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Report Highlights:

El Salvador's coffee production is expected to reach 561,000 sixty-kilogram-bags in marketing year (MY) 2024/25. The sector continues to face challenges from climate vulnerability and the absence of a long-term strategy. Production for MY 2025/26 is forecast to increase slightly to 597,000 sixty-kilogram-bags. Labor shortages, driven by migration from rural areas to urban centers, are limiting essential farm activities such as pruning, tree renovation, and coffee harvesting and processing. Additionally, high input costs continue to raise production expenses. The Government of El Salvador maintains a coffee plant distribution program, but many farmers are unable to plant the seedlings due to a lack of financial resources for necessary upkeep.

CROP AREA

The area of coffee cultivation in El Salvador has remained stable at approximately 118,000 hectares in marketing year (MY) 2023/24 (October to September) and MY 2024/25 and is expected to hold steady through the MY 2025/26 crop cycle. This stagnation is largely attributed to the absence of a long-term development strategy for the sector and limited access to credit, as private banks continue to view coffee farming as a high-risk investment and are reluctant to lend to producers.

Faced with low profitability, many coffee farmers have transitioned to alternative crops such as cocoa and white corn. Others have opted to sell their land to real estate developers to cover outstanding debts. The Government of El Salvador (GOES) has continued distributing new coffee seedlings, primarily targeting small-scale farmers who represent about 15 percent of the total coffee area. However, without adequate financing to support planting and maintenance, many of these seedlings remain unplanted or fail to survive due to insufficient inputs and care.

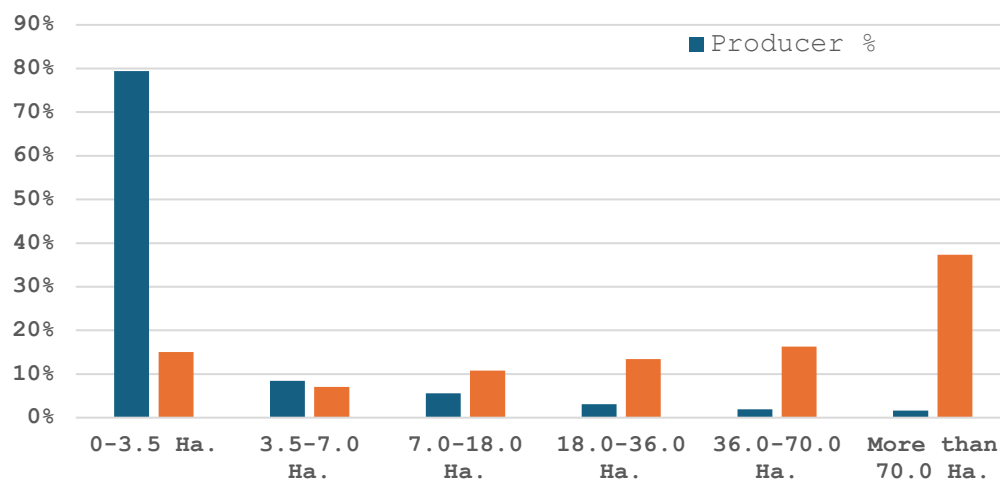
PRODUCTION

New production estimates from FAS San Salvador place the MY 2024/25 coffee crop at 561,000 sixty-kilogram bags. For MY 2025/26, production is forecast to rise to 597,000 bags.

The MY 2024/25 crop was significantly impacted by torrential rains in December 2024, with over 400 millimeters falling in less than 24 hours. The heavy rainfall caused substantial berry drop at peak ripeness and dried out remaining berries on the trees, reducing both yields and bean quality during milling. Looking ahead, production in MY 2025/26 is projected to increase by 36,000 sixty-kilogram bags, a 6.4 percent gain over the previous year. This improvement is primarily attributed to expected favorable weather conditions during the flowering and harvest periods.

GOES has focused its coffee sector assistance on smallholders, farmers with less than 10 hectares, through programs that distribute coffee seedlings and fungicides. However, this approach has yielded only limited positive impact on the sector's recovery. A meaningful revitalization of Salvadoran coffee production will require a more comprehensive strategy, including enhanced efforts to control coffee leaf rust (*Hemileia vastatrix*) and a robust renovation program that provides not only planting material but also sustained financing to ensure adequate fertilization, pest and disease management, and post-harvest care until the trees reach full productive capacity. Critically, to achieve significant gains at the national level, such interventions must expand beyond the smallest producers, who account for just 15 percent of the harvested area, and also target medium-sized farmers with holdings greater than 3.5 hectares (see table below).

Figure 1
Coffee Producer Segmentation by producer/harvested area (MY 2023/24)



Source: Salvadoran Coffee Institute

Value-added production, such as gourmet, specialty, and fair-trade coffees, continues to generate additional income for a small but expanding group of Salvadoran coffee producers targeting niche markets. These farmers are increasingly focusing on micro-lot (5–100 bags) and nano-lot (fewer than 5 bags) sales, catering to specialty coffee buyers in the United States, Europe, and Asia.

In 2024, El Salvador held its annual Cup of Excellence competition, incorporating virtual cupping protocols for international judging. The Geisha and Pacamara varieties maintained their dominance in the competition, with top-scoring lots achieving ratings in the 90-point range. While the COVID-19 pandemic had previously disrupted export promotion efforts—including the postponement of trade missions to key specialty markets in Europe, Asia, and the United States, participation in in-person trade events rebounded in 2024 (see Trade section).

INPUTS

GOES operates a fungicide and biofertilizer distribution program primarily targeting small coffee farmers (with less than 7 hectares) to help manage coffee leaf rust outbreaks. However, the majority of coffee producers do not benefit from this initiative and continue to face limited access to financing needed to purchase inputs for pest control and soil nutrition to improve yields. GOES also supplies seedlings, mainly Cuscatleco, Marsellesa, Pacas, Pacamara, Sarchimor, and Anacafe 14 varieties, predominantly to smallholder farmers.

A critical challenge facing the sector is the shortage of agricultural labor, affecting both cultivation and harvest. Migration to urban areas, driven by demand for construction labor, has reduced the rural workforce, leaving many farms without sufficient labor for essential activities such as pruning, weeding, fertilizer and pesticide application, and berry harvesting. This labor scarcity is undermining key cultural practices and negatively impacting productivity across the sector.

YIELDS

El Salvador's national coffee yields remain low, averaging 4.75 sixty-kilogram bags per hectare in MY 2024/25. This underperformance is largely due to insufficient investment in a comprehensive renovation program targeting the majority of the country's harvested area. Current efforts focus primarily on small landholders, who account for only about 15 percent of the total planted area, limiting the program's overall impact on national production.

Additionally, El Salvador is among the region's most climate-vulnerable countries, facing recurrent droughts and floods that disrupt critical stages of coffee production, such as flowering and cherry development. These weather extremes also create favorable conditions for the spread of pests and diseases, including coffee leaf rust, anthracnose, and the coffee berry borer, further challenging productivity and farm resilience.

CONSUMPTION

In MY 2024/25, coffee consumption in El Salvador is projected to reach 310,000 sixty-kilogram bags (green bean equivalent-GBE). Increased international and local tourism due to improved security has boosted local coffee consumption. The majority of this consumption remains lower-cost soluble coffee, largely imported from Brazil, Mexico, Colombia, and Nicaragua, alongside domestic brands such as Coscafe and D'Cafe. Soluble coffee accounts for an estimated 275,000 bags, while roasted and ground coffee consumption is expected to total 35,000 bags.

For MY 2025/26, consumption is expected to increase by 2 percent to 316,000 sixty-kilogram bags (GBE). This growth is expected to be driven by a surge in local and international tourism following improvements in El Salvador's security ratings. In calendar year (CY) 2024, El Salvador recorded the world's second-highest percentage increase in tourism.

The country's coffee shop culture continues to expand, with new establishments opening in shopping malls and commercial centers. International chains such as Juan Valdez, Starbucks, and McCafé are growing their presence alongside local brands like Viva Espresso and The Coffee Cup. Meanwhile, retail demand is rising for premium local varieties including Bourbon, Pacas, Pacamara, and Geisha. Notably, El Salvador's café Alquimia achieved 14th place in the 2025 World Coffee Bar competition, signaling the increasing recognition of the country's specialty coffee sector.

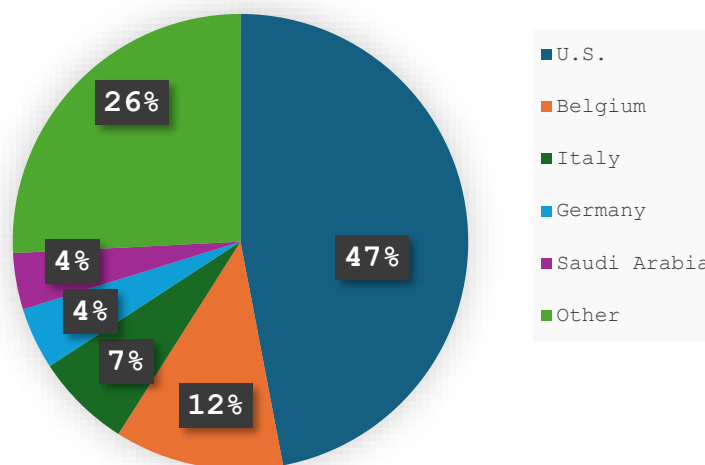
Despite this momentum, Salvadoran consumers continue to favor soluble coffee due to its affordability and convenience. Limited marketing for higher-quality roasted beans and the price sensitivity of the market sustain this preference. However, the Salvadoran Coffee Institute (SCI) continues efforts to promote premium domestic coffee through initiatives such as National Pacamara Coffee Day and participation in international events like the 2024 Specialty Coffee Expo.

TRADE

Coffee exports for MY 2024/25 are estimated at 578,000 sixty-kilogram bags, marking a 25 percent increase from the previous year. Exports are expected to continue growing in MY 2025/26, reaching approximately 583,000 bags. The increase in exports for MY 2024/25 is driven by farmers taking advantage of high international prices, leading them to sell off accumulated stocks. This trend is expected to continue into MY 2025/26, as prices are anticipated to remain high throughout the harvesting period.

In MY 2024/25, the United States is projected to remain the largest export destination for Salvadoran coffee, accounting for approximately 271,660 sixty-kilogram bags, or 47 percent of total exports. Belgium has emerged as the second-largest destination, making up around 12 percent of exports. Other key markets include Italy, Germany, Saudi Arabia, and Japan. Additionally, the United Kingdom and Australia are gradually increasing their purchases, collectively representing nearly 6.5 percent of total Salvadoran coffee exports.

Figure 2
El Salvador MY 2024/25 Coffee Exports to Top 5 Destinations



Source: Trade Data Monitoring (TDM)

Premium prices for gourmet and specialty coffees continue to drive the incentive to increase exports of these high-quality products. In 2024, SCI organized several promotional events, including the prestigious Cup of Excellence. At these events, El Salvador's top-quality coffees are sold through global electronic auctions, attracting buyers from the U.S., Asia, and Europe. These premium coffees often command prices ranging from \$100 to \$300 per hundredweight above the spot market "Contract C" prices, highlighting the growing demand and value for Salvadoran specialty coffee in international markets.

Table 1
Export Trade Matrix
for El Salvador
(60 kg bags - green coffee beans)

Exports for:	2024/25	Exports for:	2025/26
United States	271,660	United States	274,010
Belgium	69,360	Belgium	69,960
Italy	39,304	Italy	39,644
Germany	25,432	Germany	25,652
Saudi Arabia	23,120	Saudi Arabia	23,320
Japan	21,964	Japan	22,154
United Kingdom	19,652	United Kingdom	19,822
Australia	16,762	Australia	16,907
Canada	9,826	Canada	9,911
Dominican Republic	9,248	Dominican Republic	9,328
Sweden	9,245	Sweden	9,325
Others not Listed	62,427	Others not Listed	64,575
Grand Total	578,000		583,000

Source: FAS San Salvador with TDM data 2025

Local non-government organization (NGO) Salvanatura continues to expand the number of coffee producers participating in environmental and social responsibility certifications, such as the Rainforest Alliance certification. Currently, over 230 farms and 34 mills have earned Rainforest Alliance certification. Additionally, other certification programs, including Starbucks Café Practices, Fair Trade, UTZ, and coffee-related geographical indications (GIs), are gaining traction in El Salvador. SCI, in collaboration with six coffee regions in the country, has established GIs for coffee produced in those areas. Certified coffee generally commands higher prices in the global market.

SCI has also trained local cuppers to obtain "Q" grade certification, further positioning Salvadoran coffee as a reliable source of high-quality beans. Through the Starbucks Café Practices program, Salvadoran farmers are able to sell their coffee at prices roughly \$50 above international "Contract C" prices. In 2024, NESCAFE announced plans to build a logistics facility to source and sell local coffee, signaling a potential increase in their local purchase program.

In MY 2024/25, Mexico surpassed Brazil as the main supplier of soluble coffee to El Salvador, with an expected 124,488 sixty-kilogram bags (GBE) of soluble coffee. Brazil is forecast to export 84,854 bags, while Colombia, through brands like Colcafe and retail outlets like Juan Valdez, is expected to supply 21,280 bags. Additionally, the United States is projected to import 6,650 sixty-kilogram bags of both roasted and soluble coffee into El Salvador.

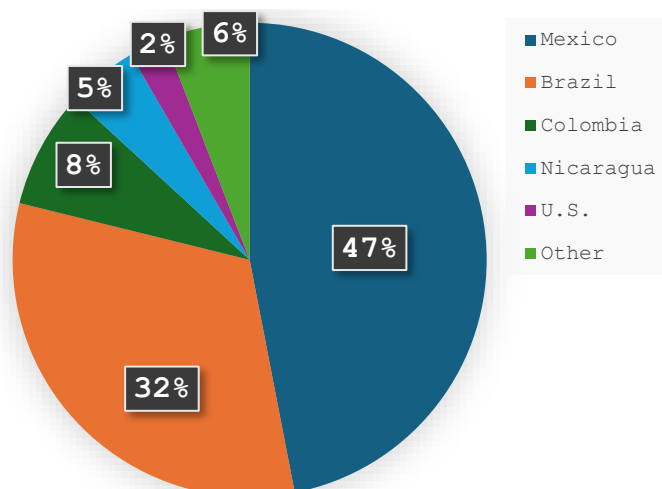
Table 2
Import Trade Matrix
for El Salvador
(60 kg bags - green coffee beans)

Imports for:	MY 2024/25	Imports for:	MY 2025/26
United States	6.650	United States	6.850
Mexico	124.488	Mexico	128.232
Brazil	84.854	Brazil	87.406
Colombia	21.280	Colombia	21.920
Nicaragua	12.768	Nicaragua	13.152
Guatemala	3.192	Guatemala	3.288
United Kingdom	2.660	United Kingdom	2.740
Thailand	1.862	Thailand	1.918
Others not Listed	8.246	Others not Listed	8.494
Grand Total	266.000		274.000

Source: FAS San Salvador with TDM data 2025

In MY 2025/26, coffee imports are projected to exceed previous estimates, driven by increased local demand fueled by a boom in tourism, as well as the expansion of retail outlets and coffee bars in major population centers like the capital San Salvador, Santa Ana, and San Miguel. This trend is expected to persist into the MY 2025/26 crop, with total coffee imports reaching 274,000 sixty-kilogram bags (GBE). Of this total, 262,000 bags will be soluble coffee, while 12,000 bags will consist of roasted coffee.

Figure 3
El Salvador MY2024/25 Coffee Imports from Top 5 Suppliers (%)



Source: Trade Data Monitoring

STOCKS

Coffee stocks are estimated to reach 45,000 sixty-kg bags in MY 2024/25. This increase is attributed to farmers holding back sales, anticipating higher prices due to delays in the harvest. For MY2025/26, stocks are forecast to decrease to 17,000 sixty-kg bags as producers continue to capitalize on the high prices.

POLICY

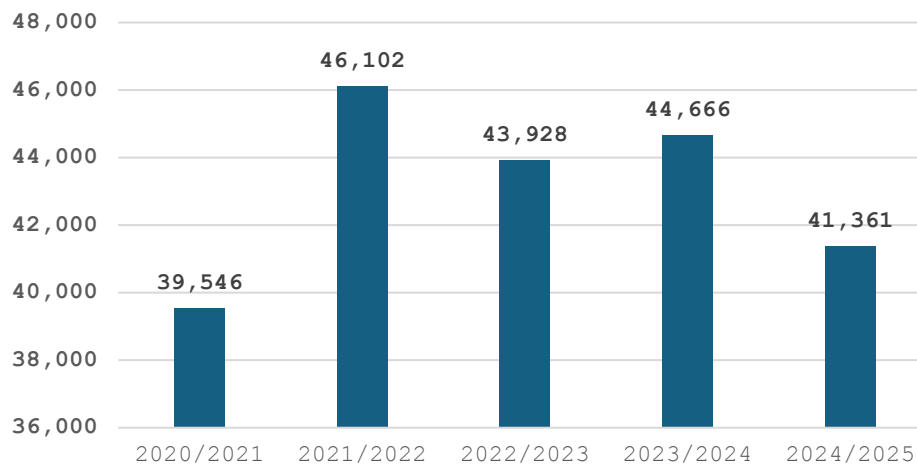
The Salvadoran coffee sector continues to lack a comprehensive strategy aimed at ensuring sustainability and profitability for coffee farmers. While previous government administrations have implemented assistance programs, these efforts have been largely ineffective in helping producers recover from losses caused by diseases like coffee leaf rust and anthracnose, as well as unpredictable weather patterns that disrupt flower blossoming.

Government support has primarily focused on small farmers with less than 3.5 hectares, who represent less than 15 percent of the total planted area. Through these programs, the Ministry of Agriculture, in collaboration with the National Agriculture Research Center (CENTA), distributes coffee plants. However, these plants often lack proper genealogy and quality certification, resulting in lower productivity. Additionally, farmers frequently lack the necessary resources to maintain the plants, preventing them from reaching the production age of about three years. As a result, many farmers either sell the plants or watch them die due to insufficient inputs, such as fertilizers, insecticides, and fungicides. Logistical challenges also complicate this process, as the plants are typically distributed late in the rainy season, leaving many unplanted.

A more effective solution would be a large-scale replanting initiative to renovate coffee production areas with high-quality, rust-resistant trees. Many coffee trees are now over 25 years old and have surpassed their productive lifespan. Each year, over 7 million plants must be replaced to account for those that die naturally. According to the Salvadoran Coffee Association, approximately 30 million high-quality, rust-resistant plants are needed annually for the next 10 years to fully renovate the country's coffee areas.

The sector's challenges have led to a decline in jobs in coffee-producing regions, contributing to rural migration to urban centers. For every 100,000-quintal drop in coffee production (approximately 45,000 tons), an estimated 10,000 jobs are lost. Additionally, more coffee farms are being abandoned or converted to basic grain production, further exacerbating the country's environmental challenges by reducing forestation and impairing water retention.

Figure 4
Jobs Generated by Coffee Sector
(Marketing Year)



Source: Salvadoran Coffee Institute

The Salvadoran coffee sector continues to face significant financial challenges, with farmers still repaying debts under the Coffee Trust (FICAFE) program, established in 2001 to defer accumulated debt. GOES initially deferred capital payments to FICAFE in 2014 for a three-year grace period, allowing those funds to be used for planting new coffee trees, improving agricultural practices to combat coffee leaf rust, and boosting farm-level productivity. This grace period has been extended through the end of 2025, but the sector remains under pressure.

To further support farmers, GOES provides loans through state banks to select qualified farmers, aiding production and harvest collection for upcoming cycles. However, these loan programs, compounded by the continuing challenges posed by coffee rust and adverse weather conditions, are unlikely to be sufficient to keep farmers afloat. Private banks are unwilling to offer loans due to the high risk of default, driven by price volatility and diminishing cherry yields.

To address these challenges, USDA through its Food for Progress program continues to partner with the NGO Technoserve on the Maximizing Opportunities for Coffee and Cocoa in the Americas (MOCCA) project. This initiative aims to assist approximately 5,000 farmers by introducing new production technologies, providing extension services, improving access to high-quality coffee seeds, and opening doors to higher-paying export markets. The project also includes a loan guarantee program, potentially serving as a model for addressing the sector's difficulties.

In addition, coffee farmers face high processing costs, with mills currently charging around \$80 per hundredweight of GBE to prepare their coffee for export. This fee, along with rising imports of roasted and soluble coffee, has further eroded profitability for local producers. El Salvador imports approximately 250,000 bags of low-quality soluble coffee annually, which competes directly with locally grown coffee. The Ministry of Economy has noted that current import duties are too low, and changes are needed to protect local market opportunities.

The future of El Salvador's coffee sector depends on the ability of both producers and government institutions to adopt a comprehensive strategy. Some ideas being considered include debt restructuring, extended repayment periods, and the establishment of a unified coffee association that manages research, technical assistance, quality control, labor issues, food security, and crop diversification. If these issues are not addressed, the number of farmers abandoning their farms (currently 35 percent) will likely increase, exacerbating the labor, environmental, and economic crises in the country.

In 2019, GOES proposed the Café-Proyecto País, a program aimed at unifying coffee associations and developing a strategy to ensure the sector's sustainability. The program divided the sector's challenges into four areas: financing for plant renovation, debt restructuring, research and technology transfer, and commercialization. However, the COVID-19 pandemic delayed the program's implementation, leaving uncertainty about its future.

In April 2021, GOES announced a coffee rescue program intended to increase production and farmer profitability over the medium term. This program aims to restructure approximately \$240 million in sector debt, establish a coffee research institute, create a coffee seed/nursery certification program, renovate 35,000 hectares of coffee plantations, establish transparent coffee processing mechanisms, promote local consumption, review coffee import duties, and encourage crop diversification. However, fiscal constraints have delayed their full implementation.

In January 2021, GOES secured a \$45 million loan from the Inter-American Development Bank (IDB) and has used these funds to assist smallholder farmers (accounting for approximately 15 percent of total coffee area) through technical assistance and preferential loans. The loan also helped establish the Salvadoran Coffee Research Institute, which aims to provide essential technology transfer to outdated farming practices. Despite these efforts, much remains to be done to address the challenges faced by the coffee sector in El Salvador.

Production, Supply and Demand Data Statistics:

Coffee, Green Market Year Begins El Salvador	2023/2024		2024/2025		2025/2026	
	Oct 2023		Oct 2024		Oct 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	137	125	0	125	0	125
Area Harvested (1000 HA)	130	118	0	118	0	118
Bearing Trees (MILLION TREES)	324	324	0	324	0	324
Non-Bearing Trees (MILLION TREES)	19	19	0	19	0	19
Total Tree Population (MILLION TREES)	343	343	0	343	0	343
Beginning Stocks (1000 60 KG BAGS)	10	10	10	106	0	45
Arabica Production (1000 60 KG BAGS)	500	604	670	561	0	597
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)	500	604	670	561	0	597
Bean Imports (1000 60 KG BAGS)	0	0	15	0	0	0
Roast & Ground Imports (1000 60 KG BAGS)	15	10	15	12	0	12
Soluble Imports (1000 60 KG BAGS)	240	249	200	254	0	262
Total Imports (1000 60 KG BAGS)	250	259	230	266	0	274
Total Supply (1000 60 KG BAGS)	760	873	910	933	0	916
Bean Exports (1000 60 KG BAGS)	435	435	600	548	0	553
Rst-Grnd Exp. (1000 60 KG BAGS)	0	9	0	10	0	10
Soluble Exports (1000 60 KG BAGS)	10	18	10	20	0	20
Total Exports (1000 60 KG BAGS)	445	462	610	578	0	583
Rst,Ground Dom. Consum (1000 60 KG BAGS)	10	32	25	35	0	36
Soluble Dom. Cons. (1000 60 KG BAGS)	280	273	265	275	0	280
Domestic Consumption (1000 60 KG BAGS)	290	305	290	310	0	316
Ending Stocks (1000 60 KG BAGS)	25	106	10	45	0	17
Total Distribution (1000 60 KG BAGS)	760	873	910	933	0	916
(1000 HA) (MILLION TREES) (1000 60 KG BAGS)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Attachments:

No Attachments