

Required Report: Required - Public Distribution

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Report Name: Coffee Semi-annual

Country: Colombia

Post: Bogota

Report Category: Coffee

Prepared By: FAS Bogota Staff

Approved By: Adam Klein

Report Highlights:

In marketing year (MY) 2021/22, Post's revised Colombian coffee production forecast is down to 13.8 million bags (1 bag = 60 kilograms) green bean equivalent (GBE), due to potentially heavy rains from the La Niña weather phenomena that is projected to materialize towards the end of 2021 and the beginning of 2022. Revised coffee exports are forecast to remain unchanged at 13.5 million bags GBE, motivated by high international prices, while revised coffee imports are forecast to increase to 1.7 million bags to satisfy increasing demand as a result of Colombia's economic recovery. In MY 2020/21, Post's revised production estimate is down from 14.3 to 13.4 million bags GBE, primarily due to supply chain disruption and lower yields from adverse weather conditions. Revised coffee exports are down to 13.0 million bags GBE as a consequence of road blockades and unrest from the 45-day national protests that took place in May and June 2021.

Commodities:

Coffee, Green

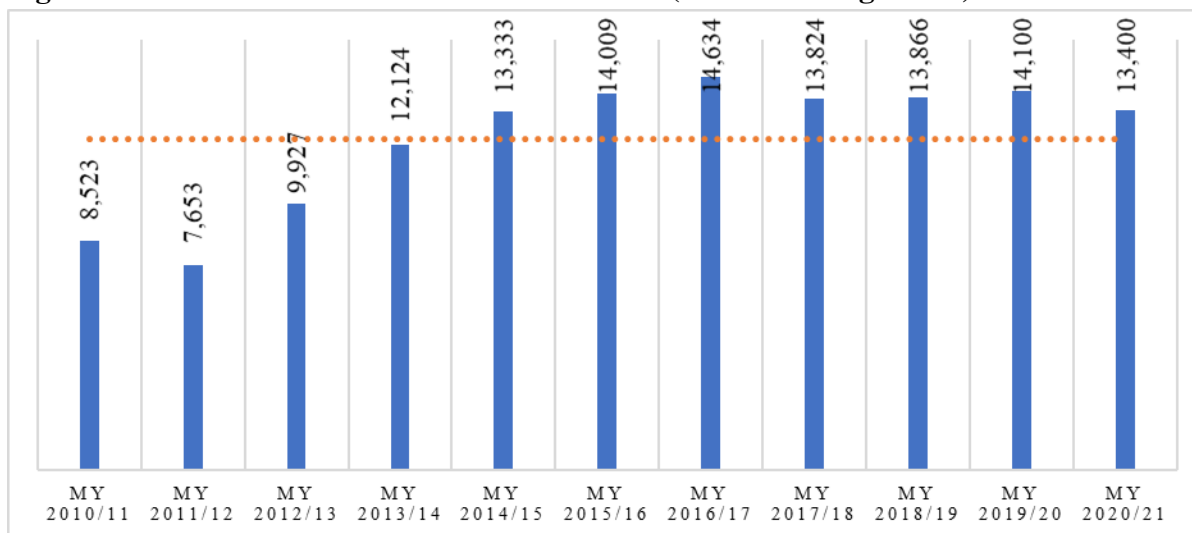
Production:

In MY 2021/22, Post's revised Colombian coffee production is forecast at 13.8 million bags GBE, 2.1 percent lower from the previous estimate as the Colombian Institute of Meteorology (IDEAM) increased the likelihood of the La Niña weather phenomena impacting Colombia. According to IDEAM, there is a nearly 90 percent chance that La Niña will develop during the last quarter of 2021 and early 2022 in Colombia, which would represent an increase in rainfall in the most important coffee producing regions affecting the flowering period and therefore the coffee harvest of the second half of the year 2022. Also, wet conditions are conducive to the spread of coffee rust, but the significant replanting program of rust resistant varieties will mitigate that threat. The Coffee Producers Federation (Fedecafe) indicates that 84.1 percent of coffee area is planted with rust resistant varieties.

In MY 2020/21, Post's revised Colombian coffee production estimates are down 6.3 percent from 14.3 to 13.4 million bags GBE. Disruptions in supply chains in May and June due to the 45-day national protest, combined with excessive rains and cloudiness in the main coffee regions, saw yields fall more than expected resulting in lower production. Despite high coffee prices motivating growers to harvest using sanitary protocols, adverse weather conditions and transportation disruptions have reversed the growth trend in production levels.

The graph below illustrates production from the past several years, highlighting the turnaround in MY 2012/2013. As a reference, the average annual production is illustrated by the orange dotted line at 12.3 million bags GBE.

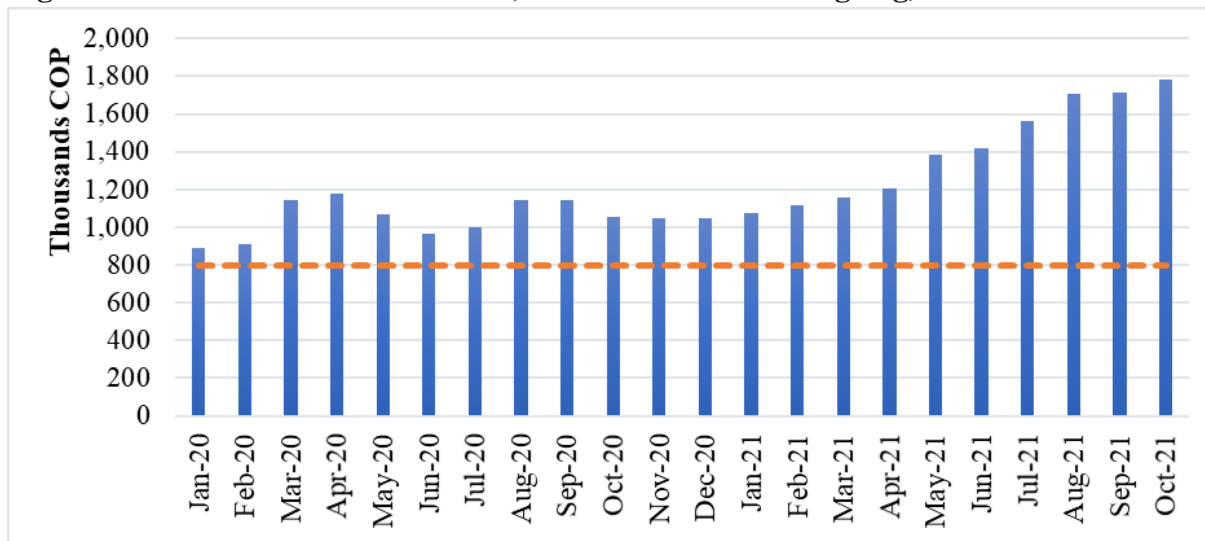
Figure 1. Colombia's Annual Coffee Production (Thousand bags GBE)



Source of data: Fedecafe

Colombian domestic prices remain high, driven by high international prices, and the Colombian peso (COP) devaluation. Since the COVID-19 outbreak, local prices have jumped to historical highs. Fedecafe reported that 125-kilogram coffee bags reached their highest value in the history of Colombia at \$1,972,000 Colombian pesos (\$508 USD) on November 12, 2021, a 92 percent increase year-over-year. The graph below illustrates the monthly internal price paid to growers per 125-kilogram bag. The estimated average production cost is illustrated by the orange dotted line. However, coffee farmers claimed that production costs have increase as a result of the implementation of sanitary measures, higher salaries due to shortage of labor, and increasing prices of inputs.

Figure 2. Colombia Domestic Prices (Thousand \$COP/125 Kg bag)



Source of data: Fedecafe

Consumption:

In MY 2021/22, Post’s revised Colombian coffee consumption figure is 4.9 percent higher than the previous estimate. Consumption is forecast to increase to 2.2 million bags GBE in-line with higher demand resulting from Colombia’s economic recovery. According to the World Bank, in calendar year (CY) 2021, the economy is projected to grow 7.7 percent and return to pre-pandemic economic growth levels at the end of CY 2021.

In MY 2020/21, Post’s revised consumption estimates are up 5.0 percent from 2.0 million to 2.1 million bags GBE in response to Colombia’s economic recovery and resumed operations of several economic sectors. In the first half of CY 2021, Colombia’s economy grew 8.8 percent. The measures to prevent and control the spread of COVID-19 led Colombia to an economic contraction in CY 2020 (-6.8% decrease in GDP) that affected household incomes and consumption patterns. However, coffee was one of the few items that saw increased household demand during the pandemic. According to Fedecafe, Colombia’s coffee per capita consumption is estimated at 2.2 kilograms (4.6 pounds). Approximately 70

percent of Colombia's total consumption is roasted and ground coffee, while the remaining 30 percent is soluble coffee.

Trade:

In MY 2021/22, Post's revised coffee exports are forecast to 13.5 million bags GBE, unchanged from the previous estimate. High international prices will boost coffee exports, assuming production levels are steady despite adverse weather patterns. In MY 2020/21, Post's revised coffee exports are down 5.6 percent from 13.8 to 13.0 million bags GBE. Road blockades throughout the country during the 45-day national protest impeded coffee movement from producing regions to ports, especially the Pacific port of Buenaventura, which is the largest outlet of Colombian coffee exports (nearly 70 percent). In addition, lower production in MY 2020/21 resulted in decreased exports.

Colombia's coffee bean exports represent over 90 percent of total coffee exports, followed by soluble coffee and roasted coffee. The United States continues as the major destination for Colombian coffee, accounting for more than 40 percent of Colombia's coffee exports, followed by the European Union (27 percent), and Japan (9 percent).

In MY 2021/22, Post's revised coffee imports forecast is up 17.8 percent, from 1.4 to 1.7 million bags GBE, to satisfy Colombia's increasing domestic demand. In MY 2020/21, Post's revised coffee imports are up 33 percent from 1.4 to 1.8 million bags GBE, based on year-to-date available data. Increasing imports are the result of growing local demand, lower domestic production, and motivation to export due to high international prices. Since MY 2019/20, Brazil is the top coffee supplier to Colombia, accounting for nearly 60 percent of total imports. Peru is the second largest supplier, followed by Honduras and Ecuador. Imports are primarily used to meet the lower-end of the domestic market.

Stocks:

In MY 2021/22, Post's revised ending stocks are forecast at 645,000 bags GBE. Post's revised ending stocks for MY 2020/21 are up 34.6 percent from the previous estimate, to 840,000 bags GBE, as a consequence of road blockades throughout the country from the 45-day national protest that impeded coffee movement from producing regions to ports and consumption centers. Neither the Colombian government nor Fedecafe have a policy to support large scale carry-over stocks of coffee.

Policy:

In September 2021, the National Council for Economic and Social Policy (CONPES) of the Colombian National Department approved the Colombian coffee sector's sustainability growth strategy (CONPES No. 4052). This document establishes strategic actions from government interagency to face the challenges of the coffee producers. Among the challenges are low productivity due to limited access to productive assets, income instability due to climate and market risks, market barriers to trade, and insufficient infrastructure and public goods in the coffee supply chain, including low digital connectivity. This strategy will be implemented over a 9-year period, starting in 2021 and ending in

2030, with an estimated fund of \$34,531 million COP (\$9 million) from the Colombian government's general budget.

Fedecafe represents Colombia's coffee sector and manages its programs under a legal agreement with the Colombian government. Most of the policies and programs for the coffee sector are sponsored by the National Coffee Fund, which is a checkoff program that collects six cents per pound of coffee from producers. Most coffee growers are members of Fedecafe and take advantage of the organization's educational programs, technical training, and sales support. Fedecafe provides technical support to coffee producers through the extension service that assists growers on good practices for planting, harvest and post-harvest, as well as processing, which has an impact on the final quality of coffee. In addition, Fedecafe manages low-interest loan programs for the costs of replanting. After monitoring the impacts of the La Niña weather phenomena on coffee farms, the Colombian government and Fedecafe may launch a program to support coffee growers affected by adverse climate conditions. In the past, programs to support coffee growers affected by weather patterns focused on providing inputs and other mechanisms to boost and recover production.

The Colombian government also offers financial assistance to coffee producers via the Financing Fund for the Agricultural Sector (FINAGRO). This financing mechanism provides loans with discounted payback terms and a special loan category that offers funds to small growers in replanting their coffee fields. Under the current emergency, FINAGRO created four special loan categories for all coffee farmers to support replanting activities, purchasing of machinery, coffee crop maintenance, and alternative crop planting.

Production, Supply and Distribution

Coffee, Green Market Year Begins	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2022	
Colombia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	800	800	800	800	800	800
Area Harvested	640	640	640	640	640	640
Bearing Trees	3500	3500	3500	3500	3500	3500
Non-Bearing Trees	1000	1000	1000	1000	1000	1000
Total Tree Population	4500	4500	4500	4500	4500	4500
Beginning Stocks	552	552	772	772	624	840
Arabica Production	14100	14100	14300	13400	14100	13800
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
Total Production	14100	14100	14300	13400	14100	13800
Bean Imports	800	800	1200	1650	1250	1500
Roast & Ground Imports	5	5	2	3	5	5
Soluble Imports	130	130	150	145	150	150
Total Imports	935	935	1352	1798	1405	1655
Total Supply	15587	15587	16424	15970	16129	16295
Bean Exports	11800	11800	12500	11800	12400	12300
Rst-Grnd Exp.	215	215	300	240	200	200
Soluble Exports	1000	1000	1000	990	900	1000
Total Exports	13015	13015	13800	13030	13500	13500
Rst,Ground Dom. Consum	1300	1300	1400	1500	1450	1550
Soluble Dom. Cons.	500	500	600	600	600	600
Domestic Consumption	1800	1800	2000	2100	2050	2150
Ending Stocks	772	772	624	840	579	645
Total Distribution	15587	15587	16424	15970	16129	16295

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

Attachments:

No Attachments