

Required Report: Required - Public Distribution

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Post: Bogota

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Report Highlights:

In market year (MY) 2023/2024, Colombia's coffee production is expected to recover to 11.5 million bags green bean equivalent (GBE) given drier conditions and improved sunlight resulting from the El Niño phenomenon. Coffee production in the current MY is revised down to 10.7 million bags GBE because of excessive rainfall and lower fertilization rates. Coffee exports are estimated at 12 million bags GBE for MY 2023/2024 given anticipated higher yields. In comparison, to meet local demand, Colombia will import approximately 2.5 million bags GBE, primarily from Brazil due to higher inventories and price competitiveness.

Commodities

Coffee, Green

Table 1. Colombia, Coffee, Green, Production, Supply and Distribution (1,000 Hectares [Ha]), (Million Trees), (1,000, 60 kilogram [Kg] Bags)

Coffee, Green	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
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	600	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	1235	1235	760	760	515	845
Arabica Production	11800	11800	11300	10700	11600	11500
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
Total Production	11800	11800	11300	10700	11600	11500
Bean Imports	2040	2040	2300	2100	2350	2300
Roast & Ground Imports	5	5	5	5	5	5
Soluble Imports	190	190	200	180	200	200
Total Imports	2235	2235	2505	2285	2555	2505
Total Supply	15270	15270	14565	13745	14670	14850
Bean Exports	11000	11000	10800	9600	10900	10800
Roasted-Ground Exports	265	265	200	200	200	200
Soluble Exports	1100	1100	900	900	1000	1000
Total Exports	12365	12365	11900	10700	12100	12000
Roasted, Ground Domestic Consumption	1545	1545	1550	1600	1550	1620
Soluble Domestic Consumption	600	600	600	600	600	610
Domestic Consumption	2145	2145	2150	2200	2150	2230
Ending Stocks	760	760	515	845	420	620
Total Distribution	15270	15270	14565	13745	14670	14850

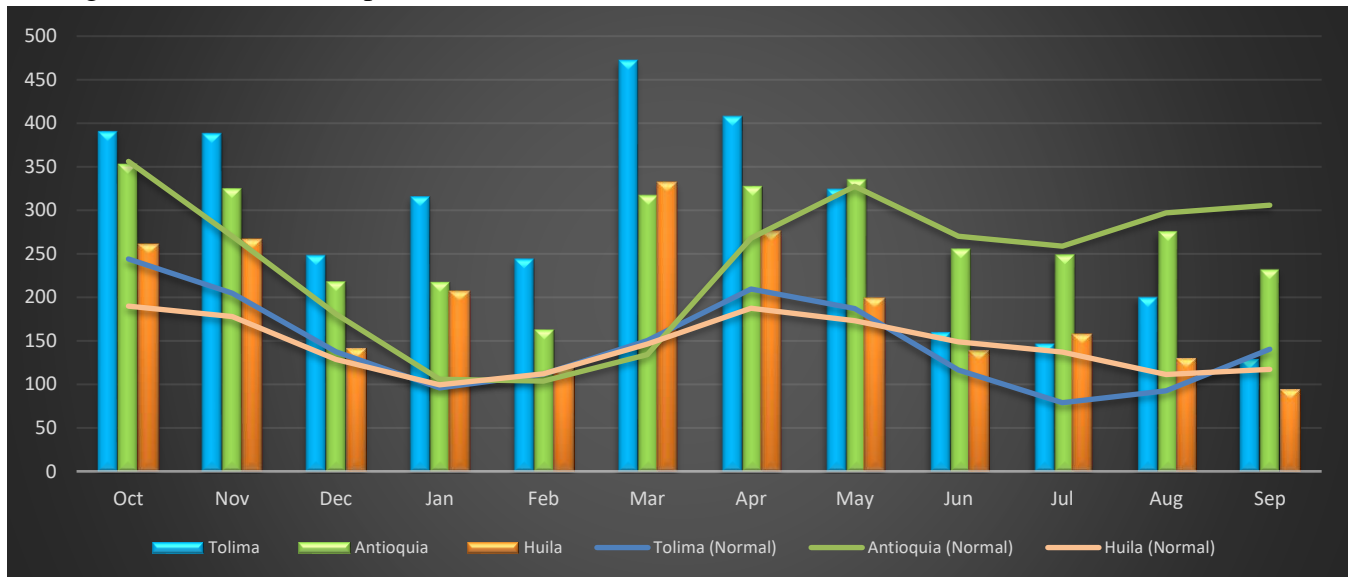
Data source: FAS historical data series. Post estimates for 2023/2024.

Production

FAS Bogota (Post) revises market year 2023/2024 (October-September) Colombian coffee production to 11.5 million bags¹ green bean equivalent (GBE), a 7.5 percent increase year-on-year. In the first quarter of 2024, expected dryer conditions and improved luminosity on account of the El Niño phenomenon will support improved flowering of the main coffee harvest of the second half of 2024. However, coffee production growth remains modest as extreme drought conditions may impact both yield and harvest quality due to persistent coffee borer² outbreaks that drastically cause economic loss and diminished cup quality. The Colombian Institute of Meteorology indicates that El Niño will emerge in the last quarter of 2023 and into early 2024, with forecasted higher temperatures and a 10-30 percent precipitation reduction from average rainfall in some regions.

In market year 2022/2023, Post revises coffee production lower to 10.7 million bags GBE, 5.3 percent lower from the 11.3 million bag estimate. Excessive rainfall above historical norms, and excessive cloud cover from the La Niña weather phenomena lowered yields (Figure 1). Additionally, reduced fertilizer application due to high global fertilizer prices have hindered the sector. Despite these challenges, the overall impact on coffee production was not as intense compared to La Niña phenomenon events.

Figure 1. Monthly Precipitation (Millimeters) of Select Coffee Growing Departments Against Historical Averages (October 2022-September 2023)



Data source: USDA Global Agricultural and Disaster Assessment System ([GADAS](#)).

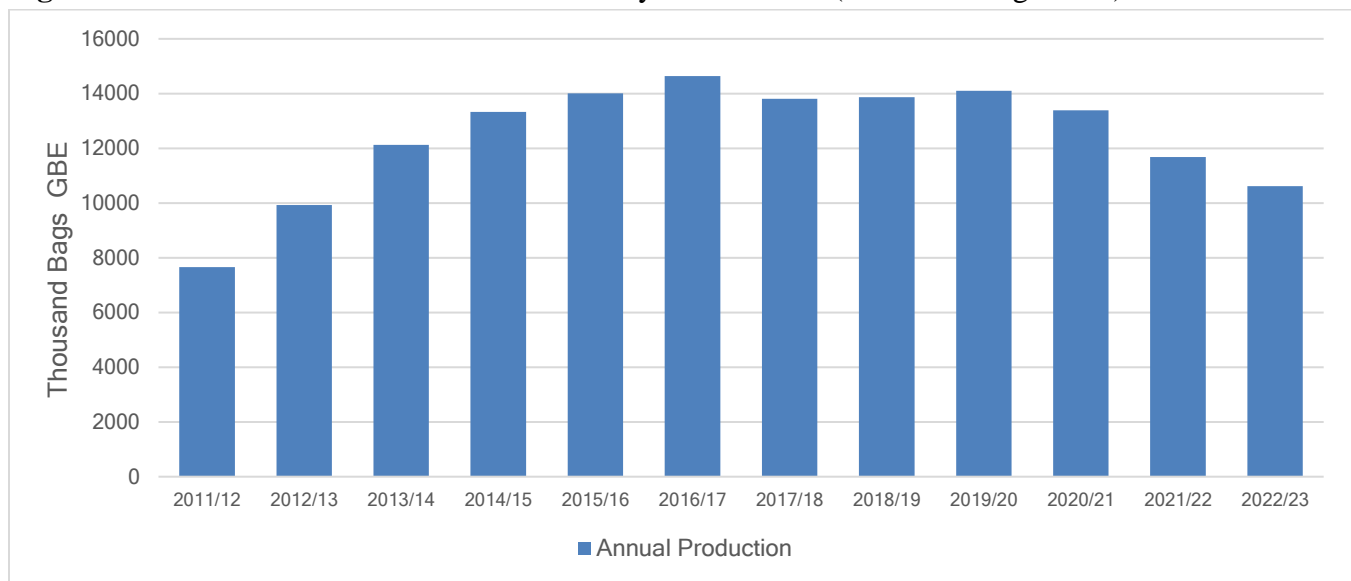
Note: Satellite-derived weather data from U.S. Air Force (USAF) 557th Weather Wing. All department line series are “normal precipitation” based on a 30-year precipitation average.

¹ One bag equals 60 kilograms.

² *Hypothenemus hampei*; also known as Coffee Berry Borer.

In market years 2011/2012 and 2012/2013, coffee production suffered during severe El Niña weather phenomenon, whereas production dropped as rust-resistant coffee plantings were less than 35 percent of total coffee area (Figure 2). In the last two MYs when the La Niña phenomenon occurred, Colombia’s coffee production dropped but to a lesser extent compared to MYs 2011/2013, as more than 86 percent of Colombia’s coffee area are now planted with disease-resistant varieties.³

Figure 2: Colombia Annual Coffee Production by Market Year (Thousand Bags GBE)

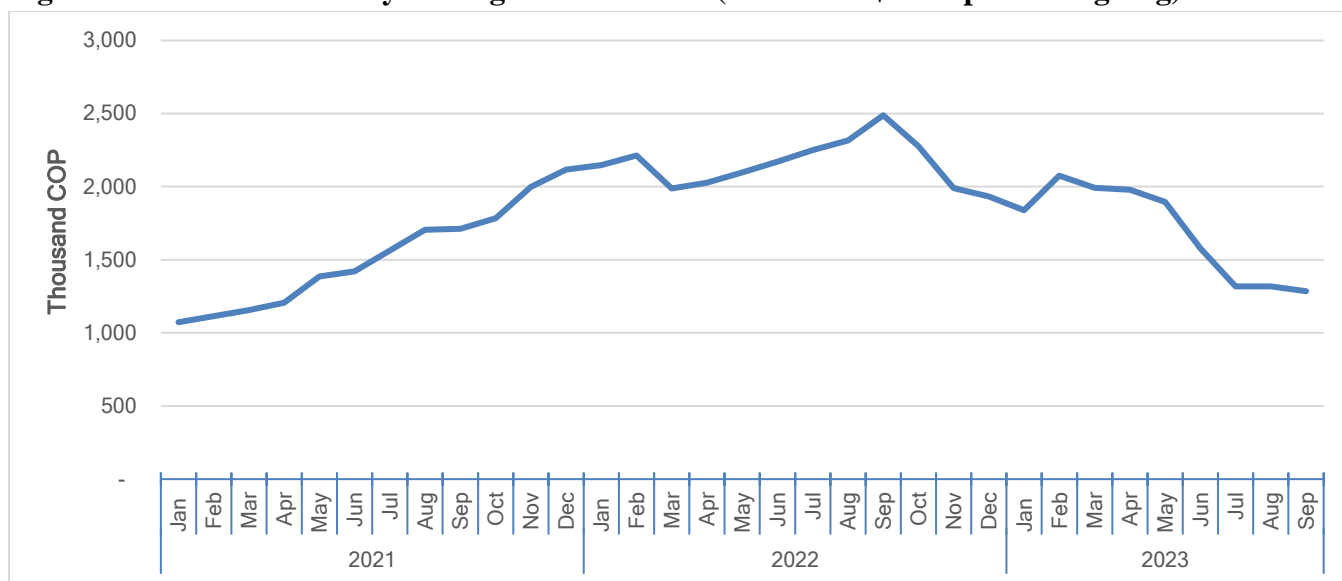


Data source: Federación Nacional de Cafeteros, or Fedecafe (Colombia Coffee Growers Association).

Since late 2022, Colombian coffee domestic prices trended downward to a two-year low, driven by low international prices and modest revaluation of the Colombian peso resulting from inflation (Figure 3). Despite easing fertilizer costs, the cost of production remains high. Elevated labor costs, combined with lower expected earnings from decreasing prices, are pressurizing farmer incomes. To seek greater farmgate prices, Colombian coffee producers look to produce high-quality (specialty grade) utilizing sustainable certification models to receive improved market price differentials.

³ Specifically coffee leaf rust resistant varieties such as Caturra, Típica, and Castillo.

Figure 3. Colombia Monthly Average Coffee Prices (Thousand \$COP per 125-kg Bag)



Data Source: Fedecafe.

Note: \$1 USD=COP 3963 as on November 14, 2023.

Most Colombian coffee production is Arabica, but since 2017, Agrosavia, the Colombian Agricultural Research Corporation, has researched the feasibility of Robusta production.⁴ Robusta genetics were introduced in 2018 and have completed their quarantine evaluation by Colombia’s sanitary authority. Agrosavia is currently testing on certain micro lots to move to Robusta semi-commercial production. Colombia has a potential growing area of 80,000 Ha for Robusta cultivation with an estimated 3.2 million bags GBE production. According to Post sources, establishing Robusta production is intended to substitute coffee (mostly soluble) imports and expand coffee crops to non-traditional producing areas. Colombia will face cultivation challenges in Robusta without undermining the quality and premium of Colombian coffee.

Consumption

In the current MY, Post estimates marginal changes to Colombia’s domestic coffee consumption, increasing 1.4 percent from year-on-year to 2.2 million bags green bean equivalent. Economic downturn and continuing high inflation are likely to hinder a more substantial consumption growth in the near term.

Post revises MY 2022/2023 coffee consumption upward to 2.2 million bags GBE, a 2.3 percent increase from the official estimate, as coffee consumption stabilized due to increased imports. Despite growing interest in specialty coffee, most Colombian households prefer soluble coffee and low-cost coffee

⁴ See: Coffee canephora (Robusta), a species that could diversify coffee farming in non-traditional areas. [Agrosavia](#), published on September 23, 2023.

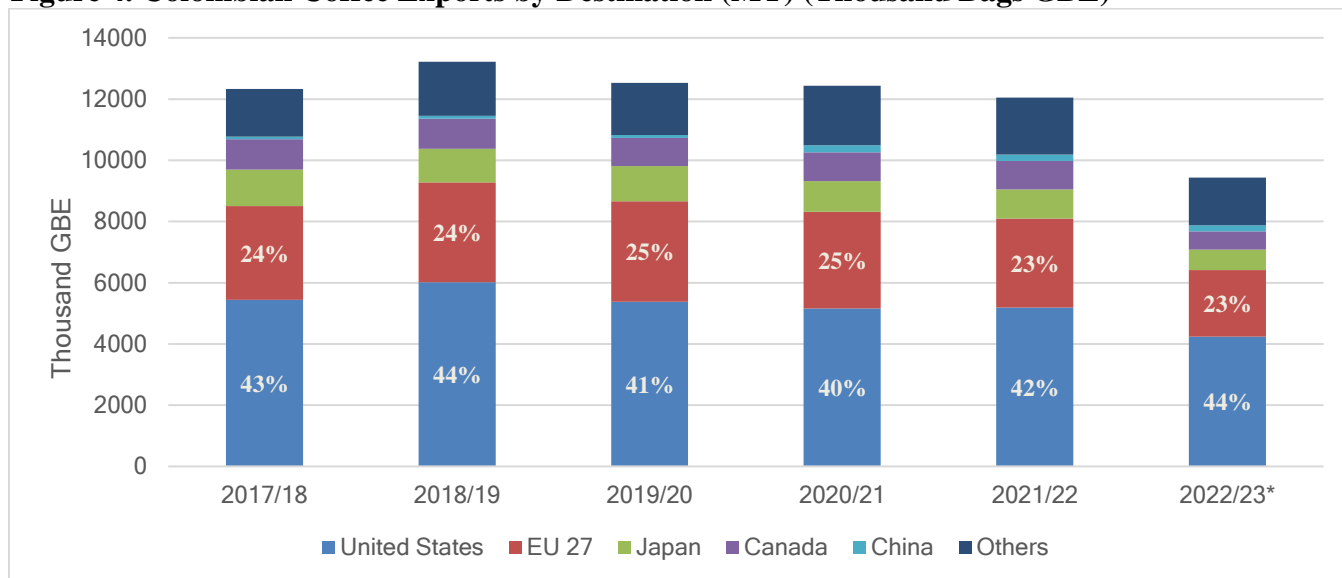
mixes. Fedecafe continues to promote domestic, premium coffee as Colombia’s per capita coffee consumption is estimated at 2.8 kg, significantly lower than other coffee producing countries.⁵

Trade

Post revises Colombia’s MY 2023/2024 coffee export figure to 12 million bags GBE, representing a 12 percent increase year-on-year. The increase in trade is driven by a projected recovery in production. For MY 2022/23, Post revises coffee exports lower to 10.7 million bags GBE, reflecting market realities. Tightening supplies have resulted in lower exports in the current market year.

Colombian coffee is exported to more than 40 countries. The United States remains as the major export destination, with more than 40 percent market share, followed by the European Union, Japan, and Canada (Figure 4). In the last MY (2022/2023), green coffee represented 89 percent of total coffee exports, followed by soluble coffee (9 percent) and roasted coffee (2 percent).

Figure 4. Colombian Coffee Exports by Destination (MY) (Thousand Bags GBE)



Data Source: Colombian Customs Authority (DIAN); Trade Data Monitor.

Note: Percentage indicates market share. * Market Year 2022/23 includes data from October 2022-August 2023.

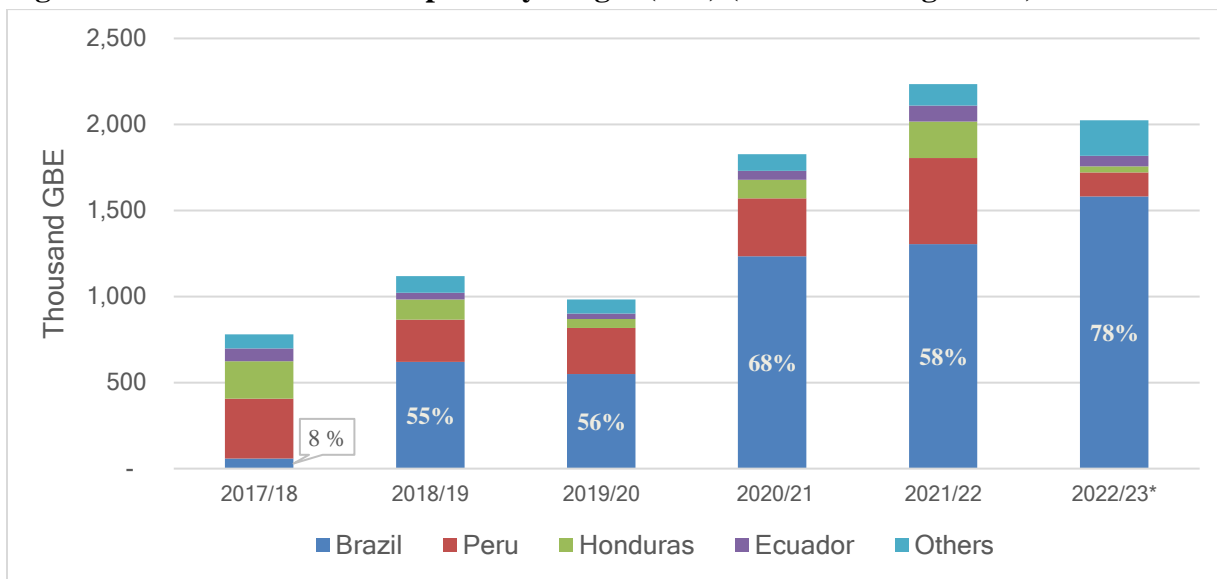
For market year 2023/2024, Post revises Colombia’s coffee imports 9.6 percent higher to 2.5 million bags. Coffee imports will remain high to supply local demand as Colombian coffee production continues to prioritize export markets.

Coffee imports for MY 2022/2023 are estimated lower to 2.3 million bags GBE, a 9 percent decrease to reflect market realities. In 2018, Brazil became the top coffee import supplier for Colombia, and in MY 2022/2023 accounted for nearly 80 percent of market share (Figure 5). Imports are primarily used to

⁵ Most coffee growing countries consume more than 6 kg per capita.

meet the demand for soluble and lesser quality coffees in the market. Colombia primarily imports green coffee (91 percent), followed by soluble coffee (8 percent), and roasted coffee (1 percent).

Figure 4. Colombia: Coffee Imports by Origin (MY) (Thousand Bags GBE)



Data Source: Colombian Customs Authority (DIAN); Trade Data Monitor.

Note: Percentage indicates market share. * Market Year 2022/23 includes data from October 2022-August 2023.

Stocks

Market year 2023/2024 ending stocks are revised higher to 620,000 bags GBE given a potential recovery in coffee production due to favorable weather conditions. There are no government or Fedecafe policies that support high volumes of coffee carry-over stocks.

Policy

Fedecafe represents Colombia’s coffee sector and manages its programs under a legal agreement with the Government of Colombia. Most policies and programs are backed by the National Coffee Fund, a checkoff program that collects USD \$0.06 per pound of coffee from producers to use for a range of activities. Most coffee growers are members of Fedecafe and utilize the organization’s educational programs, technical trainings, and sales support. Fedecafe also provides technical support to coffee producers through extension services that assist growers throughout the entire production cycle, including improved planting and harvest practices, and post-harvest and processing technologies, factors which impact bean filling, biochemical composition, and cup quality.

Colombian coffee producers are actively implementing traceability and related measures to comply with the European Union’s regulation on deforestation-free products which targets coffee, among other

products cultivated in-country.⁶ Colombia annually exports nearly 25 percent of its coffee production to the European Union. Based on EU guidelines, exporting countries have an 18-month period beginning July 2023 to implement measures to meet the regulation.

The Colombian government offers financial assistance to coffee producers supported by the Financing Fund for the Agricultural Sector, FINAGRO. Colombian coffee producers face challenges in accessing credit, as 90 percent are considered small producers who own less than 5 hectares of land. The FINAGRO program provides loans for coffee farmers to support primarily replanting activities, machinery procurement, crop maintenance, and alternative crop production (for secondary income).

Coffee growers have frequently urged the Colombian government to provide additional support during times of low prices and difficult market conditions. With higher coffee prices in recent years, the Government of Colombia has not implemented any income support programs. The last government program of this nature was implemented a decade ago following the coffee leaf rust epidemic.

Attachments:

No Attachments

⁶ See: [European Union Regulation 2023/1115](#) (“Making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation”).