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Cote d'Ivoire

Coffee

Annual

2000

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Report Highlights:
Post forecasts 2000/2001 coffee production to fall due to poor maintenance and the alternate coffee production cycle but good rainfall and the increasing proportion of hybrid trees entering production will reduce the fall. The 1999/00 crop suffered from low producer prices resulting from the drop in world market prices. The world market situation has forced most exporters to suspend their purchasing activities upcountry. Green coffee exports will increase in 2000, but expected rise is being moderated by world market situation.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Post forecasts 2000/2001 coffee production to fall due to poor farm maintenance, bad harvest practices during the 1999/2000 crop and the fact that the crop falls under the lower side of the alternate cycle of the crop. However, the fall is expected to be moderated by timeliness, distribution and abundance of the 2000 rainfall. Field visits indicate that the current level of cherry formation is generally lower than that of the same period last year, but in many areas there is little perceivable difference with that of last year's crop.

The 1999/00 coffee crop suffered from low producer prices resulting from the drop in world market prices. Farm prices which were 415 F CFA/kg at the beginning of the harvest have fallen to 275 F CFA/kg. As of May 1, 2000, green coffee arrivals at the Ports, were estimated at 4,135,000 bags compared to 1,835,000 bags for the same period in 1999. The increase in Port arrivals is deceiving, in that much coffee remains unsold. Exporters have reduced upcountry purchases of coffee because of the world market situation. With much of their harvest yet unsold, farmers are desperately looking for buyers at any price.

New planting and replanting in 1999 were estimated at 12,000 HA, and are estimated at about 11,000 HA in 2000, as the Coffee Regeneration Program ended in December 1999.

Green coffee exports fell in 1999 due to a drop in production, thus reducing the proportion of coffee in Cote d'Ivoire's export earning from 8.8 percent in 1998 to 5 percent in 1999. Green coffee exports are expected to rise in 2000, but the expected rise is being moderated by the low world market price.

The GOCI (the Government of Cote d'Ivoire) propagated a law on March 28, 2000 to dissolve the Nouvelle Caistab because of its inability to function. While some people see the dissolution as of means to reinforce the market liberalization process, others think that it was a first step on the way towards introduction of a price stabilization system. The government has yet to state its intention as some farmers are pressing for takeover of the agency.

Exchange Rate : U.S.$1 = 721 F CFA on May 15, 2000.

PSD Table						
Country	Cote d'Ivoire					
Commodity	Coffee, Green				(1000 HA)(MILLION TREES)(1000 60 KG BAGS)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	1465	1465	1480	1480	0	1490
Area Harvested	1245	1245	1285	1285	0	1296
Bearing Trees	1562	1562	1613	1613	0	1626
Non-Bearing Trees	276	276	245	245	0	243
TOTAL Tree Population	1838	1838	1858	1858	0	1869
Beginning Stocks	1885	1885	1410	1504	1517	2811
Arabica Production	0	0	0	0	0	0
Robusta Production	2123	2217	5300	5300	0	4333
Other Production	0	0	0	0	0	0
TOTAL Production	2123	2217	5300	5300	0	4333
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	4008	4102	6710	6804	1517	7144
Bean Exports	2127	2127	4700	3500	0	3300
Roast & Ground Exports	2	2	3	3	0	0
Soluble Exports	411	411	430	430	0	0
TOTAL Exports	2540	2540	5133	3933	0	3300
Rst,Ground Dom. Consum	28	28	29	29	0	30
Soluble Dom. Consum.	30	30	31	31	0	33
TOTAL Dom. Consumption	58	58	60	60	0	63
Ending Stocks	1410	1504	1517	2811	0	3781
TOTAL DISTRIBUTION	4008	4102	6710	6804	0	7144

Production

Post forecasts 2000/2001 coffee production to fall due to poor farm maintenance, bad harvest practices in 1999/2000 crop and the fact that the crop will be on the downslope of the alternate cycle of coffee crop. However, the fall is expected to be reduced because of good rainfall and the entry into production of young hybrid trees and pruned trees. Low producer price reflecting the collapse in world market price has reduced farmers' ability to hire labor to maintain their farms. The problem of insufficient farm hands was manifested in the 1999/00 crop harvesting where the small number of harvesters proved insufficient to harvest the large crop. To cope with the situation, they have to resort to stripping coffee cherries from the branches instead of picking them. This method of harvesting destroys the nodes on the branches and undermines the production potential of the trees. However, the timeliness and abundance of the 2000 rainfall has been beneficial and has improved greatly the crop production prospects. There were rains during the two flowering periods of December-January and March-April which favored cherry formation. Satisfactory rains in May are contributing to favorable crop development. The increasing proportion of hybrid trees in production seems to moderate the extremity of the alternate production cycle. The hybrid trees are estimated to account for about 25 percent of the total tree population.

Field visits indicate that the current level of cherry formation is generally lower than that of the same period last year. However, in many areas, there is little perceivable difference with that of last year's crop. What is particular with the current crop is the high proportion of cherries in advanced stage of development and is attributed to the increased proportion of cherry formation in January and the rapid crop development characteristics of the hybrid trees. A significant proportion of the crop could be ripe as early as July and August as against the usual September and October period.

The 1999/00 coffee marketing suffered from low producer prices resulting from the drop in world market prices. Initially, farm prices were relatively high, but crop marketing was timid because farmers held on to their crop in anticipation of better price. Contrary to farmers' expectation, farm prices started to tumble as the market year progressed. Exporters reduced their demand for upcountry coffee as dictated by the tight world market situation. As of May 1, 2000, green coffee arrivals at the ports, Abidjan and San Pedro, were estimated at 4,135,000 bags compared to 1,835,000 bags for the same period in 1999. The increase in port arrivals is deceiving, in that much coffee remains unsold. With the large production, farmers are desperate to find buyers and the rest of the crop is being held upcountry by farmers and in the warehouses of cooperatives and middlemen. Reports from upcountry indicate that cooperatives and middlemen are no longer accepting coffee at their warehouses because of storage problems and coffee is arriving at the ports, Abidjan and San Pedro, in trickles.

Farm prices at the beginning of the marketing year were between 405-415 F CFA/kg, but they have slipped to the current level of between 275-321 F CFA/kg, about 45-50 percent of world market price. Comparative figures for the same period in 1998/99 marketing year were 650 F CFA/kg to 450 F CFA/kg, representing about 57 percent of the world market price.

Coffee quality is poor in 1999/00 due to bad harvest practices and the long period of storage under improper conditions. The practice of stripping coffee cherries during harvesting caused immature and unripe cherries to be harvested which in turn raise the proportion of black beans in coffee. In 1999/00, this situation accounted for the high proportion black beans. In addition, there was a large proportion of coffee with holed kernels. This was due to long periods of storage under high humidity or improper drying practices which tend to heap the coffee instead of lightly spreading them on the drying mats favoring the presence of scolytid which bored holes in the beans. Due to the low farm price, most farmers sold their coffee unsorted. Therefore, exporters discount the coffee deliveries from upcountry an average of 3-5 percent.

The government coffee recovery program which started in 1994 ended in December 1999 with about 26,000 HA of new plantation cultivated under the program. However, the structures already established will be maintained to monitor any coffee development activities. In 1999, based on cutting purchases from the Cutting Production Centers (CBC), 12, 300 HA of new coffee plantations were cultivated involving 15,000 farmers and about 11,000HA of new plantation will be cultivated in 2000. The pruning of aged trees remains low. In 1999, 380 HA were pruned involving 620 farmers and in 2000, about 490 HA are expected to be pruned.

Consumption

Domestic consumption of green coffee increased by about 5 percent in 1999 and is expected to increase about the same rate in 2000. Consumption consists mainly of processing into soluble coffee which accounts for about 94 percent of domestic green coffee consumption in 1999. Soluble coffee processing is undertaken by one firm, CAPRAL/NESTLE, which processes about 460,000 bags annually. Processing of roasted and ground coffee is undertaken by five firms which account for the remaining 6 percent of the domestic green coffee consumption.

Trade

Green coffee and product exports accounted for about 5 percent of Cote d'Ivoire's total export earnings in 1999. Green coffee exports fell in 1999 due to the drop in production. In 2000, exports are expected to increase due to production rise. However, the expected export increase is being moderated by the low world market export prices. Green coffee exports for the first three months in 2000 were 1,030,000 bags against 340,000 bags for the same period in 1999. The Nouvelle Caistab (the government agency responsible for the registration of coffee and cocoa export) puts exports from October 1999 to March 2000 at 1,343,000 bags.

Soluble coffee exports increased in 1999 due to expansion in production and rising demand. Soluble coffee exports in CY 1999 were 453,137 bags against 401,917 bags in CY1998. Soluble coffee exports for the first three months in 2000 were 142,000 bags against 133,733 bags for the same period in 1999.

Cote d'Ivoire: Soluble Coffee Exports CY 1998 and CY 1999.
(Green coffee equivalent in 60 kg bags)

	1998	1999
Greece	273,433	286,693
Poland	31,720	36,443
Senegal	29,900	35,057
Mali	16,207	11,050
Niger	13,607	8,797
Nigeria	10,313	19,327
Others	26,737	55,770
Total	401,917	453,137

Export Trade Matrix			
Country	Cote d'Ivoire		
Commodity	Coffee, Green		
Time period	Jan -Dec	Units:	60 kg bags
Exports for:	1998		1999
U.S.	205517	U.S.	23917
Others		Others	
France	1133600	France	773567
Italy	712300	Italy	231450
Belgium	269600	Belgium	140267
Poland	405900	Poland	203883
Algeria	372483	Algeria	175817
Spain	241550	Spain	97467
Morocco	104800	Morocco	54983
Portugal	88733	Portugal	69000
United Kingdom	73033	Israel	32233
Total for Others	3401999		1778667
Others not Listed	354050		156116
Grand Total	3961566		1958700

Stocks

Stocks are expected to increase in 1999/00 due to increased production and moderate level of exports. Stocks will consist mainly of coffee cherries held by farmers at farm level, green coffee with cooperatives and farmers and those held in exporters' warehouses. Stocks are expected to rise further in 2000/2001 if retention scheme being considered by producing countries comes into operation.

Policy

The Government of Cote d'Ivoire propagated a law on March 28, 2000 to dissolve the Nouvelle Caistab because of its inability to function as required. The Nouvelle Caistab is a limited company with the government holding 25 percent of the shares, producers 33 percent, exporters 20 percent, processing industries 8 percent, financial institutions 8 percent and buyers 6 percent. Its role involves export registration, monitoring export sales, quality control and record keeping. There are two interpretations for this early dissolution. While some people think that it was a means to reinforce the market liberalization process and to give a free hand to exporters to operate, others think that it was meant to pave the way for the reintroduction of the abandoned stabilization system. Of late, several group which claim to represent farmers, including the Interprofessional Cocoa and Coffee Committee (CICC), have been agitating for the introduction of a privatized stabilization board to run a forward sales system known by its French acronym PVAM. They wanted the government to release the 33 percent share in the New Caistab which stood in their name, but which was paid for by the government including the 25 percent share owned by government. If this is achieved it will give the farmers' group overall controlling interest so that they can use it to operate the PVAM system.

The World Bank is not against the introduction of PVAM, but it does not want the government's involvement in any form. Most of the major exporting firms are against returning to market controls in any form. The industry does not see anything wrong with the introduction of PVAM itself, but regards it as a subtle means to return to the old corrupt practices.

The government is yet to decide on the farmers' proposals but it will be hard for the government to accede to their request.

The African and Malagasy Coffee Organization (l'OAMCAF) organized a forum in Abidjan, April 24-28, 2000, to discuss quality improvement as means to enhance robusta coffee market competitiveness. The forum asserted that besides world market price falling by 20 percent compared to 1997/98 prices, robusta coffee of OAMCAF countries has yielded part of its traditional European market to Asian arabica coffee. The forum exhorted member countries to emphasize quality improvement to reconquer the lost market. The OAMCAF countries are the Benin, Cameroon, Central African Republic, Congo Brazzaville, Cote d'Ivoire, Gabon, Equatorial Guinea, Madagascar and Togo. Total OAMCAF production in 1999/2000 is estimated at 7,620 million bags.