



Foreign Agricultural Service

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## Venezuela

### Coffee Semi-Annual

### Coffee production not expected to change

### 1999

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#### **Report Highlights:**

Production for 1998/99 was 1.30 million bags, which, as expected, was a slight decline from the successful crop of the previous year. Post forecast the 1999/2000 crop to be lower still at 1.25 million bags. But the main problem for Venezuela has not been coffee production, but rather the trading process. In this sense, Venezuelan exporters are now working to improve the quality of the coffee that they export by differentiating the quality of coffee that they offer.

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
Semi-Annual Report  
Caracas [VE1], VE

## **Executive Summary**

Average coffee production in Venezuela throughout most of the 1990's has been approximately 1.0 million bags. The 1997/98 harvest was one of the most significant ever with a yield of 1.38 million bags. Production for 1998/99 was still high at 1.30 million bags, and the forecast for the 1999/00 season is a further decline of 1.25 million bags. According to Post contacts, the problem for Venezuela is not in coffee production, but rather the trading process.

The Venezuelan economy has been in a terrible recession and the coffee sector has suffered as much as the rest of the economy. Per capita coffee consumption dropped from 1.8 kg in 1998 to 1.7 kg in 1999. Total domestic consumption for 1998/99 was 910 thousand bags and it is forecast to continue declining.

Exports for 1998/99 were 470 thousand bags. Exports for 1999/00 are expected to have a slight increase to 575 thousand bags. The main market for Venezuelan coffee export is the United States, accounting for 80 percent of exports.

Despite the advances made by the National Coffee Fund (FONCAFE) to increase production, the Venezuelan Ministry of Production and Commerce (MPC) eliminated FONCAFE in early November. Post contacts allege that FONCAFE's downfall was the result of poor administration of funds.

The Government of Venezuela enacted a resolution on October 1, 1999, which established fixed reference prices for the acquisition of green coffee for a period of 45 days (See Report No.VE9054). The intent of the resolution was to console coffee growers, but Post contacts have not detected any improvement.

PSD Table						
Country	Venezuela					
Commodity	Coffee, Green				(1000 HA)(MILLION TREES)(1000 60 KG BAGS)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Planted	310	310	315	315	320	320
Area Harvested	300	300	305	300	305	305
Bearing Trees	610	610	615	610	620	620
Non-Bearing Trees	10	10	10	10	10	10
TOTAL Tree Population	620	620	625	620	630	630
Beginning Stocks	309	300	60	145	75	110
Arabica Production	981	1380	1380	1300	1250	1250
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
TOTAL Production	981	1380	1380	1300	1250	1250
Bean Imports	95	95	80	80	80	80
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	0	0	0	0	0	0
TOTAL Imports	95	95	80	80	80	80
TOTAL SUPPLY	1385	1775	1520	1525	1405	1440
Bean Exports	510	475	550	470	380	475
Roast & Ground Exports	40	40	40	30	30	30
Soluble Exports	4	5	5	5	0	5
TOTAL Exports	554	520	595	505	410	510
Rst,Ground Dom. Consum	761	1100	800	900	950	850
Soluble Dom. Consum.	10	10	10	10	0	10
TOTAL Dom. Consumption	771	1110	810	910	950	860
Ending Stocks	60	145	115	110	45	70
TOTAL DISTRIBUTION	1385	1775	1520	1525	1405	1440

**COFFEE GREEN**

## **PRODUCTION**

After the exceptional 1997/98 coffee harvest, Venezuela's current harvest is expected to decrease (as predicted in the Annual Coffee Report No. VE9023). Production for 1998/99 is 1.30 million bags, and the forecast for the 1999/00 season is a further decline to 1.25 million bags. The average coffee production in Venezuela for the throughout the 1990's has been around 1.00 million bags per year.

Venezuela generally maintains a stet harvest area of approximately 300 thousand hectares (Ha) with an average yield of 7 quintal per Ha, which is low compared to other Latin American countries such as Brasil, Colombia and Central America. According to FONCAFE sources, variations in the harvest yield could be the result of favorable or unfavorable climatic conditions, as well as the genetic influence in the plantations, or the effects of maintenance, renovation and fertilizing of among the coffee plantations.

Based on evaluations of the primary coffee producing states by the Venezuelan Cocoa and Coffee Producers and Exporters Association, CAPEC (Cámara Venezolana de Productores y Exportadores de Cacao y Café), a decrease in production is estimated for the 1999/00 harvest. This decline is based on two factors:

- 1- Untimely rains did not permit adequate flowering, mainly in plantations located at lower altitude.
- 2- Low prices in international and domestic markets, which resulted in lower applications of fertilizer and in some critical cases cleaning of the coffee plantations, which is translated into less production.

The heaviest hit states have been Táchira on the western side of the country (low fertilizer usage and coffee borer worm infestation) and Monagas (heavy rains and high production costs with higher wages demanded due to the effect of oil activity in this area). The rest of the producing states suffered a lack of fertilizer and varying degrees of climatic problems. Based on this, the 1999/00 harvest is forecast to be 1.25 million bags.

## **CONSUMPTION**

Domestic consumption for 1998/99 was 900 thousand bags. Consumption has been decreasing gradually in recent years. It is estimated to continue falling in 1999/00 to 850 thousand bags. Per capita consumption for 1999 was 1.5 kg .

## **TRADE**

Exports for 1998/99 were 470 thousand bags. Exports for 1999/00 are expected to increase slightly to 540 thousand bags. Venezuelan exporters have been working to improve the quality of coffee sent to foreign markets. There are indications that Venezuelan producers are starting to understand that high quality leads to a higher price. Venezuelan coffee now has established differentiated prices according to its quality characteristics in international markets. Venezuelans are trying to maintain a presence in international markets by consolidating Venezuelan coffee according to quality standards.

According to CAPEC data, the main destination of the Venezuelan green coffee exports is the United States (80 percent), the rest goes to the European Union. Around 80 percent of the coffee exports are acquired by

companies located in the United States, which indicates the importance of the American market for Venezuela.