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Prepared By: FAS Bogota Staff

Approved By: Abigail Mackey

Report Highlights:

Excessive rains and cloudiness in the last two years have suppressed Colombia's coffee production. In marketing year (MY) 2022/23, Post forecasts Colombian production at 12.6 million bags of green bean equivalent (GBE) coffee. Although local prices remain high, weather conditions are expected to continue affecting crop productivity. Colombia’s economy is projected to grow at a slower pace in 2023, restricting a more substantial growth in local consumption, which is forecast to remain flat at 2.2 million bags GBE in MY 2022/23. Paralleling lower production, exports are forecast to slightly decrease to 12.7 million bags GBE in MY 2022/23. Coffee imports are forecast at 1.9 million bags GBE to support domestic consumption since local production is primarily exported. The United States continues to be the major destination for Colombian coffee with over 40 percent market share.

Commodities

Coffee, Green

Production

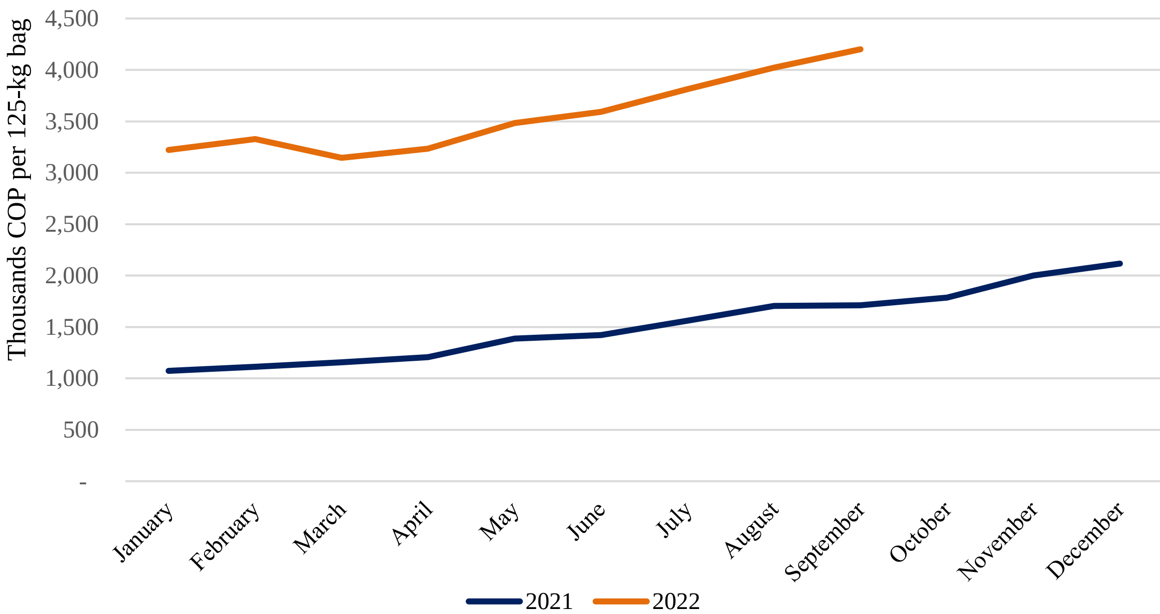
In MY 2022/23, Post´s revised Colombian coffee production forecast is 12.6 million bags (1 bag = 60 kilograms) of green bean equivalent (GBE), a decrease of 3.1 percent from USDA's official figure. Excessive rains and cloudiness have continued in some coffee producing regions due to an extended La Niña weather phenomena. According to a recent report from the Colombian Institute of Meteorology (IDEAM), rainy weather conditions are forecast to occur with an 80 percent probability in the last quarter of 2022 and the beginning of 2023.

In MY 2021/22, Post's revised coffee production estimate is 11.8 million bags GBE, a 9.2 percent decrease from USDA's official forecast of 13.0 million bags. Although coffee prices have maintained high levels (see Figure 1) and the expected fertilizer shortage from disruptions in supply chains caused by the Russian invasion of Ukraine did not materialize in Colombia, rains and cloudiness above normal levels have affected the flowering period resulting in lower coffee productivity.

Colombia's replanting program, a collaboration between Colombia's Coffee Growers Association, Fedecafe, and the government, has helped prevent the spread of coffee rust in a time where wet conditions increase the risk of spread. According to Fedecafe, 85 percent of Colombia's coffee area is planted with rust-resistant varieties, compared to 35 percent in 2010. Rising production costs, high interest rates, and adverse weather conditions have prevented more widescale renovation in 2022 of coffee fields, contributing to the likelihood that Colombia will not reach its goal of renovating 80,000 hectares this year.

Colombian coffee domestic prices remain high, driven by high international prices, devaluation of the Colombian peso, and the high-quality differential that Colombian coffee receives in the market. Figure 1 illustrates the monthly average internal price paid to Colombian growers per 125-kilogram (kg) bag.

Figure 1: Domestic Monthly Average Coffee Prices in Colombia (thousand $COP/125-kg bag)



Data source: Colombia's Coffee Growers Association (Fedecafe)

Consumption

In MY 2022/23, Post's Colombian coffee consumption forecast remains unchanged at 2.2 million bags GBE. Colombia's economy is projected to grow at a slower pace in 2023. According to the International Monetary Fund (IMF), Colombia's GDP growth forecast for 2023 will decrease to 2.2 percent, down over 5 percent from the 2022 GDP estimate of 7.6 percent. This deceleration joined with Colombia's high inflation rates, and Colombian peso devaluation, are likely to contribute to stagnation in consumption.

In MY 2021/22, Post's coffee consumption estimate remains unchanged at 2.2 million bags GBE, a 2 percent increase from the previous marketing year, driven by the rapid recovery of the economy. According to Fedecafe, the growth trend in coffee consumption resumed to pre-pandemic levels in 2021 due to the reopening of the economy and the return of many workers to the physical office space.

Fedecafe has launched promotion campaigns to increase coffee consumption in Colombia, which is very low compared to other countries. Coffee shop locations are growing in Colombia and the industry is creating new coffee products to satisfy the rising demand of young professionals and foreign visitors. A recent study by Fedecafe found that Colombia's per capita coffee consumption is estimated at 2.8 kg, a 40 percent increase compared to the previous estimate of 2.0 kg, but still lower than other coffee producing countries that consume more than 6.0 kg per capita. However, Colombia's economic deceleration and high inflation rates are likely to hinder consumption growth in the near future.

Trade

In MY 2022/23, Post's revised coffee exports forecast is 12.7 million bags GBE, a 2.3 percent decrease from USDA's official estimate. This is due to lower production which impacts exports as nearly 96 percent of domestic production is exported.

In MY 2021/22, Post's revised coffee exports estimate is down 5.7 percent from 13.1 million bags GBE to 12.4 million bags GBE due to a contraction in production.

The United States continues to be the major destination for Colombian coffee with over 40 percent market share, followed by the European Union, Canada, Japan, and others. Coffee bean exports represent 90 percent of total Colombian exports followed by soluble coffee (8 percent) and roasted coffee (2 percent).

In MY 2022/23, Post's revised coffee imports forecast is up 13.5 percent to 2.1 million bags GBE. In the previous marketing year, coffee imports increased further than expected due to rising local demand and lower domestic production that prioritized foreign markets. Post forecasts that in MY 2022/23, imports will maintain similar levels from the previous marketing year at 2.1 million bags GBE to balance ongoing demand for exporting domestic production and to meet local consumption needs.

In MY 2021/22, Post's revised coffee imports estimate is 2.1 million bags GBE, up 15.5 percent from 1.8 million bags GBE. Imports are up due to increased domestic consumption and lower local production. Brazil continues to be the top coffee supplier to Colombia. Peru is the second largest supplier followed by Honduras and Ecuador. Colombia primarily imports coffee beans (91 percent), followed by soluble coffee imports (8 percent) and roasted coffee (1 percent).

Stocks

There is no government or Fedecafe policy to support large scale carry-over stocks of coffee. In MY 2022/23, ending stocks are forecast to fall to 455,000 bags GBE as a result of decreasing production levels, unchanged domestic demand, and preference for exports.

Policy

There are no major changes in policy. For more information please review GAIN Report: Coffee Annual Bogota_Colombia_CO2022-0010.

Given the current situation of rising input prices and adverse weather conditions, coffee producers are urging the Colombian government for further support for the replanting program in order to maintain Colombia's coffee productivity potential.

Production, Supply and Distribution Statistics:

Coffee, Green	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2022		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	852	852	1235	1235	780	610
Arabica Production	13400	13400	13000	11800	13000	12600
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
Total Production	13400	13400	13000	11800	13000	12600
Bean Imports	1670	1670	1650	1900	1700	1900
Roast & Ground Imports	3	3	5	5	5	5
Soluble Imports	145	145	150	180	150	200
Total Imports	1818	1818	1805	2085	1855	2105
Total Supply	16070	16070	16040	15120	15635	15315
Bean Exports	11500	11500	11800	11000	11800	11500
Rst-Grnd Exp.	245	245	200	250	200	200
Soluble Exports	990	990	1100	1100	1000	1000
Total Exports	12735	12735	13100	12350	13000	12700
Rst,Ground Dom. Consum	1500	1500	1560	1560	1550	1560
Soluble Dom. Cons.	600	600	600	600	600	600
Domestic Consumption	2100	2100	2160	2160	2150	2160
Ending Stocks	1235	1235	780	610	485	455
Total Distribution	16070	16070	16040	15120	15635	15315
(1000 HA), (MILLION TREES), (1000 60 KG BAGS)						

Attachments:

No Attachments