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Report Highlights:

FAS/San José projects marketing year 2025/2026 coffee production to decline by 10 percent as a result of the effects of the biennial coffee production cycle, after a high production year in 2024/2025. Other persistent challenges such as labor shortages, a relatively strong local currency, and changing weather patterns are also expected to affect production. The U.S. share of Costa Rican coffee exports declined in MY 2023/2024, while exports to the European Union increased.

Executive Summary
FAS/San José projects marketing year (MY) 2025/26 production to decline to 1,170,000 60-kilogram (kg) bags primarily on the expected biennial effect of the coffee production cycle, after a high production year in MY 2024/25. Heavy rains at the end of the year (November and December), when the transition to the dry season begins and rain normally starts to become lighter and stop, have negatively affected the last two crops. Although the Costa Rican National Meteorological Institute (IMN) is forecasting a neutral 2025 in terms of weather conditions, if this pattern continues, it could negatively affect production again.

As in MY 2023/24, the combination of earlier, concentrated fruit ripening, persistent rains during harvest time, and reduced labor availability contributed to a loss of an estimated 150,000 60-kg bags of coffee in MY 2024/25. However, the Costa Rican Coffee Institute (ICAFE) indicates MY 2024/25 production increased 12 percent to 1,298,000 60-kg bags in what could have been an even better production year.

Area
ICAFE recently published updated area planted information based on a 2022 area survey, the latest available data. According to the information, area planted declined by 11.9 percent. FAS/San José projects MY 2025/26 area planted to remain unchanged at approximately 83,000 hectares (ha). The following table breaks down the estimated area planted by region and the corresponding region in the map that follows is listed in parenthesis:

Table 1. Estimated MY 2023/24 Area Planted (hectares)

Coffee Region	Area 2018	Area 2022	Change
Los Santos (Tarrazú)	27,944	28,519	2.1%
Occidental Valley (Valle Occidental)	21,992	18,640	-15.2%
Central Valley (Valle Central and Tres Ríos)	13,327	11,493	-13.8%
Perez Zeledón (Brunca)	13,315	10,617	-20.3%
Coto Brus (Brunca)	10,261	8,810	-14.1%
Turrialba (Turrialba and Orosi)	4,917	3,386	-31.1%
Northern Zone (Guanacaste)	1,942	1,075	-44.6%
National Total	**93,697**	**82,539**	**-11.9%**

Source: Costa Rican Coffee Institute (ICAFE)

The following map shows the 8 coffee production regions of Costa Rica.

Object 1: Map of Costa Rican Growing Regions

Source: Costa Rican Coffee Institute (ICAFE)

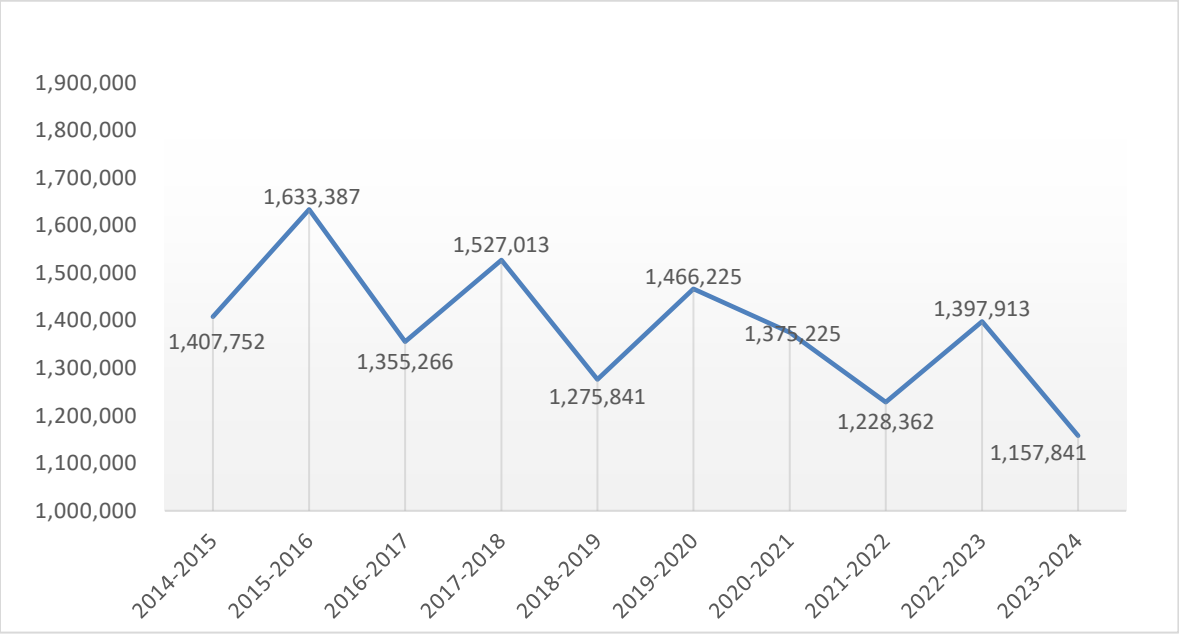
Production

FAS/San José projects MY 2025/26 coffee production at 1,170,000 60-kg bags, roughly 10 percent lower than MY 2024/25, considering that the next crop will correspond to the low crop in the biennial coffee cycle. Also, high indebtedness among producers, the appreciation of the Costa Rican Colón against the U.S. dollar, a smaller price premium for Costa Rican arabica beans in 2025, and changing weather patterns continue to affect growers. Higher international prices are expected to help producers, but according to industry sources, the higher prices are not expected to compensate for years of challenging conditions. According to ICAFE, the greatest concern for the sector is still the relative strength of the Costa Rican Colón. Since most of the Costa Rican coffee is exported, the stronger Colón has reduced revenues to growers by nearly 20 percent since MY 2022/23 (when the exchange rate reached a peak) as international coffee contracts are denominated in U.S. dollars.

The transition to the rainy season has already started in different parts of the country. According to the IMN, the rainy season should be well-established throughout coffee-growing regions by mid-May 2025. Flowering has already begun in some of the growing regions after the first rains in late April. During the last two marketing years, higher rates of precipitation resulted in a higher incidence of coffee rust and other yield-reducing diseases and pest pressures.

FAS/San José also expects MY 2025/26 production to be limited by continued labor supply challenges. According to ICAFE, untimely rains during November and December of 2024 resulted in significant volume of coffee losses due to lack of workers available to harvest the fruit. In contrast to previous years, when Nicaraguan immigrant workers made up most of the coffee labor force, Panamanian workers of the Ngäbe-Buglé tribes now harvest most of the coffee crop. The workers generally move throughout the coffee production regions as the coffee matures at different times depending on the production region. However, weather conditions have caused a higher concentration of ripe coffee at the same time in different regions during recent harvests, exacerbating the problems associated with the lower labor supply.

Chart 1: Green Coffee Production by Marketing Year (60-kg bags)



Source: Costa Rican Coffee Institute (ICAFE)

During MY 2024/2025, production was higher than previously anticipated at 1,298,000 60- kg bags. Abundant rain in February and March resulted in early flowering in most of the production regions, advancing the development and growing stages of the fruit nearly 30 days earlier than the usual pattern. In some areas, the rain continued after flowering, which had a positive effect. However, in areas with a strong dry period such as the western Central Valley, the lack of rain after this initial period increased the stress of the plants to the point of compromising the adequate growth of the fruit.

Most of 2024 was under the influence of the “La Niña” weather phenomenon. However, the distribution and amount of rain before October was favorable in most coffee growing regions, allowing for adequate fertilization and maintenance of the plantations. A relatively dry September promoted crop development and strengthened plantations. However, the higher frequency of rain in October and November, as in the previous marketing year, promoted a higher incidence of diseases such as Anthracnosis and “ojo de gallo” (both are fungal diseases). The late rains in late November and December also caused fruits to fall

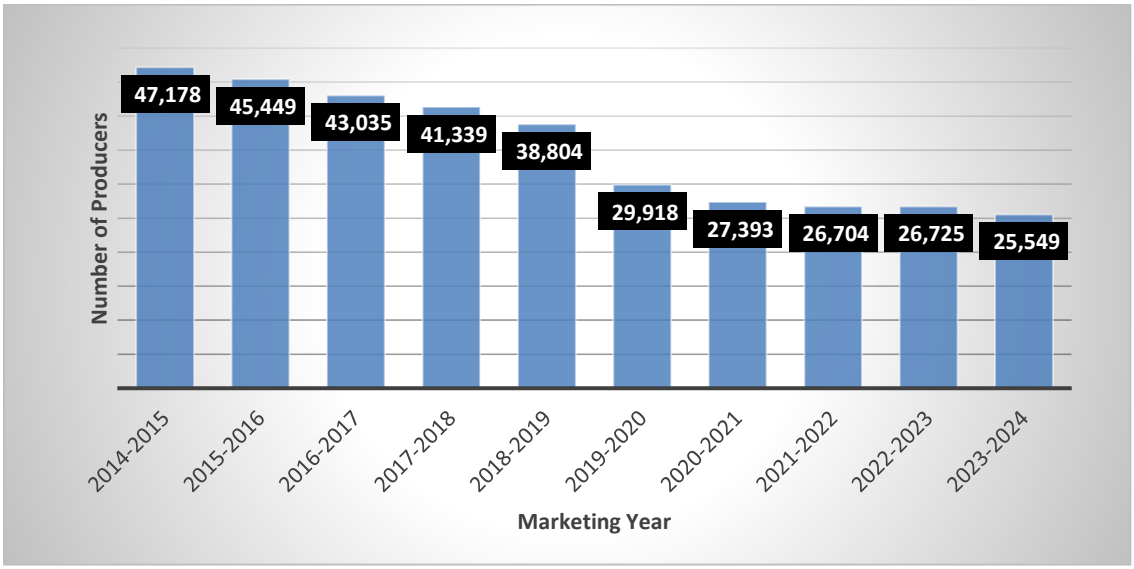
in different production areas. Temperatures were generally higher than the historical average, however the incidence of coffee rust was lower than in MY 2023/24.

The coffee harvest is concentrated in the months of November to February. However, the harvest starts around August in the lower altitudes in the south and can end around May in some higher altitude areas.

In MY 2023/24 (the most recent year for which data is available), the canton of Tarrazú, which is part of the Los Santos coffee producing area, was by far the highest producing canton for the seventh year in a row. (Note: The country of Costa Rica is divided into provinces, which are divided into cantons, which are divided into districts.) Tarrazú was followed closely by Perez Zeledón, which is located to the South of Los Santos in the Province of San José.

According to ICAFE, the number of coffee growers in the country declined in MY 2023/24 to 25,549 farmers from 26,725 farmers in MY 2022/23. The number is down nearly 50 percent from 10 years ago. Long periods of low prices, aging farmers, and high land prices near urban areas are some of the factors that have contributed to the declining number of producers. Eighty-five percent of coffee growers in MY 2023/24 produced fewer than 100 60-kg bags of coffee on farms smaller than 10 hectares.

Chart 2: Number of Coffee Growers in Costa Rica



Source: Costa Rican Coffee Institute (ICAFE)

Reflecting the industry trend towards increased product differentiation through smaller lots (micro-lots) that allow producers to capture higher sales prices, the number of coffee mills increased from 210 in MY 2013/14 to 308 mills in MY 2023/24. Many of these mills are very small, known as micro-mills, servicing a handful of farms in the immediate vicinity. According to ICAFE, in MY 2023/24 (the latest available data) there were 102 registered exporting companies and 46 coffee roasters in Costa Rica.

Consumption

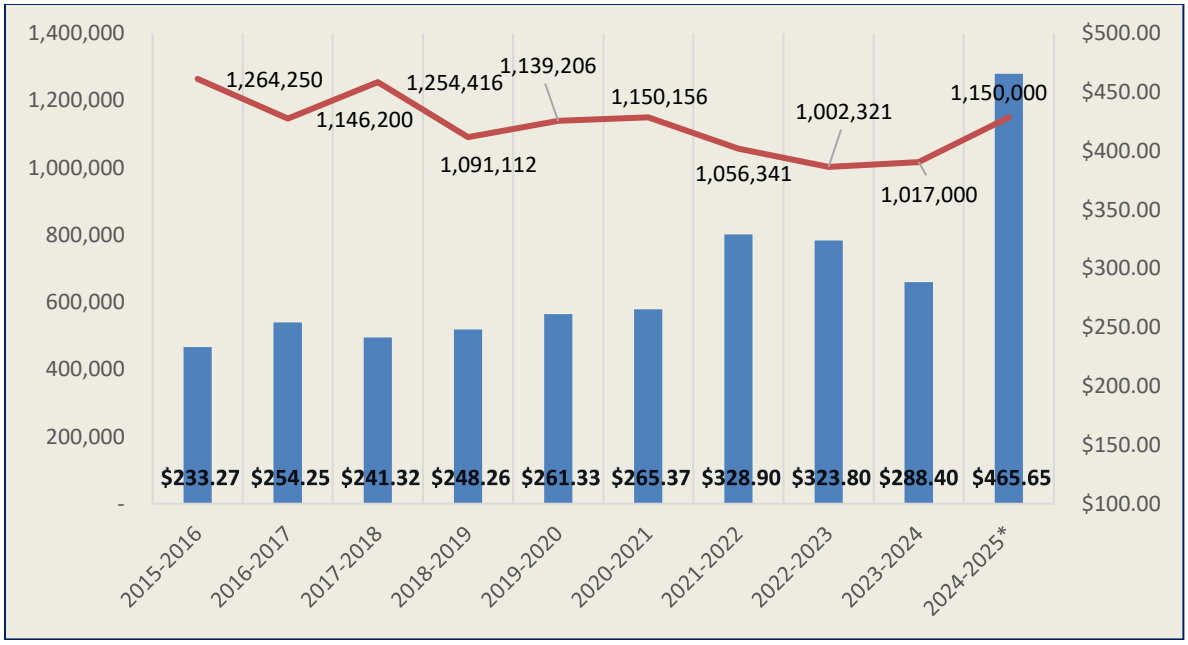
FAS/San José projects MY 2025/26 coffee consumption unchanged at 305,000 60-kg bags, as slow population growth and higher prices limit consumption growth. FAS/San José also estimates MY 2024/25 consumption at 305,000 bags, lower than previously expected as a result of higher coffee prices. Inflationary pressures and higher international coffee prices pushed domestic prices almost 40 percent higher in 2022, and prices have remained high since that time.

With a population of 5.3 million, minimal legal immigration, and population growth less than one percent per year, FAS/San José does not expect Costa Rican coffee consumption to grow substantially in the near-term. According to ICAFE, sales of domestic coffee for local consumption in MY 2023/24 declined nearly 25 percent compared to MY 2022/23, reaching 156,807 60-kg bags. Industry sources say the last four marketing years have shown cyclical behavior, with MY 2023/2024 showing one of the lowest sales volumes of local coffee in years. Imported coffee volumes have varied since Costa Rica began importing coffee around 2008, mostly responding to prices, logistics, and availability.

Trade

FAS/San José projects MY 2025/26 coffee exports lower at 1,060,000 60-kg bags, because of expected lower production. MY 2024/25 coffee exports on the other hand, are projected to reach 1,150,000 60-kg bags. ICAFE, which keeps track of Costa Rica's exports, informed FAS/San José that international buyers have been acting very cautiously in their purchases because of the trade related uncertainties. MY 2023/24 export volume was just over 1 million 60-kg bags, worth $329 million. Coffee is ranked third in terms of the value of Costa Rica's exports of agricultural products, after pineapples and bananas.

Chart 3. Green Coffee Export Volume and Average Price by Marketing Year



Source: Costa Rican Coffee Institute (ICAFE)

* The MY 2024/25 average export price reflects data through April 2025. The MY 2024/25 export volume reflects FAS/San José projection for the full marketing year.

According to ICAFE, the export price for MY 2024/25 coffee increased 52 percent through April 2025 to an average of $465.65 per 60-kg bag compared to $305.21 the year before. However, at such high prices, the premium generally paid by international buyers for Costa Rican coffee has declined. According to local sources, in addition to its quality, Costa Rican coffee enjoys other intangible attributes that make it attractive to foreign buyers, such as the environmentally friendly production conditions, the high level of product traceability, and the fair distribution of income generated by the activity. These characteristics confer a premium on Costa Rican coffee in international markets. Costa Rica's exports are almost exclusively green, unroasted coffee.

Table 2. Exports of Green Coffee by Destination and Marketing Year (60-kg bags)

Country of destination	**2021-2022**	**2022-2023**	**2023-2024**
United States	508,827.0	506,098.0	386,307.0
Belgium	227,313.0	128,290.0	282,162.0
Germany	64,123.0	93,990.0	60,347.0
South Korea	45,917.0	28,312.0	29,164.0
Japan	18,380.0	21,022.0	25,656.0
Italy	21,714.0	27,247.0	24,200.0
Israel	19,244.0	16,689.0	20,269.0
Panama	2,496.0	4,749.0	18,001.0
China	6,907.0	12,504.0	16,384.0
Others not listed	148,452.0	163,420.0	154,615.0
Total	1,063,373.0	1,002,321.0	1,017,105.0

Source: Costa Rican Coffee Institute (ICAFE) with data from Costa Rican Customs Dept.

The United States has been the main destination for Costa Rican exports for several years at close to 50 percent market share. However, the U.S. share of total exports from Costa Rica declined to 38 percent in MY 2023/24. The European Union was the largest market in MY 2023/24, representing 41.5 percent of total exports.

Costa Rica started to import economically significant volumes of coffee in 2008, primarily from other Central American countries (e.g., Honduras and Nicaragua), to meet part of its domestic consumption needs. Since most of Costa Rica's coffee is priced at a premium in international markets, most locally produced coffee is exported, with lower priced Costa Rican and imported coffees satisfying local market demand. Since 2008, imports have fluctuated widely, responding to local roasters' ability to maximize profits through imports based on pricing, availability, and logistics. However, imports of roasted coffee (rather than green beans) have increased over time, representing 18 percent of total imports during MY 2023/24. According to ICAFE, imports during January-April 2025 have declined significantly as compared to the same period the year before, which is likely the result of higher local coffee availability as well as higher international coffee prices.

Policy

ICAFE continued to lead in coordinating the Costa Rican coffee sector's compliance with the European Union (EU) Green Deal requirements for deforestation-free verification. As part of a pilot program that involved the participation of a local cooperative, the United Nations Development Programme (UNDP), and ICAFE, Costa Rica exported the first shipment of "deforestation and degradation free" coffee to Italy on March 14, 2024. The pilot program involved a total of 69 coffee growers (about 0.3 percent of all growers). According to a UNDP representative, the pilot program had the goal of developing an effective and practical method for the evaluation and documentation of Costa Rican coffee compliance with the demanding requirements to be considered "deforestation-free."

Training for processing technicians has continued, specifically focusing on demonstrating the use of CR_CAFE in capturing coordinates and digitizing polygons on farms larger than four hectares and on smaller ones.

The Costa Rican coffee sector is making a valiant effort to achieve compliance with Green Deal requirements, but it does not appear that the majority of growers supplying beans to the EU in any given year could be compliant with the requirements in the short term.

Production, Supply and Distribution Statistics:

Coffee, Green	2023/2024		2024/2025		2025/2026	
Market Year Begins	Oct 2023		Oct 2024		Oct 2025	
Costa Rica	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	83	0	83	0	83
Area Harvested (1000 HA)	0	79	0	79	0	89
Bearing Trees (MILLION TREES)	0	342	0	342	0	342
Non-Bearing Trees (MILLION TREES)	0	18	0	18	0	18
Total Tree Population (MILLION TREES)	0	360	0	360	0	360
Beginning Stocks (1000 60 KG BAGS)	181	181	116	167	0	150
Arabica Production (1000 60 KG BAGS)	1100	1158	1100	1298	0	1170
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)	1100	1158	1100	1298	0	1170
Bean Imports (1000 60 KG BAGS)	150	150	185	110	0	120
Roast & Ground Imports (1000 60 KG BAGS)	5	5	10	25	0	25
Soluble Imports (1000 60 KG BAGS)	5	5	5	5	0	5
Total Imports (1000 60 KG BAGS)	160	160	200	140	0	150
Total Supply (1000 60 KG BAGS)	1441	1499	1416	1605	0	1470
Bean Exports (1000 60 KG BAGS)	1000	1007	1000	1140	0	1050
Rst-Grnd Exp. (1000 60 KG BAGS)	10	10	10	10	0	10
Soluble Exports (1000 60 KG BAGS)	0	0	0	0	0	0
Total Exports (1000 60 KG BAGS)	1010	1017	1010	1150	0	1060
Rst,Ground Dom. Consum (1000 60 KG BAGS)	310	310	375	300	0	300
Soluble Dom. Cons. (1000 60 KG BAGS)	5	5	5	5	0	5
Domestic Consumption (1000 60 KG BAGS)	315	315	380	305	0	305
Ending Stocks (1000 60 KG BAGS)	116	167	26	150	0	105
Total Distribution (1000 60 KG BAGS)	1441	1499	1416	1605	0	1470
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Attachments:

No Attachments