	0	0
Soluble Exports	0	0	0	0	0	0
Total Exports	1210	1248	1210	1160	0	1250
Roast & Ground Dom. Consumption	342	380	355	390	0	395
Soluble Dom. Consumption	25	5	25	5	0	5
Domestic Consumption	367	385	380	395	0	400
Ending Stocks	119	234	119	161	0	161
Total Distribution	1696	1867	1709	1716	0	1811

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

