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Brazil

Coffee

Coffee Annual Report

1999

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Report Highlights:
ATO/Sao Paulo 1999/2000 coffee production forecast at 26.5 million bags, a 9.1 million bag drop compared to previous season, mainly due to the off-cycle of the normal biannual production cycle of coffee trees. Exports for 1998/99 revised upward to 22.3 million bags. The devaluation of the Real and the floating exchange system since January 1999 stimulated coffee exports during the first quarter of the year. Exports for 1999/2000 forecast at 17.8 million bags due to projected lower availability of product.

Includes PSD changes: Yes
Includes Trade Matrix: No
Annual Report
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Executive Summary

ATO/Sao Paulo's Brazilian coffee production estimate for Marketing Year (MY) 1998/99 (Jul-Jun) remains unchanged at 35.6 million bags (60-kg bags), green equivalent. "Arabica" coffee production is estimated at 30.6 million bags, while the reminder represents "robusta" production. Post forecasts MY 1999/2000 Brazilian coffee production at 26.5 million bags, a 26 percent drop compared to previous season. "Arabica" coffee production is forecast at 22.4 million bags, a 27 percent decrease compared to MY 1998/99 and "robusta" production should contribute 4.1 million bags, a 900,000 bag drop relative to the past crop.

Field trip observations show that coffee trees are predominantly in the off-year of the normal biannual production cycle, thus resulting in projected lower production for the 1999 coffee harvest. Overall, coffee trees show very good vegetative development as a result of favorable weather conditions — rainfall and temperature — that prevailed along the season and good crop management, e.g., good input usage, weed control and soil management. The harvest season has already begun for some areas in Espirito Santo, Minas Gerais and Sao Paulo, but the bulk of production should start being harvested as by mid-May.

ATO/Sao Paulo's estimate for MY 1998/99 (Jul-Jun) total domestic coffee consumption remains unchanged at 12.5 million bags (60 kg, green equivalent), with soluble coffee contributing 500,000 bags. ATO/Sao Paulo forecasts total domestic coffee consumption for MY 1999/2000 to remain stable at 12.5 million bags, with soluble coffee contributing 500,000 bags, due to the expected smaller 1999/2000 crop. Resulting higher retail prices coupled with the financial and economic difficulties faced by Brazilians are also important factors.

ATO/Sao Paulo has revised the MY 1998/99 Brazilian coffee export estimate upward to 22.3 million bags (60 kg, green equivalent), almost a 17 percent increase compared to previous estimate and a 50 percent increase compared to MY 1997/98. The sharp increase in exports is related to higher availability of product, due to the good 1998/99 crop, and steady strong green bean exports during the first semester of 1999, which is typically the export off-season. The devaluation of the local currency, the Real, and the floating exchange system since January 19 have increased Brazilian competition in international markets, thus stimulating coffee exports during the first quarter of 1999 at volumes well above the historic average for the period. Soluble coffee exports, in addition, have recovered somewhat as Russia restarted importing from Brazil.

ATO/Sao Paulo forecasts total MY 1999/2000 Brazilian coffee exports at 17.8 million bags. Soluble coffee exports are likely to remain stable at 1.8 million bags, while green bean exports should contribute 16 million bags, a 4.5 million bag drop compared to MY 1998/99 due to expected lower availability of product.

ATO/Sao Paulo estimate for MY 1998/99 ending stocks has been reduced to 12.1 million bags (60 kg, green equivalent), due to the sharp increase in estimated MY 1998/99 coffee exports. Ending stocks for MY 1999/2000 are forecast at 8.27 million bags, a 3.8 million bag drop compared to previous the marketing year due to the projected lower 1999 coffee harvest. As of May 5, the level of Government stock was estimated at approximately 8.7 million bags. As reported by the National Coffee Council (CNC), the coffee stocks held by cooperatives were approximately 2.6 million bags on March 31, 1999, a 106 percent increase compared to the same date in 1998, due to the greater availability of the product.

PS&D Table: Coffee

PSD Table						
Country	Brazil					
Commodity	Coffee, Green		(1000 ha)(Million Trees)(1000 60 Kg bags)			
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Area Planted	2109	2109	2240	2240	0	2240
Area Harvested	1940	1940	1990	1990	0	1990
Bearing Trees	3200	3200	3330	3330	0	3330
Non-Bearing Trees	553	553	939	939	0	940
TOTAL Tree Population	3753	3753	4269	4269	0	4270
Beginning Stocks	14128	14128	11278	11278	15278	12075
Arabica Production	19200	19200	30600	30600	0	22400
Robusta Production	4300	4300	5000	5000	0	4100
Other Production	0	0	0	0	0	0
TOTAL Production	23500	23500	35600	35600	0	26500
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	37628	37628	46878	46878	15278	38575
Bean Exports	12700	12700	17500	20500	0	16000
Roast & Ground Exports	3	3	0	3	0	3
Soluble Exports	2147	2147	1600	1800	0	1800
TOTAL Exports	14850	14850	19100	22303	0	17803
Rst,Ground Dom. Consum	11000	11000	12000	12000	0	12000
Soluble Dom. Consum.	500	500	500	500	0	500
TOTAL Dom. Consumption	11500	11500	12500	12500	0	12500
Ending Stocks	11278	11278	15278	12075	0	8272
TOTAL DISTRIBUTION	37628	37628	46878	46878	0	38575

Production

General

ATO/Sao Paulo's Brazilian coffee production estimate for Marketing Year (MY) 1998/99 (Jul-Jun) remains unchanged at 35.6 million bags (60-kg bags), green equivalent. "Arabica" coffee production is estimated at 30.6 million bags, while the reminder represents "robusta" production. Post forecasts MY 1999/2000 Brazilian coffee production at 26.5 million bags, a 26 percent drop compared to previous season. "Arabica" coffee production is forecast at 22.4 million bags, a 27 percent decrease compared to MY 1998/99 and "robusta" production should contribute 4.1 million bags, a 900,000 bag drop relatively to past crop. The table below shows coffee production estimates for MY 1997/98 and 1998/99 and the forecast for MY 1999/2000 by state and variety of coffee. Other coffee producing state forecast is primarily based on information provided by post contacts.

Brazilian Coffee Production (Million 60-kg bags)			
State/Variety	MY 1997/98	MY 1998/99	MY 1999/2000
Minas Gerais	10.7	18.95	13.40
Southwest	5.5	10.75	7.50
Central-western	2.9	4.10	3.05
Southeast	2.3	4.10	2.85
Espirito Santo	4.0	5.35	3.85
Arabica	1.2	2.15	1.60
Robusta	2.8	3.20	2.25
Sao Paulo	3.0	4.20	3.15
Parana	2.5	3.20	2.60
Others	3.3	3.90	3.50
Arabica	1.8	2.10	1.65
Robusta	1.5	1.80	1.85
Total	23.5	35.60	26.50
Arabica	19.2	30.60	22.40
Robusta	4.3	5.00	4.10

ATO/Sao Paulo made three scheduled field trips through Brazil's major coffee producing areas in order to assess the Brazilian coffee production for MY 1999/2000. The first trip was made during September 30 to October 9 through Parana, Sao Paulo and Minas Gerais to observe the vegetative development and blossoming of the coffee trees. The second and third trips occurred during January 7-19 through Parana, Sao Paulo and Minas Gerais and March 21 to April 2 through Sao Paulo, Minas Gerais and Espirito Santo, respectively, to observe vegetative development, cherry setting and fruit formation. Total distance covered was approximately 7,800 miles.

The main observations based on field trips were:

a. Coffee trees are predominantly in the off-year of the normal biannual production cycle, except for those in the state of Parana whose breakdown is approximately 45 percent of the older than 5 year bearing trees in the off-year and the reminder in the on-year of the biannual production cycle;

b. Newly planted areas with higher tree density per hectare show good to very good yield potential which should partially offset the expected decrease in production;

c. Overall, coffee trees show very good vegetative development due to favorable weather conditions (rainfall and temperature) that prevailed along the season. The good vegetative development of coffee trees will be reflected in the 2000/01 crop if regular weather conditions continue, i.e., no frost and no severe drought occurs;

d. The “robusta” area in the state of Espirito Santo was damaged by weather problems due to the lack of adequate rainfall to promote flowerings, cherry setting and fruit formation. As reported by post contacts, the “robusta” area of Rondonia was also affected by lack of rainfall which damaged flowering;

e. Good crop management (e.g., good input usage, weed control and soil management) due to favorable prices received by producers since 1997;

f. A greater percentage of prunning and stumping was observed in all producing areas. Producers are taking advantage of the lower yields expected for some areas which produced exceptionally well last season to recover their coffee trees for MY 2000/2001;

g. Coffee cherries show a greater uniformity as a consequence of 2-3 major flowerings. Note that the 1997/98 season was characterized by multiple flowerings (5-6) which affected the quality of the overall crop at harvest due to a larger quantity of green beans.

The harvest season has already begun for some areas in Espirito Santo, Minas Gerais and Sao Paulo but the bulk of production should start being harvested mid-May. The fruit maturation process in the younger trees is somewhat advanced compared to previous season. Producers in general are expecting large size beans (higher sieve) compared to MY 1998/99 due to good rainfall and lower volume of coffee beans per tree.

In December 1998, the Brazilian Government (GOB), through the Ministry of Agriculture’s research entity, EMBRAPA, released a revised official Brazilian coffee production estimate for MY 1998/99 of 34.55 million bags, a 600,000 bags increase compared to previous estimate. EMBRAPA forecasts MY1999/2000 Brazilian coffee production at 23.15 million bags — 18.93 million bags of “arabica” variety and 4.22 million bags of “robusta” variety. Trade sources forecast total Brazilian coffee production ranging between 23.7 and 27 million bags.

Crop Area and Tree Population

ATO/Sao Paulo forecast for MY 1999/2000 Brazilian area planted to coffee remains unchanged at 2.24 million hectares. Harvested area is forecast at 1.99 million hectares. The MY 1999/2000 Brazilian coffee tree population is forecast to remain unchanged at 4.27 billion trees — 3.33 billion bearing trees and 940 million non-bearing trees).

Yields

Brazilian average coffee yield for MY 1999/2000 is forecast at 13.3 bags (60 kg) per hectare, a 26 percent drop compared to MY 1998/99 (17.9 bags per hectare), mainly due to coffee trees being predominantly in the off-year of the normal biannual production cycle and weather related problems in the states of Espirito Santo and Rondonia affecting "robusta" production.

Coffee Prices in the Spot Market

The table below shows average coffee prices in the spot market since 1994.

Brazilian Coffee Prices in the Spot Market (Variety Arabica, Group 1, type 6 soft, US$ per 60-kg bags).						
Month	1994	1995	1996	1997	1998	1999
January	81.59	184.34	138.39	152.61	220.39	120.67
February	86.97	174.79	160.10	187.24	192.53	100.50
March	90.62	184.56	152.65	210.32	180.80	101.68
April	100.92	177.47	141.52	212.93	171.32	106.19
May	141.44	175.23	150.70	238.14	144.78	--
June	153.86	155.98	131.40	218.69	118.18	--
July	228.83	146.11	105.70	178.41	109.58	--
August	214.57	150.28	107.17	195.27	106.83	--
September	224.37	138.19	117.23	206.37	105.71	--
October	206.26	134.22	115.78	185.44	103.15	--
November	191.13	133.27	116.73	184.02	111.08	--
December	169.32	124.05	119.95	209.75	118.22	--
Source: Rio de Janeiro Coffee Commercial Center.						

Consumption

ATO/Sao Paulo's estimate for MY 1998/99 (Jul-Jun) total domestic coffee consumption remains unchanged at 12.5 million bags (60 kg, green equivalent), with soluble coffee contributing 500,000 bags. ATO/Sao Paulo forecasts total domestic coffee consumption for MY 1999/2000 to remain stable at 12.5 million bags, with soluble coffee contributing 500,000 bags, due to the expected smaller 1999/2000 crop and resulting higher retail prices coupled with the financial and economic difficulties faced by Brazilians. According to the Brazilian Coffee Industry Association (ABIC), domestic ground coffee consumption for Calendar Year (CY) 1998 was estimated at 12.2 million bags, an extra 700,000 bags compared to CY 1997. ABIC projects domestic ground coffee consumption for CY 1999 to remain stable at 12.2 million bags. Note that ABIC figures do not include soluble coffee consumption.

The table below shows average monthly prices for ground coffee sold in the domestic market. Note that despite the greater availability of product for MY 1998/99, retail prices went up in February and March 1999. The devaluation of the local currency, the Real, and the floating exchange system adopted by the Brazilian Central Bank on January 19 pushed domestic prices up, since local retail coffee prices follow export market values.

Ground Coffee Prices in the Domestic Retail Market (Reais/500 grams) 1/				
Month	1996	1997	1998	1999
January	2.94	2.61	3.48	2.60
February	2.92	2.85	3.49	2.58
March	3.10	3.15	3.57	3.24
April	3.11	3.25	3.37	3.22
May	3.13	3.32	3.44	--
June	3.16	3.45	3.20	--
July	3.11	3.52	3.08	--
August	2.91	3.41	2.78	--
September	2.77	3.43	2.81	--
October	2.85	3.36	2.68	--
November	2.74	3.31	2.64	--
December	2.70	3.29	2.51	--
Source: Coffee Business 1/Refer to Exchange Rate in section Exchange Rate.				

Trade

Exports

ATO/Sao Paulo has revised the MY 1998/99 Brazilian coffee export estimate upward to 22.3 million bags (60 kg, green equivalent), almost a 17 percent increase compared to previous estimate and a 50 percent increase compared to MY 1997/98. Coffee bean exports — "arabica" and "robusta" — should contribute 20.5 million bags, while soluble exports are likely to reach 1.8 million bags, green equivalent. The sharp increase in exports is related to higher availability of product, due to the good 1998/99 crop, and steady strong green bean exports during the first semester of 1999, which is typically the export off-season. The devaluation of the Real and the floating exchange increased Brazilian competition in international markets, thus stimulating coffee exports during the first quarter of 1999 at volumes well above the historic average for the period. Soluble coffee exports, in addition, have recovered somewhat as Russia restarted importing from Brazil.

According to the Brazilian Association of Coffee Exporters (FEBEC), Brazilian green bean exports — "arabica" and "robusta" — during the Jan-Mar period of 1999 were 5.33 million bags, whereas they represented approximately 3.92 and 2.53 million bags during the same period in 1997 and 1998, respectively. Preliminary data show that coffee export registrations for April 1999 were 1.8 million bags and cumulative exports reached 1.55 million bags compared to 1.23 and 0.8 million bags in April 1997 and 1998, respectively. Note that the April 1999 figure is likely to be revised upward, according to industry contacts.

ATO/Sao Paulo forecasts total MY 1999/2000 Brazilian coffee exports at 17.8 million bags. Soluble coffee exports are likely to remain stable at 1.8 million bags, while green bean exports should contribute 16 million bags, a 4.5 million bag drop compared to MY 1998/99 due to expected lower availability of product.

The Association of Coffee Producing Countries (ACPC) is expected to hold a meeting in late May to define export targets for MY 1999/2000. Brazilian officials have not yet released what positions will be taken during the meeting but members of the export sector claim that if any export quota has to be set, then Brazil should advocate a 15 million bag minimum export quota for MY 1999/2000. Note that according to ACPC, Brazil's MY 1998/99 coffee export quota is set at 15 million bags, 5.5 million bags lower than Post estimate. However, there is no control mechanism preventing over-quota exports by ACPC members. Some Brazilian coffee sector representatives report that Brazil should also stress the dismantling of the International Coffee Organization (ICO) to enhance the role of ACPC in the international coffee community.

The table below shows official Brazilian coffee export figures for Calendar Year (CY) 1997 and 1998 and Marketing Year (MY) 1997/98 and 1998/99 (cumulative Jul-Feb), as reported by the Brazilian Department of Foreign Trade (DECEX). Revised monthly coffee export data — quantity, value and average price — for MY 1998/99 (Jul-Mar), as reported by FEBEC, are also shown below.

Official Brazilian Coffee Exports (Metric Tons, 1,000 US$ FOB).				
NCM	CY 1997 1/	CY 1998 1/	MY 1997/98 2/	MY 1998/99 2/
0901.11.10 Green coffee, non-decaf.				
Quantity	868,439	995,104	519,153	861,266
Value	2,745,289	2,330,408	1,718,991	1,696,628
0901.11.90 Green coffee, non-decaf., others				
Quantity	--	1	0	76
Value	--	5	0	178
0901.12.00 Green coffee, decaf., others				
Quantity	--	108	--	25
Value	--	461	--	74
0901.21.00 Roasted Coffee, non-decaf.				
Quantity	575	486	391	299
Value	2,653	2,511	1,891	1,498
0901.22.00 Roasted Coffee, decaf.				
Quantity	18	13	10	8
Value	108	76	60	44
0901.90.00 Coffee, others				
Quantity	27	37	22	25
Value	123	155	94	102
Total				
Quantity	869,059	995,749	519,576	861,699
Value	2,748,173	2,333,616	1,721,036	1,698,523

Source: Brazilian Department of Foreign Trade (DECEX).
Note : CY - Calendar Year (Jan-Dec), MY - Marketing Year (Jul-Feb).
“--” means no exports, “0” means less than 500 kg.

Brazilian Monthly Coffee Exports for MY 1997/98 (60-kg bag, green equivalent).						
Month	Conillon	Arabica	Total Green	Roasted	Soluble	Total
July	127,345	1,536,489	1,663,834	80	191,958	1,855,872
August	121,993	1,578,681	1,700,674	19	145,771	1,846,464
September	104,663	1,947,798	2,052,461	10	123,624	2,176,095
October	104,687	1,914,633	2,019,320	328	109,285	2,128,933
November	67,125	1,630,759	1,697,884	698	166,038	1,864,620
December	121,000	1,673,034	1,794,034	349	121,038	1,915,421
January	107,948	1,294,769	1,402,717	67	136,498	1,539,282
February	333,235	1,517,846	1,851,081	29	162,609	2,013,719
March	256,262	1,821,969	2,078,231	1,005	190,074	2,269,310
Total	1,344,258	14,915,978	16,260,236	2,585	1,346,895	17,609,716
Source: Brazilian Federation of Coffee Exporters (FEBEC), Brazilian Soluble Coffee Industry Association (ABICS).						

Brazilian Monthly Coffee Exports for MY 1997/98 (1,000 US$).						
Month	Conillon	Arabica	Total Green	Roasted	Soluble	Total
July	12,734	198,623	211,357	18	30,079	241,454
August	11,950	197,797	209,747	5	22,263	232,015
September	10,035	236,906	246,941	2	18,405	265,348
October	9,904	220,114	230,018	93	16,115	246,226
November	6,388	190,034	196,422	123	22,982	219,527
December	12,363	200,419	212,782	61	16,578	229,421
January	10,871	156,701	167,572	20	17,498	185,090
February	33,930	173,564	207,494	3	20,104	227,601
March	23,579	201,413	224,992	167	22,507	247,666
Total	131,754	1,775,571	1,907,325	492	186,531	2,094,348
Source: Brazilian Federation of Coffee Exporters (FEBEC), Brazilian Soluble Coffee Industry Association (ABICS).						

Brazilian Monthly Coffee Exports for MY 1998/99 (Average Price, FOB Brazil, US$/60-kg bag, green equivalent).				
Month	Conillon	Arabica	Roasted	Soluble
July	100.00	129.27	225.00	156.70
August	97.96	125.29	263.16	152.73
September	95.88	121.63	200.00	148.88
October	94.61	114.96	283.54	147.46
November	95.17	116.53	176.22	138.41
December	102.17	119.79	174.79	136.97
January	100.71	121.03	298.51	128.19
February	101.82	114.35	103.45	123.63
March	92.01	110.55	166.17	118.41
Source: Brazilian Federation of Coffee Exporters (FEBEC), Brazilian Soluble Coffee Industry Association (ABICS).				

Brazilian cumulative coffee exports by destination and by type of coffee for MY 1998/99 (July-Mar) follow. The figures show revised data as reported by FEBEC. Brazilian green exports — “arabica” and “robusta” — to the United States were approximately 3.42 million bags for MY 1998/99. This figure represents almost a 140 percent increase compared to the same period of MY 1997/98 (1.43 million bags). Soluble coffee exports to the United States accounted for 313,667 bags, green equivalent, or a 56 percent increase compared to same period last season.

Brazilian Coffee Exports by Destination for MY 1997/98 (Arabica variety, 60-kg bag, green equivalent) - Revised data.					
Country	July	August	September	October	November
Germany	241,840	300,670	329,840	381,530	327,900
USA	237,535	312,930	320,805	344,860	300,425
Italy	132,880	116,480	181,285	160,765	148,832
Japan	125,670	122,339	147,449	131,472	115,274
Belgium/Lux.	56,380	61,010	87,585	101,050	69,650
Slovenia	67,200	55,340	83,180	86,700	51,200
Spain	55,955	43,700	83,695	62,440	50,270
Greece	57,945	63,946	63,260	61,120	43,840
Netherlands	32,290	35,540	80,980	33,520	54,080
France	54,601	43,672	63,072	43,895	44,108
Sweden	47,440	36,960	64,320	68,820	42,480
Others	426753	386094	442327	438,461	382,700
Total	1,536,489	1,578,681	1,947,798	1,914,633	1,630,759
Source: Brazilian Federation of Coffee Exporters (FEBEC).					

Brazilian Coffee Exports by Destination for MY 1997/98 (Arabica variety, 60-kg bag, green equivalent) - Revised data.					
Country	December	January	February	March	Total
Germany	316,878	211,350	330,000	377,616	2,817,624
USA	228,850	230,857	209,510	358,822	2,544,594
Italy	222,798	121,626	160,804	140,393	1,385,863
Japan	156,042	118,613	98,532	135,944	1,151,335
Belgium/Lux.	85,060	66,070	84,615	89,290	700,710
Slovenia	69,110	62,360	82,220	63,120	620,430
Spain	66,200	48,905	69,860	70,960	551,985
Greece	44,160	43,200	39,680	55,919	473,070
Netherlands	59,620	52,380	49,980	56,020	454,410
France	50,371	38,680	46,500	64,711	449,610
Sweden	44,240	43,040	48,480	42,680	438,460
Others	329705	257688	297665	366,494	3,327,887
Total	1,673,034	1,294,769	1,517,846	1,821,969	14,915,978
Source: Brazilian Federation of Coffee Exporters (FEBEC).					

Brazilian Coffee Exports by Destination for MY 1998/99 (Conillon variety, 60-kg bag, green equivalent) - Revised Data.					
Country	July	August	September	October	November
USA	53,550	76,250	59,230	70,420	34,160
Canada	17,645	8,830	12,575	16,975	4,525
Belgium/Lux.	6,480	5,400	8,280	4,920	2,520
Argentina	12,205	7,723	4,338	4,005	830
Japan	13,040	12,160	7,560	5,267	2,880
France	2,440	1,800	4,640	--	9,720
Chile	11,000	5,000	--	--	8,580
U.K.	--	--	3,520	--	1,920
Germany	6,880	1,280	--	--	--
Italy	1,280	320	--	320	320
Lebanon	--	1,300	650	960	350
Others	2,825	1,930	3,870	1,820	1,320
Total	127,345	121,993	104,663	104,687	67,125
Source: Brazilian Federation of Coffee Exporters (FEBEC).					

Brazilian Coffee Exports by Destination for MY 1998/99 (Conillon variety, 60-kg bag, green equivalent) - Revised Data.

Country	December	January	February	March	Total
USA	60,240	53,913	273,215	191,365	872,343
Canada	8,985	--	16,060	16,320	101,915
Belgium/Lux.	28,910	6,420	3,500	7,080	73,510
Argentina	--	15,420	10,075	6,175	60,771
Japan	7,130	4,260	1,760	5,280	59,337
France	6,120	14,760	10,800	6,960	57,240
Chile	--	--	5,000	617	30,197
U.K.	3,200	5,120	--	5,400	19,160
Germany	--	--	1,080	5,060	14,300
Italy	5,835	320	3,520	320	12,235
Lebanon	--	2,275	1,285	4,550	11,370
Others	580	5,460	6,940	7,135	31,880
Total	121,000	107,948	333,235	256,262	1,344,258
Source: Brazilian Federation of Coffee Exporters (FEBEC).					

Brazilian Coffee Exports by Destination for MY 1998/99 (Soluble coffee, 60-kg bag, green equivalent) - Revised Data.					
Country	July	August	September	October	November
Russia	67,312	38,142	2,138	15,283	49,811
USA	25,804	17,482	40,679	33,725	41,488
Japan	18,531	19,682	20,489	19,028	24,639
Germany	22,173	18,439	15,924	8,242	13,629
Ukraine	15,912	19,907	8,840	--	--
Romania	6,714	2,390	10,490	3,987	8,469
Australia	1,858	4,672	2,483	7,856	2,939
Czech Rep.	6,619	4,167	--	225	1,699
Argentina	2,092	6,323	1,896	439	1,425
Canada	2,856	2,974	4,640	1,882	2,510
Singapore	4,869	1,758	745	628	3,025
Others	17,218	9,835	15,300	17,990	16,404
Total	191,958	145,771	123,624	109,285	166,038
Source: Brazilian Federation of Coffee Exporters (FEBEC), Brazilian Soluble Coffee Industry Association (ABICS).					

Brazilian Coffee Exports by Destination for MY 1998/99 (Soluble coffee, 60-kg bag, green equivalent) - Revised Data.					
Country	December	January	February	March	Total

Russia	26,106	34,689	47,466	47,612	328,559
USA	32,915	37,940	38,540	45,094	313,667
Japan	22,766	19,292	16,346	22,054	182,827
Germany	8,275	6,838	19,373	20,675	133,568
Ukraine	--	9,724	11,058	9,268	74,709
Romania	3,282	494	2,291	5,369	43,486
Australia	3,785	3,028	1,933	2,963	31,517
Czech Rep.	1,905	2,102	4,429	5,152	26,298
Argentina	3,120	4,992	251	5,453	25,991
Canada	3,360	1,883	3,970	628	24,703
Singapore	1,929	3,313	1,911	2,934	21,112
Others	13,595	12,203	15,041	22,872	140,458
Total	121,038	136,498	162,609	190,074	1,346,895
Source: Brazilian Federation of Coffee Exporters (FEBEC), Brazilian Soluble Coffee Industry Association (ABICS).					

Imports

The table below shows official Brazilian coffee import figures for Calendar Year (CY) 1997 and 1998 and Marketing Year (MY) 1997/98 and 1998/99 (cumulative Jul-Feb), as reported by the Brazilian Department of Foreign Trade (DECEX).

Brazilian Official Coffee Imports (Metric Tons, 1,000 US$ FOB).				
NCM	CY 1997 1/	CY 1998 1/	MY 1997/98 2/	MY 1998/99 2/
0901.11.10 Green coffee, non-decaf.				
Quantity	251	--	--	--
Value	463	--	--	--
0901.11.90 Green coffee, non-decaf., others				
Quantity	0	--	0	--
Value	2	--	2	--
0901.21.00 Roasted Coffee, non-decaf.				
Quantity	62	69	47	56
Value	680	827	491	690
0901.22.00 Roasted Coffee, decaf.				
Quantity	1	2	1	2
Value	10	26	11	28
0901.90.00 Coffee, others				
Quantity	4	3	4	2
Value	12	14	19	5
Total				
Quantity	318	73	53	59
Value	1,167	867	525	722
Source: Brazilian Department of Foreign Trade (DECEX). Note : CY - Calendar Year (Jan-Dec), MY - Marketing Year (Jul-Feb). “--” means no exports, “0” means less than 500 kg.				

Stocks

ATO/Sao Paulo estimate for MY 1998/99 ending stocks has been reduced to 12.1 million bags (60 kg, green equivalent), due to the sharp increase in estimated MY 1998/99 coffee exports. Ending stocks for MY 1999/2000 are forecast at 8.27 million bags, a 3.8 million bag drop compared to previous MY due to the projected lower 1999 coffee harvest.

The table below shows the volumes offered and negotiated for MY 1998/99 (Jul-May) in the auctions of government-owned stocks conducted by the Brazilian Government (GOB) through the National Coffee Department (MDIC/DENAC). Cumulative sales to date are 1.38 million bags, a 940,000 bag drop compared to MY 1997/98. Note that the 1997 coffee harvest was small, thus pressing for a higher volume to be offered through official auctions. As of May 5, the level of Government stock was estimated at approximately 8.7 million bags.

Auctions of the Brazilian Government Coffee Stocks, 1998/99 (60-kg bags, US$/bag).

Date	Quantity Offered	Quantity Sold	Price (R$)	Price (US$)
08-Jul	25,257	24,951	119.15	102.80
15-Jul	70,000	54,500	91.70	78.92
05-Aug	35,773	35,447	134.46	115.33
12-Aug	70,000	65,700	103.02	88.13
02-Sep	50,124	49,809	120.84	102.62
16-Sep	70,000	50,000	98.06	83.12
07-Oct	60,149	55,004	104.73	88.39
21-Oct	37,548	37,548	91.79	77.16
11-Nov	65,283	64,363	106.32	89.27
09-Dec	70,000	67,092	106.42	88.39
13-Jan	83,191	82,951	129.64	107.05
10-Feb	205,647	203,801	146.03	75.55
03-Mar	300,000	299,187	141.64	66.47
07-Apr	250,000	192,940	125.31	72.39
05-May	100,000	99,268	131.02	78.89
Cumulative	1,492,972	1,382,561		

Source: Ministry of Development, Industry & Commerce (MDIC)/ National Coffee Department (DENAC).

The monthly coffee distribution linked to Brazilian cooperatives for MY 1998/99 (Jul-Mar) follows. As reported by the National Coffee Council (CNC), the coffee stocks held by cooperatives totaled approximately 2.6 million bags on March 31, 1999, a 106 percent increase compared to the same date in 1998, due to the greater availability of the product. Private stocks which are represented by coffee owned by cooperatives, private producers, the industry and exporters are estimated at 3.8 million bags. There are no official data for total private stocks.

Monthly Coffee Distribution of Brazilian Cooperatives (60-kg bags, MY 1998/99 - Jul/Jun).				
Month	Beginning Stocks	Deliveries	Sales	Ending Stocks
July	1,211,387	2,593,429	945,464	2,859,352
August	2,859,352	2,571,480	1,011,564	4,419,268
September	4,419,268	2,467,653	977,503	5,909,418
October	5,909,418	1,034,802	899,210	6,045,010
November	6,045,010	436,937	789,610	5,692,337
December	5,692,337	223,230	810,849	5,104,718
January	5,104,718	160,004	888,673	4,376,049
February	4,376,049	112,607	1,083,091	3,405,565
March	3,405,565	134,429	934,525	2,605,469
Cumulative		9,734,571	8,340,489	
Source: National Coffee Council (CNC).				

Policy

In April 1999, Roberio Silva was appointed to head the Secretariat of Essential Products an agency of the Ministry of Development, Industry and Commerce (MDIC), which coordinates activities of the National Coffee Department (DENAC) and the Sugar and Alcohol Department (DAA). Roberio Silva was the former general secretary for the Association of Coffee Producing Countries (ACPC) and his appointment was well received by the Brazilian coffee sector.

According to post contacts, the new board of the Brazilian Coffee Policy Council ("Conselho Deliberativo de Politica Cafeeira" - CDPC) has not yet been chosen. The CDPC is comprised of a president , 6 representatives from the Brazilian Government and 6 advisors from the private sector (production, exports, roast and soluble industry). Nevertheless, the Council has held informal meetings to evaluate industry conditions for MY 1999/2000. On April 28, CDPC's last meeting, the increase of the soluble coffee competitiveness in international markets was discussed. Specific Government auctions for the soluble industry and the possibility of draw back operations were pointed out as alternatives to increase the soluble coffee industry competitiveness. However, no decision was taken to date. The coffee production sector called for the General Secretary position of ACPC, vacant since Roberio Silva assumed Brazil's Secretariat of Essential Products, to be filled with a representative of the Brazilian coffee production sector and not by a representative of the Ministry of Foreign Affairs.

According to DENAC, the 1999 Coffee Defense Fund (FUNCAFE) budget is forecast at R$ 687.7 million (approximately US$ 409.3 million). The budget includes approximately R$ 658.7 million (US$ 392 million) to finance the production sector — harvesting and pre-marketing. Espirito Santo State producers are already eligible for a total of R$ 150 million (US$ 89.2 million). Other expenses budgeted for include R$ 4 million (approximately US$ 2.38 million) to fund marketing campaigns.

On April 27, the export sector created the Brazilian Green Coffee Exporters Council (CECAFE) as a the result of negotiations between the Brazilian Federation of Coffee Exporters (FEBEC) and the Brazilian Association of Coffee Exporters (ABECAFE). The Council will join both associations as well as the Varginha, Vitoria and

Rio de Janeiro Commerce Centers, the Santos Commercial Association and 21 other independent exporters. CECAFE will be headquartered in Brasilia.

Exchange Rate

Exchange Rate (R$/US$1.00 - last day of period) 1/				
Month	1995	1996	1997	1998
January	0.84	0.98	1.05	1.12
February	0.85	0.98	1.05	1.13
March	0.90	0.99	1.06	1.14
April	0.91	0.99	1.06	1.14
May	0.90	1.00	1.07	1.15
June	0.91	1.00	1.08	1.16
July	0.94	1.01	1.08	1.16
August	0.95	1.02	1.09	1.18
September	0.95	1.02	1.10	1.19
October	0.96	1.03	1.10	1.19
November	0.97	1.03	1.11	1.20
December	0.99	1.04	1.12	--
1/ Official rate.				