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Ecuador

Coffee

Annual

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Report Highlights:

Ecuador's coffee production is expected to increase slightly for the upcoming MY 2001/02 year from the depressed production level of the previous crop. It is forecasted to reach 1,166 thousand 60 kg. bag GBE. Exports of coffee and coffee products for the MY 2001/02 are forecasted to increase to 856 thousand bags GBE (60 kg.) From 776 thousand bags GBE from the previous year.

Includes PSD changes: Yes
Includes Trade Matrix: No
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Executive Summary

Ecuador's coffee production is expected to increase slightly in MY 2001/02 year from the depressed production level of the previous crop. It is forecasted to reach 1,166 thousand 60 kg. bag.

Exports of coffee and coffee products for MY 2001/02 are forecasted to increase to 856,000 bags (60 Kg) GBE from 776,000 bags from the previous Marketing Year. Depressed international prices for coffee have discouraged producers from harvesting all available coffee beans. COFENAC, will be providing a policy for the sector.

Production

Ecuador's coffee production is expected to slightly increase for the upcoming MY 2001/02 year from the depressed production level of the previous crop. It is forecasted to reach 1,166 thousand 60 kg. bag. Marketing year 2000/01 production figures have been revised downwards from 1,100 thousand to 1,081 thousand 60 kg bags. The harvest was worse than expected due largely to bad weather conditions. Farmers were further discouraged from harvesting the full crop because of depressed international prices for coffee beans.

International coffee prices have played a major role in the decreased availability of beans both for local consumption and exports during MY 2000/01, since producers have not harvested every available bean to garner much needed income. Improved coffee prices may encourage producers to harvest all available beans, both of Arabica and Robusta varieties. Prices paid to growers in Ecuador for washed Arabica beans were U.S.\$ 106.55 per 45.36 Kilogram (100 lb.) bags in January of 2000, and fell to U.S.\$ 51.83 by January 2001.

Trade

Exports of coffee and coffee products for MY 2001/02 are forecast to increase to 856,000 bags (60 Kg) GBE from 776,000 bags from the previous Marketing Year. Sources have informed us that the retention coffee decision that it is supposed to be taken in May meeting in London, may strengthen international prices for coffee and encourage harvesting of all available beans. Exports of coffee products will remain at the same level of 336,000 bags both of roasted and soluble coffees. For the MY2000/01, some farmers were encouraged by Colombian buyers with better prices for the beans. We were informed by reliable sources that Colombians bought at least 80,000 MT of beans to be transported to Colombia that occurred because Colombia was short in production to meet demand for domestic consumption, as well as to re-exporting Ecuadorian coffee as Colombian coffee. This figure is included as exports of beans. Further exports to Colombia are forecasted for the upcoming MY2001/02 but a smaller quantity.

Policy

Current law provides a framework to promote and organize a modern coffee industry, to deal with the fluctuations of international coffee prices, and to provide loans through private banks at preferential interest rates to producers for the rehabilitation, renovation, and maintenance of coffee plantations. This year, however, the goal has been limited by the shortage of beans to exports, and consequently sources to finance replanting coffee trees, since each single kilogram exported has to pay 2 percent of the FOB value.

The primary goal of the loans is not to increase the planted and harvested area, but to provide small and medium farmers with access to better coffee seedlings and to replant with more profitable plants, improve quality, and increase yields. The Ecuadorian coffee industry realizes that this is the only way to create a more market-oriented industry in the coming years.

The National Council for Coffee (COFENAC) a private sector and government institution is responsible for developing coffee policy and strengthening coffee production. COFENAC's role has been largely limited to announcing of general principles rather than providing competent policy to reactivate the industry. The bottle neck to become competitive in the coffee industry is to improve and increase yields, a difficult goal with plantations of more than 30 years old. The Inter-American Institute for Cooperation on Agriculture (IICA) has prepared a paper "Strategical process to promote sustained coffee activity in Ecuador." If implemented this

may help the reactivation of the sector as profitable activity.

The Coffee Exporters Association (ANECAFE) points out that besides the expansion of planted and harvested area, the quality of production for exports is important. In order to encourage quality this goal ANECAFE and CORPEI (Export and Investment Corporation) have agreed to provide Certificates of Quality for export coffee. However, this certificate is not compulsory but a voluntary certificate for coffee exporters.

PSD Table						
Country:	Ecuador					
Commodity:	Coffee, Green					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		04/99		04/00		04/01
Area Planted	300	300	300	290	0	280
Area Harvested	270	250	272	240	0	250
Bearing Trees	250	250	255	240	0	230
Non-Bearing Trees	20	20	20	15	0	15
TOTAL Tree Population	270	270	275	255	0	245
Beginning Stocks	31	31	30	26	0	21
Arabica Production	709	712	650	591	0	644
Robusta Production	500	583	450	490	0	522
Other Production	0	0	0	0	0	0
TOTAL Production	1209	1295	1100	1081	0	1166
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	1240	1326	1130	1107	0	1187
Bean Exports	750	680	630	445	0	520
Roast & Ground Exports	5	5	10	5	0	6
Soluble Exports	150	305	150	326	0	330
TOTAL Exports	905	990	790	776	0	856
Rst,Ground Dom. Consum	245	250	245	250	0	250
Soluble Dom. Consum.	60	60	60	60	0	60
TOTAL Dom. Consumption	305	310	305	310	0	310
Ending Stocks	30	26	35	21	0	21
TOTAL DISTRIBUTION	1240	1326	1130	1107	0	1187

Prices Table					
Country:					
Commodity:			Washed Arabica		
Year:	2000				
Prices in (currency)	USDollars	per (uom)	45.36 Kg.		
Year	1999	2000	% Change		
Jan	105.38	106.55	1.1%		
Feb	93.6	99.13	5.9%		
Mar	90.94	91.49	0.6%		
Apr	91.44	87.79	-4.0%		
May	94.3	84.41	-10.5%		
Jun	98.21	81.48	-17.0%		
Jul	82.02	77.55	-5.4%		
Aug	81.28	73.93	-9.0%		
Sep	73.52	65.11	-11.4%		
Oct	80.14	69.74	-13.0%		
Nov	100.61	65.59	-34.8%		
Dec	110.8	55.43	-50.0%		