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Report Highlights:

Peru's coffee production and exports look to continue their recent growth trends and are expected to increase seven and six percent, respectively, in marketing year (MY) 2024/25. Production is forecast to reach 4.22 million 60-kilogram bags in MY 2024/2025, while exports are forecast at 4.07 million bags. High international coffee prices are encouraging producers to invest in fertilizers and harvest more thoroughly. Consumption is also forecast to continue expanding, increasing four percent from the previous marketing year to 240,000 bags in MY 2024/25. The United States remained the top market for Peruvian coffee in MY 2023/24, accounting for 28 percent of total exports.

Table 1: Peru Coffee Production, Supply and Distribution

Coffee, Green Market Year Begins Peru	2022/2023		2023/2024		2024/2025	
	Apr 2022		Apr 2023		Apr 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	375	375	0	375	0	375
Area Harvested (1000 HA)	330	335	0	335	0	335
Bearing Trees (MILLION TREES)	615	620	0	620	0	620
Non-Bearing Trees (MILLION TREES)	35	37	0	37	0	37
Total Tree Population (MILLION TREES)	650	657	0	657	0	657
Beginning Stocks (1000 60 KG BAGS)	95	95	90	63	0	28
Arabica Production (1000 60 KG BAGS)	3400	3636	4200	3950	0	4220
Robusta Production (1000 60 KG BAGS)	0	0	0	0	0	0
Other Production (1000 60 KG BAGS)	0	0	0	0	0	0
Total Production (1000 60 KG BAGS)	3400	3636	4200	3950	0	4220
Bean Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Roast & Ground Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Soluble Imports (1000 60 KG BAGS)	90	89	90	90	0	90
Total Imports (1000 60 KG BAGS)	90	89	90	90	0	90
Total Supply (1000 60 KG BAGS)	3585	3820	4380	4103	0	4338
Bean Exports (1000 60 KG BAGS)	3300	3520	4060	3826	0	4072
Rst-Grnd Exp. (1000 60 KG BAGS)	0	0	0	0	0	0
Soluble Exports (1000 60 KG BAGS)	0	0	0	0	0	0
Total Exports (1000 60 KG BAGS)	3300	3520	4060	3826	0	4072
Rst,Ground Dom. Consum (1000 60 KG BAGS)	20	37	30	49	0	40
Soluble Dom. Cons. (1000 60 KG BAGS)	175	200	200	200	0	200
Domestic Consumption (1000 60 KG BAGS)	195	237	230	249	0	240
Ending Stocks (1000 60 KG BAGS)	90	63	90	28	0	26
Total Distribution (1000 60 KG BAGS)	3585	3820	4380	4103	0	4338
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						

Production:

Coffee production in marketing year (MY) 2024/2025 (April/March) is forecast at 4.22 million 60-kilogram (kg) bags, increasing seven percent from the previous year. Better prices are encouraging producers to increase input usage (fertilizers) and to harvest more comprehensively. Peru's coffee producers have faced financial difficulties in recent years as revenues have not met production costs.

MY 2023/2024, particularly the first quarter, presented several challenges to coffee producers. Higher temperatures and lack of rain, due to El Niño, and the persistent incidence of coffee rust affected production. However, production recovered in the following quarters reaching 3.95 million bags, falling six percent from the estimated production but nine percent higher than the previous year. This recovery was also supported by high international prices which encouraged producers to harvest more thoroughly.

Coffee in Peru is produced throughout the eastern slope of the Andes, Peru's main coffee producing area are the regions of Cajamarca, accounting for 22 percent of total production; San Martin, 20 percent; Junin, 19 percent; and Amazonas with 15 percent.

Harvested area in MY 2024/2025 is forecast at 335,000 hectares, remaining at the same level compared to the previous year. The harvest season begins in April and runs through September, peaking from June to July. Approximately 85 percent of the crop is harvested between April and July. Coffee in Peru is produced in 16 regions (out of 25) and it is estimated that 223,000 families depend on coffee production for their main income.

Figure 1: Shaded Coffee Plantation in Oxapampa, Peru



Source: FAS Lima

Average yields in MY 2024/2025 are estimated at 756 kilograms per hectare, a slight increase compared to the previous year. Coffee yields vary greatly and can reach 42 60-kg bags (2,520 kg) per hectare on well-managed plantations. Production costs vary greatly among producers, nevertheless, labor is still the leading cost accounting for about 58 percent of total cost of production. Other important costs are fertilizers and agrochemicals (pesticides) accounting for 24 and 12 percent respectively.

Coffee production is still affected by a coffee leaf rust (*Hemileia vastatrix*) outbreak that began in 2013 and is now affecting almost 40 percent of the crop. Mitigation efforts include phytosanitary treatment and replacement of trees. Additionally, in 2020, there was a coffee borer (*Hypothenemus hampei*) infestation which affected coffee fields, particularly in lower elevation lands (under 1,500 meters above sea level).

Peru produces almost exclusively Arabica coffee, of which over 70 percent is the Typica variety followed by Caturra (20 percent), and other varieties (10 percent). Roughly 75 percent of Peruvian coffee cultivation occurs between 1,000 and 1,800 meters above sea level. Most coffee is shade grown and plant density averages 2,000 plants per hectare. Coffee in Peru is mostly hand-picked and sun dried.

Most of Peru's coffee producers are small farmers that cultivate coffee on plots of land averaging three hectares. Poor access to credit places constraints on many of the smaller coffee producers. Peru's private banks reportedly refuse to accept untitled land as loan collateral, forcing most producers to obtain credit either from coffee buyers or informal lenders. As a result, small producers are burdened with fixed-price sales contracts and/or high repayment interest rates.

Small producers often form associations or cooperatives to obtain better prices, improve post-harvest production handling, and cooperate on more effective marketing strategies. Some of the larger of these associations have membership numbers of over 2,000 producers. The more sophisticated associations have financial institutions that provide producer loans, which partially subsidize production costs through technical assistance aimed at improving crop quality and yields. Cooperatives will market production directly or through coffee traders.

Figure 2: Coffee Drying Facility in Chanchamayo, Peru



Source: FAS Lima

Consumption:

Domestic consumption in MY 2024/2025 is forecast at 240,000 60-kg bags. Coffee consumption in Peru has increased significantly in recent years, however, it remains comparatively low. Per capita coffee consumption in Peru is estimated at 950 grams. This contrasts with neighboring Colombia, where per capita consumption reaches 2.5 kilograms, and Brazil, where it exceeds 6 kilograms.

Peruvians primarily consume soluble (instant) coffee, which accounts for 75 percent of total domestic coffee consumption. Nonetheless, consumption patterns are changing and a roasted, ground coffee drinking culture is taking root. Coffee consumption among young urban consumers is growing. Consumption levels are now reaching the one-kilogram per capita threshold in this demographic group. Domestic coffee consumption still only accounts for about six percent of total production. Small corner stores (60 percent) and supermarkets (30 percent) account for the bulk of domestic coffee sales.

Trade:

Peru's coffee exports in MY 2024/2025 are forecast at 4.07 million 60-kg bags, increasing 6.4 percent compared to the previous year. The United States continued to be the top market for Peruvian coffee in MY 2023/2024, accounting for 28 percent of total exports. Other important destinations include Germany, which accounted for 18 percent, and Belgium with 9 percent.

Export prices of Peruvian coffee fell 20 percent in MY 2023/2024, reaching \$4,023 per metric ton (MT). However, this is still a very attractive price for producers and the second highest in a decade. Coffee export prices averaged \$2,782/MT between 2018 and 2020 and increased to \$3,946/MT in 2021. Current export prices are \$4,100/MT and are expected to increase as the harvest season progresses.

With some 90,000 certified organic hectares, Peru is the world's leading exporter of organic coffee. In addition to these certified hectares, a large portion of Peru's coffee exports are organic by default, attributed in large part to the smaller growers' inability to pay for costly chemical fertilizers and pesticides. Foreign demand for specialty coffee motivates some smaller growers to seek out specialized certification. Current certifications that are accessible to smaller coffee farmers include:

- Fair Trade: Certified by Fair Trade Labeling Organizations International (FLO)
- Organic: Certified by several agencies such as USDA's National Organic Program (NOP), Japanese Agricultural Standards (JAS), Natureland, and the Organic Crop Improvement Association (OCIA)
- Sustainable Coffee: Certified by the Rainforest Alliance
- Café Practice: Certified by Starbucks
- Other certifications include bat friendly and bird friendly.

Peruvian coffee producers are frequent participants in international coffee contests, which they consider an important strategy to distinguish themselves as high-quality producers, leading to higher incomes and better prices. Peruvian producers have won the Best Specialty Coffee award at the Global Specialty Coffee Expo several times.

Policy

FAS, through the Food for Progress Program, financed the regional MOCCA (Maximizing Opportunities for Coffee and Cacao in the Americas) project to strengthen the coffee and cacao value chains. This program has five lines of intervention: increasing technical/agricultural capacity, providing improved seeds, encouraging associativity, increasing credit access, and linking producers to markets. In Peru, MOCCA has trained over 27,000 producers, helped establish 515 nurseries, and facilitated nearly \$17 million worth of credit.

The Peruvian Government has made international coffee promotion a national priority. PromPeru (Peru's export promotion agency) and its overseas commercial offices actively promote Peruvian coffee. At the same time, some local government agencies and non-governmental organizations are promoting organic coffee production to increase farmers' incomes.

Peruvian coffee producers are concerned about the European Union's (EU) Regulation on Deforestation Free Products (EUDR), which requires companies to ensure that certain products exported to the EU do not originate from land that was deforested after December 31, 2020. These products include coffee,

cocoa, wood, palm oil, soy, cattle, and rubber. The National Coffee Board, the main coffee producer association, has conveyed that lack of land use certifications and titles could make it rather difficult for small coffee producers to comply with the EUDR, potentially hampering future exports. The Board has claimed that the complex bureaucracy of Peru's current forestry law makes it difficult to attain these certifications and titles, along with lack of support from the central and regional governments. Although Peru's Congress modified the forestry law in January 2024 in an effort to make obtaining land-use certifications easier, coffee producers claim they will need further support to maintain EU market access.

Peru's coffee sector generates 855,000 jobs in mostly remote, impoverished areas of the country. The government, through the National Commission for Development and Life Without Drugs (DEVIDA), encourages coffee production as an alternative crop to coca leaf cultivation.

The government of Peru established the National Executive Coffee Council ([Supreme Decree 002-2021-MIDAGRI](#)) with the objective of implementing a national promotion plan through 2030. This plan aims to increase coffee consumption. The Council is chaired by the Ministry of Agriculture and its members include the Ministry of Foreign Affairs, the Ministry of Trade and Tourism, DEVIDA, regional governments, municipalities, and producers.

The Peruvian government does not keep coffee stocks. All inventories are held by the private sector.

Attachments:

No Attachments