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Report Highlights:

Costa Rica's marketing year (MY) 2019/2020 coffee production reached 1,472,366 60 kilogram (kg) bags, which is 15.4 percent higher than the previous crop. Although it is still early in the cycle, based on preliminary projections, production is expected to reach 1,500,000 bags in MY 2020/2021

Executive Summary

Costa Rica's coffee production experienced significant change in the latest crop year. After a decline of 15 percent in MY 2018/2019 to 1,276,000 60 kg bags (Note: for the purpose of this report bags refers to 60 kg bags), production rebounded 15.4 percent to 1,472,366 bags in MY 2019/2020, based on preliminary data from the Costa Rican Coffee Institute (ICAFFE). Although it is still early in the new marketing year, production is forecast slightly higher at 1,500,000 bags for MY 2020/2021, based on flowerings in different production areas.

The COVID-19 pandemic did not impact Costa Rica's MY 2019/2020 production because the harvest was for the most part over when the sanitary restrictions were implemented in early March. ICAFFE and the Ministry of Agriculture are now evaluating the sector's labor requirements for the next harvest. Most of Costa Rica's coffee sector workers are Nicaraguan or Panamanian. The immediate concern is the availability of these workers for the harvest in the early ripening areas of Turrialba, Coto Brus, and Pérez Zeledón, which starts in August. Costa Rica's borders are closed until June 15. According to health authorities, reopening of the border will depend on the COVID-19 situation.

Production:

According to ICAFFE, the number of coffee growers in the country has continued to decline. During MY 2018/2019 there were 38,804 growers, as compared to 41,339 in the MY 2017/2018. The number of coffee growers has been on a downward trend for several years. Most of these farmers (about 91.4 percent in MY 2018/2019) are small farmers who sell less than 100 bags of coffee to the mills. On the processing side, the number of coffee mills continues to increase, growing from 259 in MY 2017/2018 to 272 in MY 2018/2019. The coffee harvest is concentrated in the months of November to February. The harvest starts in the lower altitude areas and ends in the higher altitude areas.

ICAFFE updated the area planted information, estimating that there are 93,697 hectares of (ha) planted coffee. The data previously available was from a 2014 agricultural census conducted by the National Institute of Statistics and Census which estimated coffee area of 84,133 ha. ICAFFE is working with farmers to obtain more detailed information related to the coffee farms, such as age of the plantations, area harvested, and other data points. This information is not available yet. The following table breaks down area planted by region:

Coffee Region	Area (ha)
Coto Brus	10,260.5
Los Santos	27,944.3
Perez Zeledón	13,314.8
Turrialba	4,917.2
Central Valley	13,326.6
Occidental Valley	21,992.1
Northern Zone	1,941.9
National Total	93,697.3

Coffee production increased by 15.4 percent during MY 2019/2020 to 1,472,366 bags. The higher production came after a sharp decline the previous crop year. Several factors resulted in higher production. Rainfall in 72 percent of the coffee production areas resulted in a concentrated flowering

and fertilization of the fruits, although the opposite occurred in 28 percent of the coffee regions where the plants surpassed the optimal stress level because of late rains. Also, the behavior of the rains after the flowering period was variable. In regions such as the Occidental Valley and Los Santos a dry period complicated the application of fertilizer and hindered the proper development of the coffee fruits. In other areas, rainfall was more constant and resulted in higher incidence of diseases such as coffee rust, which caused flowering losses, falling of young fruit, and loss of foliage.

The cyclical effect of production was positive in the region of Los Santos, and in other regions production was higher mainly as a result of the better condition of the plantations after very low production during MY 2018/2019. An even stronger rebound in total production did not occur because the production areas in the south of the country were severely affected by the coffee rust during 2017, 2018, and 2019. As a result, many plantations remained damaged and susceptible to the disease.

According to ICAFE, flowering has occurred in all the coffee regions under a fairly normal pattern, starting in the lower altitude areas, where the coffee cherries mature earlier in the year, with average precipitation during the first quarter of the year. These rains resulted in flowerings during those months, which is characteristic of the areas of Turrialba, Coto Brus, and Perez Zeledón. During the months of February, March, and April, there were rains in different regions, although some areas in the Central Valley and the Northern Zone have not completed the flowering process. It is expected that the process will be completed during the rest of May in those areas.

Based on the above as well as the observed conditions of flowerings, foliage conditions, and coffee diseases, the MY 2020/2021 crop is expected to be slightly higher, reaching 1,500,000 bags.

Consumption:

Local consumption has fluctuated during the last few years as the local roasters have taken advantage of international price fluctuations and market opportunities. Costa Rica has a population of five million people and population growth has slowed down to less than one percent per year. According to ICAFE, the COVID-19 pandemic has not affected local coffee consumption so far, as consumption has shifted from restaurants and other institutional outlets to the home market. However, the real impact on consumption remains to be seen in the medium term, as restaurants, cafeterias, hotels, and other outlets have been closed or operating under limited conditions. Also, the tourism sector, with over three million foreign visitors per year, is practically closed at this time, without a clear path to normalization.

Based on information from ICAFE for coffee sales for local consumption, and assuming that most of the imported coffee is consumed in the local market, local consumption for MY 2018/2019 reached 415,000 bags. Consumption is expected to decline to 400,000 bags during MY 2020/2021, due to the effects of COVID-19 on the economy.

Costa Rica started to import coffee about twelve years ago, mostly from other Central American countries (Honduras and Nicaragua), to meet part of its consumption needs. Since 2008, imports have fluctuated widely, responding to market opportunities related to price, availability and logistics. For instance, coffee imports increased by 257 percent during MY 2018/2019 after several years of relative stability. The higher import level resulted from lower production in MY 2018/2019 and from lower prices in the neighboring countries.

Trade:

Export volume declined from 1,254,313 bags in MY 2017/2018 to 1,153,841 bags in MY 2018/2019 as a result of lower production. Exports are forecast to reach 1,250,000 bags during MY 2020/2021. Coffee sold for export during MY 2018/2019 was valued at \$285 million or 6.9 percent lower than the previous marketing year. Although the average price received for the coffee was 3.48 percent higher, the larger decline in export volume resulted in lower revenue.

Costa Rican coffee is generally priced at a premium to the prevailing price at the Inter Continental Exchange in New York. Industry sources suggest that the premium has helped producers stay in business during an extended period of low prices. According to ICAFE, the average sale price of Costa Rican coffee during the last four crop years has remained above \$145 per bag. During MY 2019/2020, Costa Rican coffee has sold at an average of \$155.7 per bag. Local sources note that the quality of the coffee, the environmentally friendly production conditions, the high level of product traceability, and the fair distribution of income generated by the activity, confer this premium to Costa Rica's coffee.

Most of Costa Rica's coffee continues to be exported to the United States (47.7 percent), followed by Belgium (17.5 percent), Germany (6.6 percent), and South Korea (4 percent). The United States has been the main destination for Costa Rica's coffee for several years now, although it has lost market share to other destinations. Exports to the United States declined from 598,845 bags in MY 2017/2018 to 550,255 bags in MY 2018/2019 (-8.1 percent). Belgium continues to be the second largest export market.

ICAFE remains cautious about the potential effects of COVID-19 on coffee demand. However, officials report that some clients have asked exporters to speed up their coffee shipments. The sector has not experienced logistical problems so far and has been able to meet its export commitments.

Costa Rica's exports are almost exclusively raw material, that is, coffee is exported "not roasted or decaffeinated".

Production, Supply and Distribution Statistics:

Coffee, Green	2018/2019	2019/2020	2020/2021
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Market Begin Year Costa Rica	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	84	84	84	94	0	94
Area Harvested	80	80	80	89	0	89
Bearing Trees	340	340	340	385	0	385
Non-Bearing Trees	24	24	24	21	0	21
Total Tree Population	364	364	364	406	0	406
Beginning Stocks	256	256	186	226	0	158
Arabica Production	1300	1276	1375	1472	0	1500
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
Total Production	1300	1276	1375	1472	0	1500
Bean Imports	100	252	70	100	0	120
Roast & Ground Imports	5	5	5	5	0	5
Soluble Imports	25	5	25	5	0	5
Total Imports	130	262	100	110	0	130
Total Supply	1686	1794	1661	1808	0	1788
Bean Exports	1070	1143	1150	1240	0	1250
Rst-Grnd Exp.	10	10	10	10	0	10
Soluble Exports	0	0	0	0	0	0
Total Exports	1080	1153	1160	1250	0	1260
Rst,Ground Dom. Consum	395	410	360	395	0	405
Soluble Dom. Cons.	25	5	25	5	0	5
Domestic Consumption	420	415	385	400	0	410
Ending Stocks	186	226	116	158	0	118
Total Distribution	1686	1794	1661	1808	0	1788
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						

Export Trade Matrix, Coffee, Green

Costa Rica Coffee, Green 60 kg bags	
Time Period	2018/2019
Exports to:	
United States	550,255
Belgium	201,670
Germany	75,865
South Korea	46,500
Italy	33,328
Netherlands	30,080
Others not Listed	216,143
Total	1,153,841

Source: Central Bank of Costa Rica

Attachments:

No Attachments