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Report Highlights:

FAS Managua forecasts a strong coffee harvest of 2.58 million 60-kilogram bags for MY 2025/26. This optimistic outlook is attributed to increased agriculture input applications (mainly fertilizers) due to high coffee prices and expectations for a more balanced rainy season. In MY 2024/25, Nicaraguan coffee production recovered to more typical historic averages after an El Niño-induced reduction in MY 2023/24. Ongoing challenges for the sector include limited access to long-term credit, a tight labor force, and export delays resulting from logistical constraints in Central America.

Executive Summary

FAS/Managua projects total marketing year (MY) 2025/26 coffee production (including robusta type) to remain consistent with historical levels at 2.58 million 60-kilogram (kg) bags. The recent increase in coffee prices in 2024/25, where the average coffee prices in Nicaragua were above $280/60kg bag at the beginning of 2025, has motivated farmers to invest in the fertilization and maintenance of coffee plantations, which should keep production high in MY 2025/26. With an ENSO-neutral rainy season emerging later in 2025, growers are optimistic to have a good coffee year as they expect well-distributed rains. Despite the expectation of production remaining at a historically high level, FAS/Managua anticipates continued domestic structural challenges such as limited access to long term credit and tight labor supplies – a factor that doubled harvest production costs in MY 2024/25.

In MY 2024/25, coffee production recovered to 2.56 million 60-kg bags after a 10 percent production drop in MY 2023/24 due to poor weather conditions. During that same period, one of the largest coffee exporters in Nicaragua filed for bankruptcy just before the harvest, creating supply chain disruptions and market uncertainty that resulted in lower coffee prices for farmers.

Nicaragua saw a good production cycle in MY 2024/25 with good weather in the second half of 2024. Nevertheless, extended rains into December and January during the harvest season delayed the drying process. Labor shortages, compounded by simultaneous ripening across altitudes, led to a doubling of wages for pickers, and some quality issues. Furthermore, the rapid surge in coffee prices to record highs in November 2024 created liquidity issues for buyers and export delays due to logistical issues complicated some shipments.

Despite the challenges, coffee farmers in Nicaragua are optimistic about the future. Nicaraguan coffee remains in high demand, often described as smooth with consistent quality. Several cooperatives and coffee exporters hold certifications such as Rainforest Alliance and Fair Trade, which, combined with the coffee's inherent good quality, result in prices above market averages.

Area

FAS/Managua projects the MY 2025/26 planted area to remain unchanged at 143,000 hectares, with the harvested area slightly lower at 141,000 hectares due to labor shortages resulting from increased outbound migration over the last five years. Persistent structural challenges within the coffee sector include labor force shortages and limited credit availability. The recent rise in coffee prices is improving access to short term loans, although access to long term credit required to renovate or establish new coffee plantations continues to be very limited. Coffee farm expansion and renovation necessitate at least three years to generate income, creating a longer horizon for recouping investments.

According to industry contacts, coffee growers have replanted approximately 20,000 hectares of arabica coffee area (14 percent of total area) since the MY 2013/14 coffee rust outbreak that decimated production. In theory, a coffee farm should be replanting five percent of the total area each year to ensure a complete turnover of the area every 20 years (coffee plant productivity typically tails off after 20-25 years). However, in practice, most farms have failed to keep up with this ideal schedule, often replanting only when older plants become infected or die. Access to credit (especially on terms that account for coffee plant growth and harvest cycles) as well as access to newer, rust-resistant varieties

remain significant challenges to expansion and renovation in Nicaragua. Growers also face the dilemma of timing, reluctant to replace even less productive trees when prices are strong, like in 2025.

According to industry sources, coffee planted areas remain the same. There were approximately 45,000 coffee growers cultivating about 143,000 hectares of coffee in MY 2025/26, of which 7,000 hectares were planted with robusta varieties. More than 85 percent of the arabica coffee farms are in North Central Nicaragua, in the departments of Jinotega, Matagalpa, and Nueva Segovia, with a range of altitude from 365 to 1,500 meters above sea level. The remaining arabica coffee is produced in the department of Carazo and on the outskirts of Managua department. Robusta production area is concentrated in the Southern Caribbean Coast Autonomous Region, in the vicinity of a major robusta mill in Nueva Guinea.

Figure 1. Arabica Coffee Growing Regions

Source: Home Coffee Expert.
Note: Robusta farms are indicated by the hollow red circle on this map; added by FAS/Managua.

According to the 2011 Agricultural Census (the most recent data available), 71 percent of coffee farms had less than 15 hectares of coffee and produced 37 percent of the total crop. Medium-sized farms (15-70 hectares) produced 27 percent of the crop and represented 22 percent of farms. Large farms (>70 hectares) produced 36 percent of the total crop and represented just 7 percent of farms.

Production

FAS/Managua projects total marketing year (MY) 2025/26 coffee production (including robusta type) to remain consistent with historical levels at 2.58 million 60-kg bags. Favorable market conditions with average international prices above $280 at the beginning of 2025 have motivated farmers to invest in the fertilization and maintenance of coffee plantations, which should keep coffee production high.

The National Oceanic and Atmospheric Administration (NOAA) has forecasted an ENSO-Neutral season for Central America through October 2025. Coffee growers are optimistic to have well distributed rains in MY 2025/26, which could lead to a good coffee year.

In MY 2024/25, coffee production recovered to a more historical normal of 2.56 million 60-kg bags after a 10 percent drop in MY 2023/24 due to El Niño-related conditions that drove down yields and crop quality. During that same period, one of the largest coffee exporters in Nicaragua filed for bankruptcy just before the harvest, creating supply chain disruptions and market uncertainty that led to lower prices for farmers.

The MY 2024/25 coffee production cycle was considered overall good, even with La Niña in the second half of 2024. Some problems reported by coffee farmers in MY 2024/25 included extended rains into December and January during the harvest season, and labor shortages because of unprecedented levels of outbound migration in recent years–an estimated 600,000 people, or 10 percent, of the population have fled the country since 2018. These shortages, combined with a compressed harvest season where ripening occurred simultaneously across different altitudes, led to over-maturation of coffee beans in some areas, increased wages for coffee pickers, and, in some instances, created quality problems with phenols. Other challenges reported by coffee exporters were the lack of liquidity to meet the rapid surge in coffee prices at the end of 2024 and export delays due to the saturation of Central American maritime ports due to limited infrastructure and slow import procedures.

Coffee farmers didn't report significant problems with pests despite having La Niña year. In recent years, Nicaraguan coffee growers have increased access to higher-yielding varieties like Marsellesa, Parainema, Costa Rica 95, IH Cafe 90, Lempira, and other varieties. The World Coffee Research organization (WCR) along the U.S. Department of Agriculture (USDA) Foreign Agricultural Service-funded Maximizing Opportunities in Coffee and Cacao in the Americas (MOCCA) project improved genetic diversity, quality, and consistency of nursery stock available to coffee growers.

Nicaragua produces predominantly arabica coffee varieties; more than 95 percent of total production was arabica in MY 2024/25. Caturra is the most common variety of arabica bean grown (72 percent of total arabica area). Other common varieties include Bourbon, Paca, Catuai, Catimore, Maragogype, and Pacamara. In 2013, the Government of Nicaragua opened non-traditional coffee-growing regions (the Atlantic Coast and lowland areas on the Pacific Coast) to robusta coffee cultivation for the first time. Nicararagua produces approximately 160,000 60-kg bags of robusta coffee. With the closure of Mercon in 2023, the largest robusta promoter in Nicaragua, robusta production has remained stagnant, and in some areas, farmers have discontinued their production projects. FAS Managua estimates Nicaragua has around 7,000 hectares of Robusta plantations.

Employing more than 330,000 people along the value chain, coffee is one of the most important economic activities in Nicaragua, where the coffee marketing year runs from October to September.

Yield

FAS/Managua estimates the national average MY 2025/26 arabica coffee yield to remain at 18 60-kg bags per hectare, consistent with historical trends, assuming well-distributed rains due to neutral weather and good crop maintenance. In MY 2024/25, national average yields rebounded to 18 60-kg bags per

hectare after a 10 percent decline in production in MY 2023/24 due to El Niño-related conditions that drove down yields and crop quality. A moderate La Niña rainy season contributed to the rebound in production in MY 2024/25, which brought good moisture to the soils following an El Niño year.

From 2019 to 2025, the USDA MOCCA Project improved coffee breeding and agronomic research in Nicaragua, in collaboration with the WCR Regional Cooperative Program for the Development and Modernization of the Coffee Sector (PROMECAFE) and the Nicaraguan Institute of Agricultural Technology (INTA). WCR also evaluated and improved seed lots, certified large coffee tree nurseries, and developed training materials for small nurseries across the country.

Despite ongoing efforts by WCR and others, FAS/Managua projects limited arabica yield growth over the near- and mid-term, as access to financing – a function of international coffee price volatility, political and economic instability, and an underdeveloped agricultural financial system – will continue to hinder investments in farm renovation and adoption of good agricultural practices.

Policy

The 2013 Law for the Transformation and Development of the Coffee Sector (Law 853) is one of the Nicaraguan Government's main policies to support coffee growers. This law aims to renovate and transform the Nicaraguan coffee sector through a dedicated fund for older coffee farm renovation. Law 853 levies a fee on every 60-kg bag of exported coffee; the average fee was $4 per 60-kg bag in MY 2024/25 when international coffee prices surpassed $200 per 60-kg bag. Industry sources estimate that Law 853 has collected more than $40 million since 2013. However, growers have expressed mixed opinions on the law's impact and its effectiveness in driving investment and innovation within the sector. Some may have benefited from the renovation fund, while others view the export fee as a financial burden.

Law 368, the Coffee Law, published in December 2000, initially provided several tax exonerations for coffee growers. However, in 2019, the Nicaraguan Government passed legislation imposing taxes on fertilizers and agrochemicals for the first time, with import duties reaching up to 30 percent for certain products. This development diminishes the profitability gains from the earlier tax exonerations under Law 368 and reduces coffee growers' access to essential inputs like fertilizer.

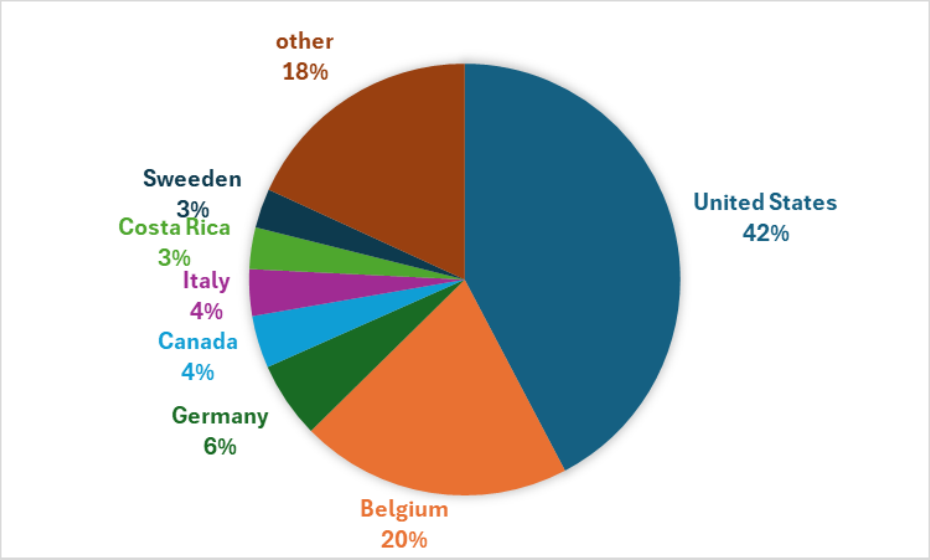
Consumption

FAS/Managua forecasts that per capita coffee consumption in Nicaragua will remain around 1.5 kg in MY 2025/26. A notable market trend, however, is the increasing preference for high-quality roasted coffee, especially among younger consumers. This is reflected in the proliferation of coffee shops in larger Nicaraguan cities, offering a wide array of coffee preparations, from cappuccinos to cold brews. While local roasted coffee purchases have increased, industry sources anticipate little change in overall coffee consumption for MY 2025/26. Factors such as significant outbound migration, rising basic food costs, and persistent economic headwinds are expected to counteract any substantial consumption growth.

Stocks
Industry sources estimate typical year-end coffee stocks for exporters at 120,000-140,000 60-kg bags, roughly the volume of final-quarter exports before the new crop. However, the previously mentioned regional logistical challenges are likely to increase inventory stocks.

Trade
FAS/Managua estimates Nicaraguan coffee exports to reach 2.42 million 60-kg bags in MY 2025/26, anticipating coffee production to remain at historic levels. The United States was the largest market for Nicaraguan coffee in 2023, accounting for approximately half of all Nicaraguan coffee exports. The majority of Nicaraguan coffee exports to the United States are high-quality arabica beans, which are in high demand among specialty coffee roasters and cafés. The European Union is the second largest market for Nicaragua, accounting for approximately 30 percent of all Nicaraguan coffee exports. European coffee buyers are particularly interested in organic and fair-trade coffees, which are in high demand among consumers.

Figure 2. Top Export Markets in MY 2023/24



Source: Nicaraguan Central Bank.

FAS/Managua expects Nicaraguan coffee exports to recover to 2.41 million 60-kg bags in MY 2024/25, on a larger crop size, after a 15 percent drop in coffee exports in MY 2023/24 due to weather conditions.

According to industry contacts, the coffee market in 2025 is facing a complex situation with market uncertainty, pressures from high prices, and supply chain issues such as unfavorable weather in key coffee producing countries like Brazil and Vietnam which has crimped supplies, contributing to the price surge. This is likely to lead to increased costs for businesses and potentially higher prices for consumers.

Table 1. MY 2023/24 Nicaraguan Coffee Exports (in 60-kg bags)

Country	2021/22	2022/23	2023/24
United States	1,154,133	1,113,500	850,266
Belgium	320,233	280,180	427,268
Germany	110,733	101,075	116,693
Costa Rica	143,783	117,210	78,093
Italy	139,483	98,275	72,767
Canada	84,350	73,393	78,167
Sweden	73,533	55,260	58,867
Mexico	84,667	10,218	4,467
Others	546,978	572,764	385,990
Total	**2,657,893**	**2,421,876**	**2,072,578**

Source: Nicaraguan Central Bank (BCN)

Table 2. Production, Supply and Distribution:

Coffee, Green	2023/2024		2024/2025		2025/2026	
Market Year Begins	Oct 2023		Oct 2024		Oct 2025	
Nicaragua	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	143	0	143	0	143
Area Harvested (1000 HA)	0	140	0	141	0	141
Bearing Trees (MILLION TREES)	0	0	0	0	0	0
Non-Bearing Trees (MILLION TREES)	0	0	0	0	0	0
Total Tree Population (MILLION TREES)	0	0	0	0	0	0
Beginning Stocks (1000 60 KG BAGS)	25	25	25	140	0	130
Arabica Production (1000 60 KG BAGS)	2200	2187	2525	2400	0	2420
Robusta Production (1000 60 KG BAGS)	160	160	160	160	0	160
Other Production (1000 60 KG BAGS)	0	0	0	0	0	0
Total Production (1000 60 KG BAGS)	2360	2347	2685	2560	0	2580
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)	25	0	25	0	0	0
Total Imports (1000 60 KG BAGS)	25	0	25	0	0	0
Total Supply (1000 60 KG BAGS)	2410	2372	2735	2700	0	2710
Bean Exports (1000 60 KG BAGS)	2175	2072	2500	2410	0	2420
Rst-Grnd Exp. (1000 60 KG BAGS)	5	0	5	0	0	0
Soluble Exports (1000 60 KG BAGS)	50	0	50	0	0	0
Total Exports (1000 60 KG BAGS)	2230	2072	2555	2410	0	2420
Rst,Ground Dom. Consum (1000 60 KG BAGS)	75	100	75	100	0	100
Soluble Dom. Cons. (1000 60 KG BAGS)	80	60	80	60	0	60
Domestic Consumption (1000 60 KG BAGS)	155	160	155	160	0	160
Ending Stocks (1000 60 KG BAGS)	25	140	25	130	0	130
Total Distribution (1000 60 KG BAGS)	2410	2372	2735	2700	0	2710

Attachments:

No Attachments