



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 5/22/2006

GAIN Report Number: CS6005

Costa Rica

Coffee

Annual Report

2006

Approved by:

Katherine Nishiura, Agricultural Attaché
FAS San Jose

Prepared by:

Victor Gonzalez, Agricultural Specialist

Report Highlights:

Costa Rica's 2005/2006 coffee production is expected to decline to 1,776,000 60 kg bags, 6.8% below the 2004/2005 harvest, continuing a downward trend in production that started in 2001. Preliminary estimates of the 2006/2007 harvest indicate that production could increase to 1,950,000 60 kg bags.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
San Jose [CS1]
[CS]

Table of Contents

Executive Summary 3
Table 1: Production, Supply and Distribution: Green Coffee 4
Production 5
Consumption..... 5
Trade..... 5
Table 2: Export Trade Matrix, Coffee, Green 6

Executive Summary

Although higher international coffee prices are allowing producers to improve maintenance of their plantations, coffee production declined 6.8% to 1,776,000 60 kg. bags (from now on bags) in 2004/2005. Production is forecast to increase almost 10 percent in 2006/2007 since producers have been able to provide better care to their plantations. Nevertheless, Costa Rica is a long way from returning to the production levels of the late 1990's, which exceeded 2.5 million bags. The number of producers and area planted has declined, however, this trend is now expected to stabilize as the less efficient growers have exited the activity. Even with better prices, area planted is not expected to grow, although fertilization and cultural practices are expected to improve, possibly resulting in higher production in the next couple years.

Table 1: Production, Supply and Distribution: Green Coffee

Costa Rica							
Coffee, Green							
	2005	Revised	2006	Estimate	2007	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2004		10/2005		10/2006	MM/YYYY
Area Planted	107	107	107	103	0	100	(1000 HA)
Area Harvested	100	100	100	96	0	93	(1000 HA)
Bearing Trees	410	410	410	395	0	384	(MILLION TREES)
Non-Bearing Trees	50	50	50	48	0	46	(MILLION TREES)
TOTAL Tree Population	460	460	460	443	0	430	(MILLION TREES)
Beginning Stocks	1395	1395	1459	1334	1419	1280	(1000 60 KG BAGS)
Arabica Production	1910	1907	2000	1776	0	1950	(1000 60 KG BAGS)
Robusta Production	0	0	0	0	0	0	(1000 60 KG BAGS)
Other Production	0	0	0	0	0	0	(1000 60 KG BAGS)
TOTAL Production	1910	1907	2000	1776	0	1950	(1000 60 KG BAGS)
Bean Imports	0	0	0	0	0	0	(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	0	0	0	0	0	0	(1000 60 KG BAGS)
TOTAL SUPPLY	3305	3302	3459	3110	1419	3230	(1000 60 KG BAGS)
Bean Exports	1603	1603	1800	1460	0	1600	(1000 60 KG BAGS)
Roast & Ground Exports	0	0	0	0	0	0	(1000 60 KG BAGS)
Soluble Exports	0	0	0	0	0	0	(1000 60 KG BAGS)
TOTAL Exports	1603	1603	1800	1460	0	1600	(1000 60 KG BAGS)
Rst,Ground Dom. Consum	238	360	240	365	0	370	(1000 60 KG BAGS)
Soluble Dom. Consum.	5	5	0	5	0	5	(1000 60 KG BAGS)
TOTAL Dom. Consumption	243	365	240	370	0	375	(1000 60 KG BAGS)
Ending Stocks	1459	1334	1419	1280	0	1255	(1000 60 KG BAGS)
TOTAL DISTRIBUTION	3305	3302	3459	3110	0	3230	(1000 60 KG BAGS)

Production

Based on preliminary data from ICAFE, production declined for the sixth year in a row to 1,776,000 bags in 2005/2006. Lower output is attributed to the shift in production to other crops, especially during the periods of low prices. Also, less productive areas were either abandoned or not maintained by producers. Industry sources expect production to increase during 2006/2007 to 1,950,000 bags, almost 10%. Area planted has been revised to reflect new estimates indicating that roughly 7,000 ha. are no longer used in coffee production.

Consumption

Coffee consumption increased sharply starting in 2004/2005 reaching 365,000 bags. Consumption is expected to increase slightly during 2005/2006. The large number of Nicaraguan immigrants who are gradually increasing their coffee consumption is believed to be one of the factors behind the higher consumption. Another factor is the increase in tourism over the last few years. Coffee consumption is considered to be high at about 4.0 kg per person.

Trade

Costa Rica exported 1,602,771 bags of coffee in 2004/2005, most of which went to the United States (50.85%) and the European Union (28.52%). The volume of coffee exports to the United States from Costa Rica grew as exports to other European destinations declined during the last marketing year. Exports are expected to decline to about 1,460,000 bags during 2005/2006 as a result of the lower production level.

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 2004, the export value of coffee reached \$200 million, and in 2005 it reached \$230 million, only surpassed by bananas and pineapples.

According to the Costa Rican Coffee Institute, on average, during the 2002/2003 to 2004/2005 marketing years, 69.5 percent of the total export sales consisted of coffee classified as first quality coffee. Also, the latter two crops showed an improvement in terms of first quality coffee exported as compared to the 2002/2003 crop. Sector authorities, both private and public, continue to stress the need to compete with a high quality product in the international markets.

Table 2: Export Trade Matrix, Coffee, Green

Export Trade Matrix

Costa Rica
Coffee, Green

Time Period	2004/2005	Units:	60kg bags
Exports for:			1
U.S.	815,026	U.S.	
Others		Others	
Germany	230,469		
Japan	131,256		
Italy	88,978		
Netherlands	71,455		
Belgium	66,261		
Canada	48,087		
Total for Others	636,506		0
Others not Listed	151,239		
Grand Total	1,602,771		0