

Required Report: Required - Public Distribution

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Report Name: Coffee Annual

Country: India

Post: New Delhi

Report Category: Coffee

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Report Highlights:

FAS India forecasts marketing year (MY) 2024/25 coffee production (Oct/Sep) at 6 million 60-kilogram bags. Deficit pre-monsoon rains (Mar/May) are expected to negatively impact yields, as fruit setting drops significantly in major growing regions. Farmgate prices of both Arabica and Robusta have risen by 13 percent and 15 percent respectively from last month. Global supply pressures (tight stocks and lower projected output) due to inclement weather is driving Robusta prices sharply higher and supporting arabica coffee prices as well. Post forecasts export demand to remain firm at 6.3 million 60-kilogram bags. Domestic consumption is forecast to rise by two percent to 1.3 million 60-kilogram bags driven by thriving demand for soluble instant coffee.

Coffee, Green Market Year Begins India	2022/2023		2023/2024		2024/2025	
	Oct 2022		Oct 2023		Oct 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	475	480	477	477	-	475
Area Harvested (1000 HA)	433	433	434	434	-	434
Bearing Trees (MILLION TREES)	548	548	550	550	-	549
Non-Bearing Trees (MILLION TREES)	97	97	95	95	-	96
Total Tree Population (MILLION TREES)	645	645	645	645	-	645
Beginning Stocks (1000 60 KG BAGS)	168	168	179	139	-	263
Arabica Production (1000 60 KG BAGS)	1,667	1,667	1,420	1,480	-	1,420
Robusta Production (1000 60 KG BAGS)	4,200	4,200	4,530	4,580	-	4,550
Other Production (1000 60 KG BAGS)	-	-	-	-	-	-
Total Production (1000 60 KG BAGS)	5,867	5,867	5,950	6,060	-	5,970
Bean Imports (1000 60 KG BAGS)	1,630	1,701	1,500	1,650	-	1,620
Roast & Ground Imports (1000 60 KG BAGS)	10	9	20	20	-	10
Soluble Imports (1000 60 KG BAGS)	50	53	30	30	-	50
Total Imports (1000 60 KG BAGS)	1,690	1,763	1,550	1,700	-	1,680
Total Supply (1000 60 KG BAGS)	7,725	7,798	7,679	7,899	-	7,913
Bean Exports (1000 60 KG BAGS)	4,000	3,924	4,250	4,250	-	4,200
Rst-Grnd Exp. (1000 60 KG BAGS)	6	7	6	6	-	8
Soluble Exports (1000 60 KG BAGS)	2,300	2,488	2,080	2,080	-	2,130
Total Exports (1000 60 KG BAGS)	6,306	6,419	6,336	6,336	-	6,338
Rst,Ground Dom. Consum (1000 60 KG BAGS)	360	360	380	400	-	400
Soluble Dom. Cons. (1000 60 KG BAGS)	880	880	890	900	-	920
Domestic Consumption (1000 60 KG BAGS)	1,240	1,240	1,270	1,300	-	1,320
Ending Stocks (1000 60 KG BAGS)	179	139	73	263	-	255
Total Distribution (1000 60 KG BAGS)	7,725	7,798	7,679	7,899	-	7,913
(1000 HA), (MILLION TREES), (1000 60 KG BAGS)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Area

Post forecasts marketing year (MY) 2024/25 planted area at 475,000 hectares, with harvested/bearing area of 434,000 hectares. Post forecasts Robusta harvested/bearing area to increase by one percent, with yields expected down two percent to 1,230 kilograms per hectare due to poor pre-monsoon rains and dry weather. However, Robusta crop yields remain well above the three-year and five-year average. Arabica bearing area is expected to down one percent, with yields down three percent to 402 kilograms per hectare, despite the crop entering its 'on-year' of the biennial production cycle.

Production

Post forecasts marketing year (MY) 2024/25 coffee production (Oct/Sep) at 6 million 60-kilogram bags. Arabica production is estimated at 1.4 million 60- kilogram bags (85,200 metric tons or MT) while Robusta is estimated at 4.6 million 60- kilogram bags (273,000 MT). Lower yields for both Arabica

(three percent) and Robusta (two percent) crops are expected due to lack of adequate moisture after deficit pre-monsoon rains after excess rains from January through February. Robusta is the most popular coffee type and accounts for over 70 percent of India’s coffee crop. Arabica harvest takes place from November to January, and Robusta harvest is December to February. February and March rains are crucial for determining the crop yield.

According to the Indian Meteorological Department (IMD), the major coffee growing regions in south Karnataka received excess rains between January and February (refer table 2), which were followed by drier conditions (44 percent deficit rains) during pre-monsoon rains (blossom showers) that provided limited moisture. With the severity of high temperatures and absence of blossom showers, coffee output and yield during the next crop year is likely to be negatively affected. The blossom showers and backing rains are the most critical aspects that govern flowering and productivity in coffee.

According to the reservoir storage bulletin ([April 25, 2024](#)) published by the Central Water Commission, live storage of Karnataka reservoirs is at 18 percent of total capacity, well below the storage for the corresponding period last year (25 percent) and the ten-year average (23 percent). The government has issued advisories to conserve soil moisture by applying mulching in the basins of pepper vine with dry leaves. Growers have been advised to sun dry the harvested coffee to its standard moisture content, and store in a well-ventilated dry place. Post harvesting it is advised to collect coffee berries completely from the plant and fallen berries from the ground to avoid berry borer incidence.

Table 1. Rainfall Statistics for Coffee Growing Regions in Karnataka and Kerala

State/District	Winter (Jan-Feb) 2024			Pre-Monsoon (Mar-May) 2024*		
	Actual (in mm)	Normal (in mm)	Departure from Normal	Actual (in mm)	Normal (in mm)	Departure from Normal
Karnataka						
Chikamagalur	23.5	5.7	311%	55.7	55.8	0%
Kodagu	19.5	10.1	93%	16.2	82.0	-80%
Hassan	36.7	5.8	533%	21.2	51.9	-59%
State Total	8.5	4.9	73%	18.2	32.3	-44%
Kerala						
Wayanad	43.1	11	292%	37.0	78.8	-53%
Travancore	93.1	26.7	249%	28.0	153.6	-82%
Nelliampathies	35.4	11.2	216%	15.7	80.1	-80%
State Total	59.4	21.1	182%	44.0	107.5	-59%

*Rainfall data up to April 22 Indian Meteorological Department, Government of India

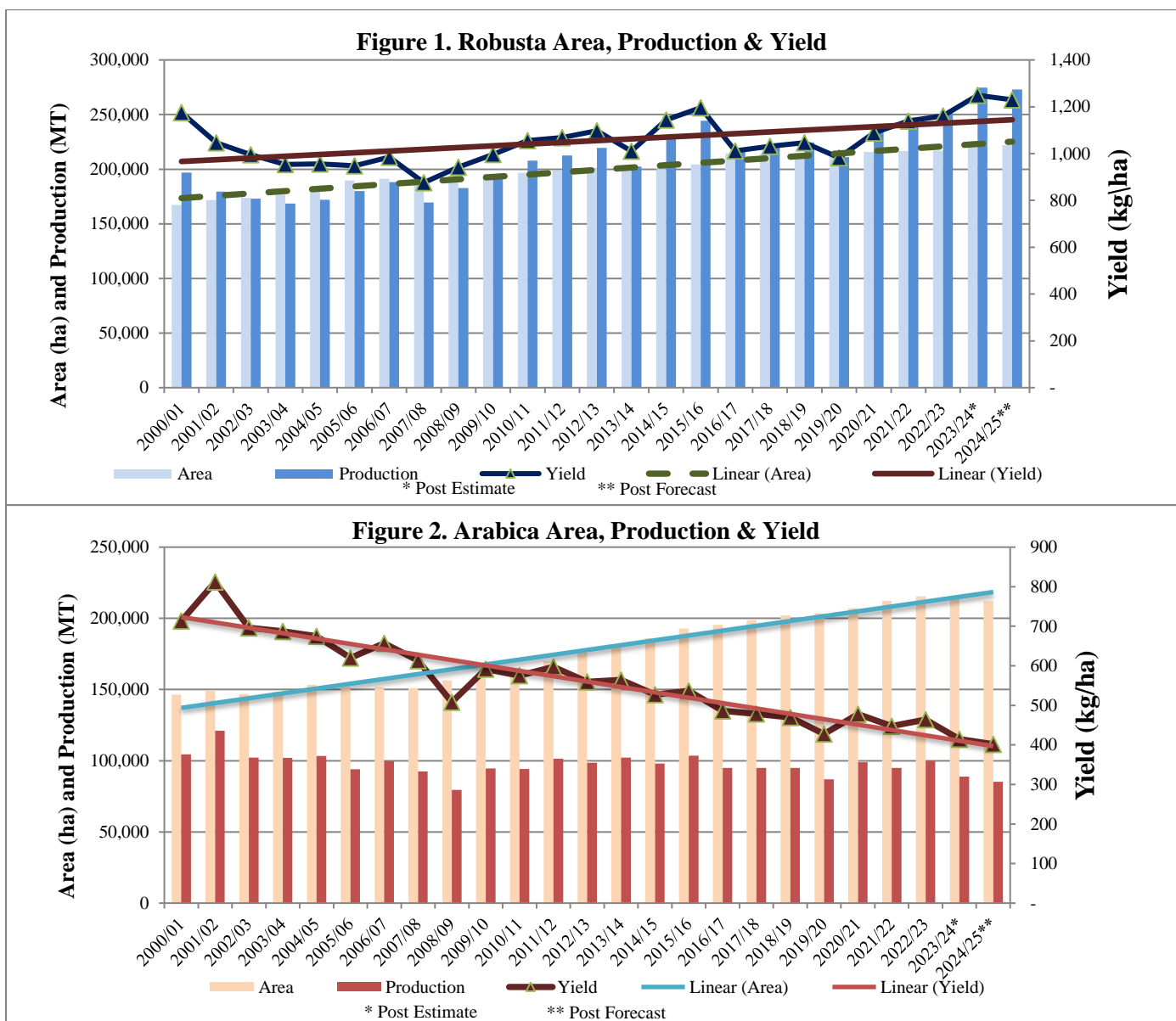
Yield

Post forecasts MY 2024/25 Arabica yields down three percent to 402 kilogram per hectare, with Robusta yields down two percent at 1,230 kilograms per hectare. Arabica yields continue to witness a downward trend as they are more sensitive to temperature increases and pest infestation issues. As a result, there has been a shift from Arabica to Robusta planting due to the susceptibility of the Arabica crop to white

stem borer pest and leaf rust and Robusta's resistance to disease, and high temperature and variable rainfall tolerance.

Inputs

Indian coffee is a highly labor-intensive crop due to multiple pickings/harvesting, pruning, drying, cleaning, and packing requirements. The hilly terrain of India's growing regions limits the ability of plantation owners to adopt mechanization options. The crop requires on an average 400-man days per hectare per year for Arabica crop and 300-man days per hectare per year for Robusta. Consequently, labor costs constitute about 60 percent of the total cost of production. The rising costs of labor due to limited availability are prompting growers to reduce the number of berry pickings to one round instead of two or three and circumvent certain maintenance and drying operations. Trade sources indicate that estates are increasingly dependent on seasonal migrant labor primarily from Northeastern states.



Source: Coffee Board of India (Database – July 2023)

Approximately 80 percent of Arabica and 20 percent of Robusta coffees are wet processed (parchment coffee), and the remaining volumes are dry processed (cherry coffee). Wet processing of coffee consumes relatively large amounts of water at various processing stages when conventional pulper and washers are used, resulting in the generation of large amounts of effluent.

Consumption

Post forecasts MY 2024/25 domestic coffee consumption two percent higher at 1.3 million 60-kilogram bags (79,200 MT). This rise in demand is driven by sales of soluble coffee for at-home consumption through e-commerce and retail channels. Post expects that household consumption of soluble coffee will constitute a much larger share (70 percent) of domestic consumption during the next year.

Exports

Post forecasts MY 2024/25 exports at 6.3 million 60-kilogram bags (380,300 MT). Post anticipates export demand to remain firm in MY 2024/25 especially for Indian robustas, however trade sources indicate that current prices are limiting international buyers from placing larger orders. Indian farmgate coffee prices are trading at decade high rates driven by a global surge in international coffee prices due to global supply issues. According to Coffee Board of India data, green bean prices for Arabica parchment and Robusta cherry have increased by 45 and 66 percent, respectively, since the beginning of Indian marketing year in October 2023. Both varieties are trading well above International Coffee Organization (ICO) indicator prices. Both increases are largely a function of a projected crop shortage.

During the first four months (Oct 2023-Jan 2024) of MY 2023/24, coffee exports fell four percent by value and seven percent in volume compared to the same period last year (refer table 5). Many exporters faced shipment issues in November/December due to the attacks against vessels in the Red Sea leading to significant increase in transit times (from 25–30-days to 40-45 days) and ocean shipping rates. While freight rates have normalized, international buyers are looking at securing their supply chains by sourcing coffee from regions not impacted by the crisis. Italy remains the major export destination for Indian coffee followed by Germany, Belgium, and Russia. Export market share of Italy (primarily green beans) increased by 25 percent during the first four months period of the marketing year. Other notable market share increase was in shipments to Germany (11 percent) and United Arab Emirates (25 percent). According to preliminary [data published](#) by the Ministry of Commerce, while coffee exports have reduced by volume, the exports in March 2024 were 40 percent higher by value as compared to same period last year. Similarly, cumulative (April 2023 to March 2024) coffee exports were twelve percent higher as compared to similar period last year.

Imports

Post forecasts MY 2024/25 imports at 1.7 million 60-kilogram bags (100,800 MT).. With several large Indian processors setting up and adding capacity in Vietnam, imports for green beans for processing and re-exports will be lower. Imports of raw coffee green beans in the first four months (Oct 2023-Jan 2024) of MY 2023/24 (Oct/Sep) have fallen by 29 percent from the same period a year ago (refer table 6).

Trade sources indicate that the instant coffee plants are operating at 90 percent capacity, primarily due to higher revenues and optimization in plantation operations. Post forecasts soluble coffee exports to increase by two percent as the demand for instant coffee is expected to grow in the long-term. Most imports are green beans (93 percent share) for processing and re-exports.

Stocks

Post forecasts MY 2024/2025 carryover stocks at 263,000 60-kilogram bags (15,800 metric tons), on firm domestic and export demand. There are no government-held stocks, they are privately held by either growers or traders. Trade sources indicate that current high prices have led to limited stocks of unsold Robusta on the market. Processors have augmented the supplies through imports. MY 2023/24 opening stocks were one of the lowest on record, driven largely by strong exports after major exporting countries faced supply issues. Trade sources indicate that farmers are holding stocks in anticipation of prices rising higher in the coming season.

Table 3. Exports by Quantity (in 60-Kilogram Bags Green Bean Equivalent)

Destination	2021/22	2022/23	Year To Date (Oct 22/ Jan 23)	Year To Date (Oct 23/ Jan 24)	Year to Date Change (%)
Italy	1,212,816	865,721	180,711	225,344	25%
Germany	763,147	591,686	119,021	130,418	10%
Belgium	521,510	354,354	96,045	73,421	-24%
Russia	509,953	578,059	238,206	103,852	-56%
Turkey	327,276	316,043	98,259	73,366	-25%
Jordan	312,521	234,519	49,534	30,775	-38%
United Arab Emirates	258,050	311,180	92,040	123,169	34%
Poland	237,373	317,002	113,534	67,108	-41%
United States	220,254	189,272	47,490	52,879	11%
Indonesia	167,460	83,839	79,835	18,564	-77%
Tunisia	162,736	15,349	3,311	7,302	121%
Malaysia	158,432	196,039	46,619	73,001	57%
Libya	141,955	210,690	59,568	65,106	9%
Greece	126,578	103,155	30,474	24,943	-18%
Others	2,138,315	2,052,853	519,029	586,643	13%
TOTAL	7,258,376	6,419,761	1,773,676	1,655,891	-7%

Table 2. Coffee* Imports by Quantity (in 60-Kilogram Bags Green Bean Equivalent)

Destination	2021/22	2022/23	Year To Date (Oct 22/ Jan 23)	Year To Date (Oct 23/ Jan 24)	Year to Date Change (%)
Indonesia	1,688,233	1,762,608	303,873	128,051	-58%
Vietnam	668,467	589,110	146,990	113,965	-22%
Kenya	467,497	518,565	90,578	144,299	59%
Uganda	285,178	334,949	90,534	35,104	-61%
Tanzania	146,620	187,753	11,533	13,327	16%
Guinea	13,573	36,891	4,467	999	-78%

Honduras	17,066	19,490	7,951	275	-97%
South Korea	22,403	11,980	3,997	2,633	-34%
United Arab Emirates	7,315	11,713	3,147	3,960	26%
Cote d'Ivoire	16,168	10,156	4,820	-	-100%
Brazil	6,315	4,820	0	31,705	-
Cameroon	6,913	3,588	0	1,550	-
Germany	-	3,100	996	196	-80%
Colombia	5,605	2,916	1,448	971	-33%
Others	1,526	2,756	6,719	3,725	-45%
TOTAL	1,688,233	1,762,608	677,053	480,760	-29%

*HS Code (090111, 090112, 090121, 090122, 210111, 210112) Trade Data Monitor LLC

Attachments:

No Attachments