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## **Report Name:** Coffee Annual

**Country:** Mexico

**Post:** Mexico City

**Report Category:** Coffee

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### **Report Highlights:**

Mexico's coffee production for marketing year 2024/25 is forecast at 3.89 million 60-kilogram bags. This represents a slight increase from previous years, driven by incentives to plant due to favorable coffee prices and ongoing efforts to improve coffee varieties. Roasted coffee consumption within Mexico is also expected to see a modest but sustained increase, reaching 1.3 million 60-kilogram bags in 2024/25. The United States continues to be the primary market for Mexican coffee, importing green, roasted, and soluble coffee beans from Mexico.

### **Production**

Mexico's coffee production for marketing year 2024/25 (October – September) is forecast to reach 3.89 million 60-kilogram bags. This change represents a slight increase from the previous year. An anticipated rise in international coffee prices is expected to benefit producers. With higher revenue, producers can invest in better agricultural practices, such as removing excess berries from the trees and surrounding soil to reduce the risk of pests and diseases.

According to the International Coffee Organization (ICO), global coffee prices reached a 13-year high in April 2024. However, high prices will likely be offset by increasing production costs, including for inputs and labor. These offsets limit the potential for a more significant production increase.

The forecast for marketing year 2023/24 has been revised upward to 3.8 million 60-kilogram bags, and the estimate for 2022/23 has been increased to 3.5 million bags based on official data from the Secretariat of Agriculture and Rural Development (SADER).

While production is expected to inch upwards, Mexican coffee producers still face challenges:

- **Limited Coffee Farm Renovation:** Coffee farm renovation processes have slowed due to minimal government support. Producers must rely on their own resources, or assistance from cooperatives or the private sector, to make these improvements. While large companies like Nestle, along with other small and medium-sized coffee businesses, are providing some support programs, including extension services and financing, these programs only reach a small portion of producers.
- **Labor Shortages and Rising Costs:** Many coffee producers, particularly in the southern border states, are struggling to find field workers. Government policies have significantly reduced the number of migrant workers (primarily from Guatemala) available. Additionally, other sectors, such as tourism, are offering more competitive wages, further driving up labor costs for coffee producers.

Mexico is a global leader in both shade-grown and organic coffee. Coffee farming significantly impacts smallholder livelihoods, with 90 percent of coffee growers operating small-scale farms averaging 2.9 hectares, followed by growers with even smaller plots (median 2 hectares). These smaller farms tend to be run by younger producers and a higher proportion of women.

A 2024 study on coffee production<sup>1</sup> costs in Mexico found that the average producer is 54 years old. Women make up 22 percent of producers, with 41 percent living with a partner. The average coffee farm household has three to four members, and roughly 75 percent of those over 15 years old contribute to the farm work. In terms of education, 38 percent of producers have completed middle school, with women and younger generations showing higher education levels. Despite this positive trend, the average producer still boasts over 24 years of experience in coffee cultivation.

Mexico's shade-grown coffee production relies heavily on cooperatives. These cooperatives serve as a vital support system for producers, offering technical assistance, financing, and a guaranteed market for their beans. The cooperatives handle the processing, commercialization, and final sale of the coffee.

On April 12, Mexican Government ratify the International Coffee Agreement (2022 ICA), with a [Decree](#) in the Official Gazette. The aim of the agreement is to help stabilize coffee prices, improve the standard of living for producers, and promote sustainable production across the supply chain. The ICA has been amended several times to accommodate the fluctuating cost of living and innovations in sustainability. Updated for the first time in 15 years, the 2022 ICA could represent a pivotal opportunity to increase private sector participation in creating a more sustainable supply chain. Its goal is to stabilize coffee prices by initiating dialogue between producers and consumers. The controlling body behind the agreement is the International Coffee Organization ([ICO](#)). To achieve its goal, the agreement has

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<sup>1</sup> Study of coffee production costs in Mexico: Main findings and recommendations. ICO CPPTF Technical Workstream on Market Transparency. 2024

established a system of export quotas and import tariffs, as well as funding research and development projects. The agreement also aims to improve the livelihoods of coffee farmers by providing them with access to financial and technical assistance, and sufficient training. In turn, this encourages sustainable farming practices, fair trade, and transparency along the supply chain.

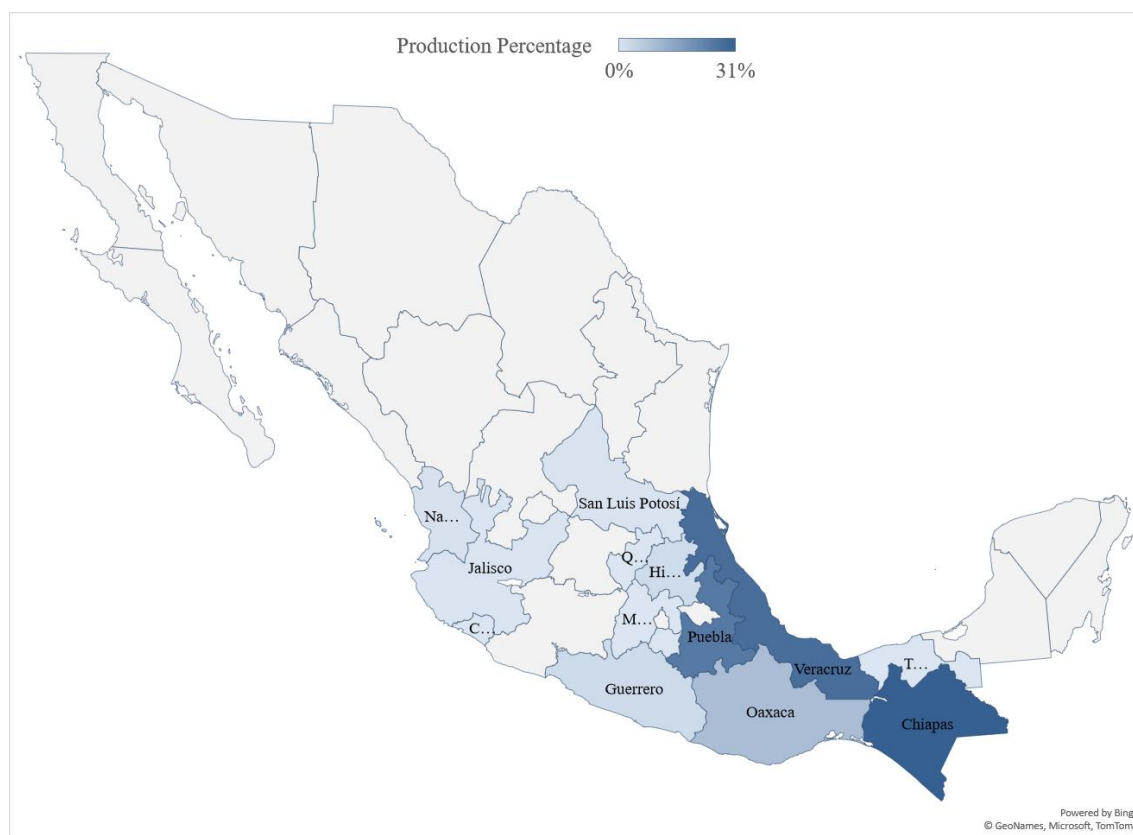
### Crop Area

Mexico’s coffee area for marketing year 2024/25 is forecast at 700,00 hectares planted and 660,000 hectares harvested. Both the private sector and the Government of Mexico (through the *Sembrando Vida* program – see Policy section) are actively replanting existing coffee areas with disease-resistant trees, planted at higher densities, to boost production.

Planted area density varies by state, with Chiapas averaging 3,034 plants per hectare, Veracruz at 2,450, Puebla at 2,026, and Oaxaca at 1,824. Within these regions, 17 percent of the coffee plants are up to two years old, while the remaining 77 percent are two years and older, and at peak production.

Shade-grown arabica coffee dominates Mexican production, with cultivation spread across 14 states in southern and central Mexico. Chiapas is the leading producer, contributing 31 percent of the nation's total. Veracruz and Puebla follow closely behind at 27.8 percent and 25 percent respectively. (Figure 1).

**Fig. 1. Production by State**



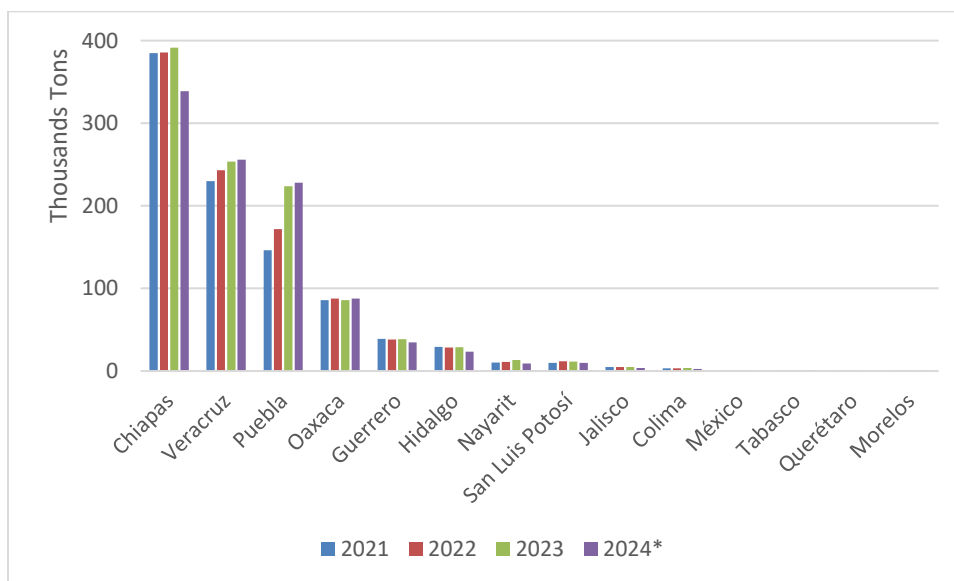
Source: Agri-Food and Fisheries Information Service (SIAP)

SADER reports that approximately 35 percent of Mexico’s coffee production is high-quality, high-altitude arabica coffee grown at 900 meters or higher above sea level. Another 43.5 percent grows between 600 and 900 meters above sea level. New coffee areas are predominantly planted with pest-resistant varieties or specialty varieties including Oro Azteca, Catimores, Sarchimor, Borbon, and Marsellesa. However, criollos varieties such as Typica and Caturra are still in production as well.

Mexico’s robusta coffee production makes up 13-15 percent of the national output. This variety thrives in lower-altitude regions of Oaxaca, Veracruz, and Puebla, with Chiapas being the leading producer. Robusta’s appeal lies in its adaptability. It flourishes at lower elevations, tolerates full sun exposure, and requires less maintenance than Arabica. This makes it a practical choice for some Mexican coffee growers. However, Veracruz presents a unique case. Unlike other major coffee-producing states, Veracruz primarily sells its Robusta coffee as “cascara,” unroasted coffee cherries. Since further processing and roasting happen elsewhere, this limits the availability of specialty coffee from this state.

Puebla is the state that shows the highest rate of growth in coffee production in recent years as seen in Figure 2. This relatively rapid growth reflects state subsidies as well as growing demand in Puebla and Mexico City.

**Fig. 2. MY Cherry Coffee Production**



Source: SIAP through March 2024

## Yield

Coffee yields vary according to field management, weather, altitude, and variety. Post forecasts a national yield for MY 2024/25 at 5.1 60 kg/bags/ha. Chiapas and Veracruz are the most prominent coffee producers, having the largest areas dedicated to coffee cultivation. Chiapas is a hub for

cooperative farming, with over 400 cooperatives and 178,000 producers. Ninety-five percent of these producers are small-scale, operating farms under 3 hectares. Veracruz, on the other hand, is distinguished by its diverse coffee-producing regions. Ten distinct regions contribute to Veracruz's production, spread across the north (Huayacocotla and Papantla), central zone (Atzalan, Misantla, Coatepec, Huatusco, Córdoba, and Zongolica), and south (Tezonapa and Los Tuxtlas).

Puebla has emerged as a frontrunner in coffee production due to its ongoing efforts to recover growing areas and increase the density of pest-resistant plants. Veracruz also demonstrates strong fertilization practices. These combined efforts have positioned these two states as the national leaders in coffee yield, as detailed in Table 1.

Several factors contribute to Puebla and Veracruz's high coffee yields. Firstly, these states have a higher concentration of medium and large-scale producers with relatively more resources to invest in boosting production. Secondly, these regions benefit from superior infrastructure, including highways and ports, which facilitate easier connections to markets compared to other states.

While Oaxaca ranks third in terms of planted area, most coffee producers here are small-scale farmers with limited investment opportunities. Additionally, a lack of readily available infrastructure makes it challenging for them to sell their product efficiently. Despite these hurdles, Oaxaca has significant growth potential with targeted support and infrastructure development.

**Table 1. Post Forecast by State MY 2024/25**

	Area Harvested (Ha)	Yield 60 kg/bags/ha	Production
Chiapas	241,000	6.2	1,494,200
Veracruz	138,000	7.3	1,007,400
Puebla	70,000	10.1	707,000
Oaxaca	120,000	3.0	360,000
Guerrero	30,000	3.6	108,000
Hidalgo	22,000	4.4	96,800
Nayarit	16,000	2.6	41,600
S Luis Potosí	15,000	3.2	48,000
Jalisco	3,500	5.2	15,600
Colima	2,750	4.6	12,880
México	531	4.1	1,894
Tabasco	358	4.5	1,608
Querétaro	199	2.1	378
Morelos	24	5.4	129
Total	658,862	5.03	3,895,646

## Phytosanitary Issues and Measures

Coffee production in Mexico faces two main threats: the coffee berry borer (CBB) and coffee rust. The coffee berry borer burrows into coffee cherries, causing significant losses in both quantity and quality of coffee beans. Recent efforts by the National Service of Health, Food Safety, and Food Quality (SENASICA) have significantly reduced CBB presence, with infestation rates currently below 2 percent. Coffee rust, caused by the fungus *Hemileia vastatrix*, attacks leaves and can lead to defoliation, stunted fruit development, and even death of the plants. The impact of coffee rust has diminished, particularly in areas where farmers have switched to rust-resistant coffee varieties.

While successfully managing coffee's native pests, Mexico has also been vigilant against a new threat: the Khapra beetle. This highly destructive beetle targets grains and seeds. Fortunately, SENASICA's rigorous inspections at ports have been effective. In 2023, they intercepted five specimens of the Khapra beetle in shipments from various countries:

- **January 25, 2023:** The first case was discovered in a shipment of 23 tons of coffee beans from Uganda arriving at the port of Veracruz.
- **February 28, 2023:** Another interception occurred in a shipment of 22.5 tons of food preparation of Canadian origin, also arriving at Veracruz.
- **March 23, 2023:** A shipment of 23 tons of rice from Uruguay was found to contain Khapra beetle at the port of Veracruz.
- **April 25, 2023:** An inspection at Veracruz identified the beetle in 19.1 tons of Nicaraguan coffee beans.
- **May 10, 2023:** The last case was detected in 25.8 tons of shelled peanuts from China, arriving at the port of Manzanillo, Colima.

Beyond port inspections, SENASICA actively implements preventative measures, strategically placing Khapra beetle traps throughout the country to monitor for potential outbreaks. These combined efforts demonstrate Mexico's commitment to protecting its valuable coffee industry.

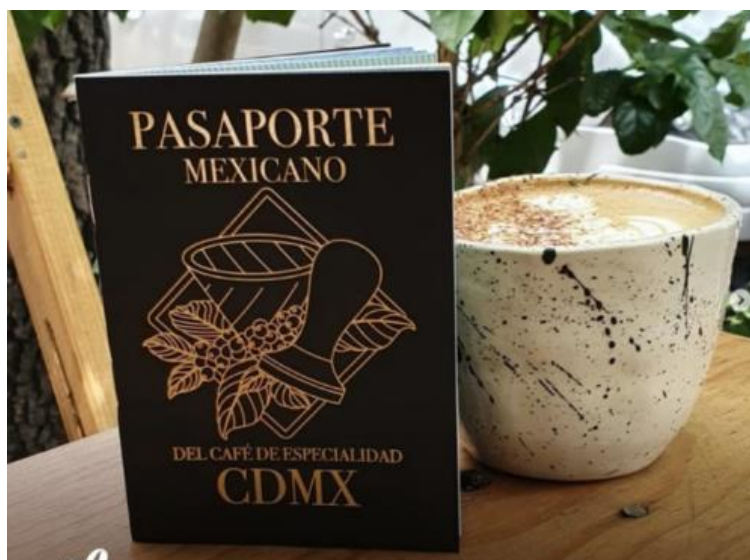
## Consumption:

Mexicans on average consume between 1.3 kg and 1.7 kg per person of coffee annually. Soluble coffee dominates the market, accounting for roughly 60 percent of consumption, followed by ground coffee. Post forecasts a moderate increase in coffee consumption for marketing year 2024/25, reaching 3.1 million 60-kilogram bags. However, this growth may be tempered by Mexico's ongoing food inflation, which currently stands at 7.35 percent, according to the National Institute of Statistics and Geography ([INEGI](#)).

Industry contacts in the roasting sector point to a rising interest in high-quality, single-origin coffee, particularly in urban areas with higher-income consumers. This presents an opportunity for expanding specialty coffee consumption nationwide. Obstacles remain, however, including regulations focused solely on the processing methods (organic or other certifications) rather than the final product's quality. This lack of quality standards can be a barrier to consumer trust and market growth. Capsule coffee has gained popularity in recent years, with Nespresso readily available in major cities. However, an expected cost increase for capsule coffee systems and pods could limit its future consumption.

Post has revised upward its consumption estimates for the previous two marketing years. For MY 2023/24, consumption is estimated at 3.1 million 60-kilogram bags, and for MY 2021/22, 3 million bags. This upward trend aligns with the increasing number of cafes and coffee bars in urban and tourist areas.

Efforts are underway to strengthen the coffee sector and foster a culture of specialty coffee consumption across Mexico. In Mexico City, for instance, coffee shops and cafes collaborate to offer a “coffee passport” program. This program allows consumers to embark on a coffee journey, visiting recommended cafes throughout the city. Similar initiatives are being implemented in other major cities. These efforts aim to immerse consumers in the world of coffee production and appreciation, ultimately driving demand for high-quality coffee across the country.



A “coffee passport” to encourage specialty coffee consumption

## Trade

Post forecasts Mexico’s coffee exports for marketing year 2024/25 at 2.7 million 60-kilogram bags. The United States remains the top destination for Mexican coffee, encompassing green, roasted, and soluble varieties. Coffee exports for MY 2023/24 are revised downward to 2.6 million bags based on Trade Data Monitor data.

Coffee imports for MY 2024/25 are forecast to increase 4 percent compared to the previous marketing year to 1.9 million 60-kilogram bags. Imports for MY 2023/24 are estimated at 1.86 million 60-kilogram bags.

The Secretariat of Economy administers the Sectorial Production Program (PROSEC), which allows duty-free import of certain products for further processing in country. Coffee products under specific Harmonized System (HS) codes qualify for this program, including:

- 0901.12 (Not Roasted, Decaffeinated)



- 0901.21 (Roasted, Not Decaffeinated)
- 0901.22 (Roasted, Decaffeinated)
- 2101.11.99 (Instant coffee without essences)

All coffee imported under PROSEC, whether whole bean, roasted, or soluble, is classified under HS code 9802.0022 ("Import of goods via special operations of the Industry of Coffee"), obscuring the type of coffee being imported. PROSEC is currently in effect until September 30, 2024 (as outlined in Mexico Coffee Import Programs [MX2021-0016](#)), and primarily serves to meet demand for robusta coffee sourced mainly from Brazil and Vietnam.

On April 22, 2024, modifications to the [Rate of the Law of General Import and Export Taxes](#) increased the import tariff on coffee capsules (HS codes 0901.21.99, 0901.22.99, and 0901.90.99) from zero to 20 percent. This will likely translate to higher consumer prices. The Government of Mexico indicated that the tariff increase is aimed at supporting domestic coffee production and diversifying coffee sources.

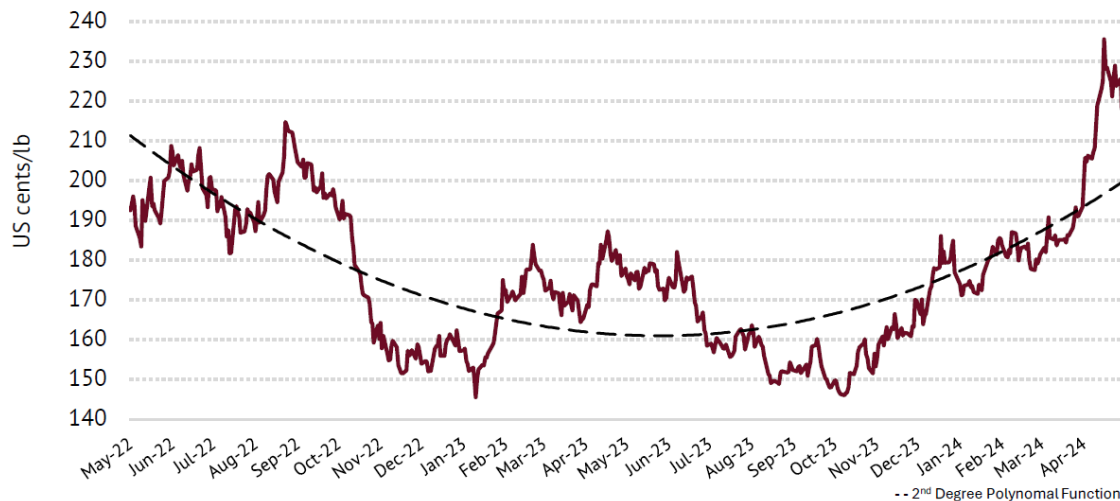
### Stocks

Post forecasts MY 2024/25 ending stocks at 14,000 60 kg/bags. Estimated MY 2023/24 stocks are revised downward to 29,000 60 kg/bags, and MY 2021/22 to 59,000 60 kg/bags, due to lower than previously estimated production.

### Prices

After fall below USD 1.50 per pound in 2022 and 2023, international coffee prices have risen in 2024. ICO data indicate that the Composite Indicator Price (I-CIP) rose to USD 2.18 per pound in May 2024.

**Fig. 3.** ICO Composite Indicator Price



Source: ICO Market Report April 2024



## Policy

While Mexico's coffee production is expected to increase slightly in 2024/25, the industry faces ongoing challenges. One concern is the limited impact of the Production for Wellbeing Program, which provided coffee producers with 7,300 pesos (U.S. \$429) per producer in 2024. Despite providing this financial assistance to small and medium producers, the program does not provide crucial elements like financing, technical support, and marketing assistance. More comprehensive support is needed to promote coffee farm renovation.

The *Sembrando Vida* Program encourages the practice of interplanting coffee with other crops like citrus and corn for personal consumption. However, this program has faced criticism for inconsistent resource allocation, poor seed selection (unsuited to the land), and lack of technical assistance and management frameworks. Despite claims of planting 100 million coffee plants since 2019, producer associations have raised concerns about the program. The program subsidies of 6,200 pesos (USD 364) per month do at time surpass potential coffee profits at market prices, incentivizing participation in coffee production.

## Mexico Coffee Production, Supply and Distribution

Coffee, Green	2022/2023		2023/2024		2024/2025	
	Oct 2022		Oct 2023		Oct 2024	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Planted</b> (1000 HA)	0	0	0	0	0	0
<b>Area Harvested</b> (1000 HA)	687	0	666	0	0	0
<b>Bearing Trees</b> (MILLION TREES)	0	0	0	0	0	0
<b>Non-Bearing Trees</b> (MILLION TREES)	0	0	0	0	0	0
<b>Total Tree Population</b> (MILLION TREES)	0	0	0	0	0	0
<b>Beginning Stocks</b> (1000 60 KG BAGS)	99	99	96	59	0	29
<b>Arabica Production</b> (1000 60 KG BAGS)	3000	3000	3545	3316	0	3350
<b>Robusta Production</b> (1000 60 KG BAGS)	545	545	545	545	0	545
<b>Other Production</b> (1000 60 KG BAGS)	0	0	0	0	0	0

<b>Total Production</b> (1000 60 KG BAGS)	3545	3545	4090	3861	0	3895
<b>Bean Imports</b> (1000 60 KG BAGS)	1682	1723	1700	1569	0	1650
<b>Roast &amp; Ground Imports</b> (1000 60 KG BAGS)	80	38	50	50	0	40
<b>Soluble Imports</b> (1000 60 KG BAGS)	220	274	150	250	0	250
<b>Total Imports</b> (1000 60 KG BAGS)	1982	2035	1900	1869	0	1940
<b>Total Supply</b> (1000 60 KG BAGS)	5626	5679	6086	5789	0	5864
<b>Bean Exports</b> (1000 60 KG BAGS)	1550	1620	2000	1600	0	1650
<b>Rst-Grnd Exp.</b> (1000 60 KG BAGS)	100	120	125	160	0	150
<b>Soluble Exports</b> (1000 60 KG BAGS)	880	880	900	900	0	950
<b>Total Exports</b> (1000 60 KG BAGS)	2530	2620	3025	2660	0	2750
<b>Rst,Ground Dom. Consum</b> (1000 60 KG BAGS)	1250	1250	1235	1300	0	1300
<b>Soluble Dom. Cons.</b> (1000 60 KG BAGS)	1750	1750	1750	1800	0	1800
<b>Domestic Consumption</b> (1000 60 KG BAGS)	3000	3000	2985	3100	0	3100
<b>Ending Stocks</b> (1000 60 KG BAGS)	96	59	76	29	0	14
<b>Total Distribution</b> (1000 60 KG BAGS)	5626	5679	6086	5789	0	5864

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

**Attachments:**

No Attachments