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**Report Highlights:**

Honduras coffee production is expected to reach 7.2 million 60-kilogram bags in marketing year 2022-23, a thirty-three percent increase from the previous year. Favorable weather conditions with more and better rain distribution and a lower incidence of leaf rust and coffee drill bit are expected to improve coffee production. COVID-19 incidence has decreased in Honduras, and post-hurricane coffee farms rehabilitation and farm renewal efforts have been implemented. Consequently, MY2022/23 export forecast is 5.5 million bags, up 8% vs MY2021/22.

## **Executive Summary:**

Coffee is of the utmost importance to the Honduran economy; more than 102 thousand families are dedicated to its production in 221 municipalities in 15 of the 18 departments (similar to states) of Honduras, representing 30% of agricultural GDP and 5% of total GDP. Coffee production generates more jobs than any other sector and generates more foreign exchange than any other activity in Honduras. During the coffee harvest season at least 350,000 coffee collectors are required, approximately 50,000 of them come from neighboring countries. Honduran coffee is positioned as the largest export product in the Central American region, the third in Latin America, and the number five coffee producer in the world.

The MY2022/23 coffee harvest is forecast at 7.2 million bags (60 kg each), a thirty three percent increase from the previous year. The increase assumes improved weather conditions with less coffee rust and coffee drill bit incidence, and fertilizers given by the Government of Honduras (GOH) to over 91,500 small and medium coffee producers. These producers account for 87 percent of all Honduran producers and contribute 84 percent of Honduras's total coffee production.

The GOH aims to continue increasing overall coffee production, by providing stimuli to the coffee sector using fertilizers, credit lines, technology transfer, capacity building, support for the coffee road network, support with scholarships and technical programs, as well as strengthening genetics laboratories through the Investment Trust for the Reactivation of the Agricultural Sector (FIRSA).

The recovered dynamism in Honduras Coffee Exports in MY 2022/2023 is supported by the global economic reopening, and the increase in world trade; the end of the Covid-19 pandemic as stated by the World Health Organization has generated a mobility increase and led to more labor availability and higher sourcing of coffee crops towards the coffee mills. The cost of inputs in the coffee production activity in Honduras shows high costs of fertilizers, improvements in global supply chains logistics, and lower energy prices (down 6.4%) from March 2022 to March 2023. The stability of the US dollar is causing a stability towards decrease in international coffee prices, mainly due to the following aspects:

- **Reserve Currency:** The US dollar is considered the world's reserve currency. It is widely used in international trade and serves as a benchmark for pricing commodities, including coffee. When the US dollar is stable, it provides confidence and predictability to global markets.
- **Dollar and Coffee Prices:** Coffee is traded internationally in US dollars. A stable US dollar makes it easier for coffee-producing countries to price their products in dollars and for international buyers to conduct transactions. It reduces currency exchange risks and uncertainties, making coffee trading more efficient.
- **Influence on Supply and Demand:** Stability in the US dollar affects the supply and demand

dynamics of coffee. A stronger dollar makes it relatively more expensive for importing countries to purchase coffee, potentially reducing their demand. This can put downward pressure on coffee prices in the global market.

- **Producer Countries' Income:** Most coffee-producing countries have their domestic currencies, which are often weaker compared to the US dollar. When the US dollar is stable or appreciating, it can lead to lower income for coffee-producing nations. As a result, these countries may increase their coffee exports to compensate for the reduced income, which can contribute to a decrease in international coffee prices.

In the international coffee markets, the daily and future prices of coffee between March 2023 and April 2023 showed a slight increase in the intra-day volatility of the ICO composite indicator price increasing by 0.6 percentage points to 8.7% in April 2023. Which provides a stabilizing scenario with only marginal increase, thus providing low volatility/ more stable market prices. (International Coffee Organization Market Report Coffee April 2023). The Robusta Coffee presented the strongest volatility increase, averaging 7.7% for the month of April 2023, a 1.4 percentage point expansion. Echoing this increased volatility were the New York Futures and London markets, where 0.1 and 0.8 percentage points were gained, averaging 11.1% and 7.9%, respectively, for April 2023. Whilst volatility of the Other Milds grew 0.4 percentage points to 9.2%, the Colombian Milds also increased by 0.3 percentage points to 9.0%. Lastly, the Brazilian Naturals saw an 0.5 percentage point increase in volatility from March to April 2023.

The end of the COVID-19 pandemic and improved weather conditions (more rain better distributed) in MY 2022/23 affected coffee production directly in Honduras. Both phenomena had an impact on improved productivity, trade and coffee exports. Honduras remains the largest coffee producer in Central America, third in Latin America, and fifth globally.

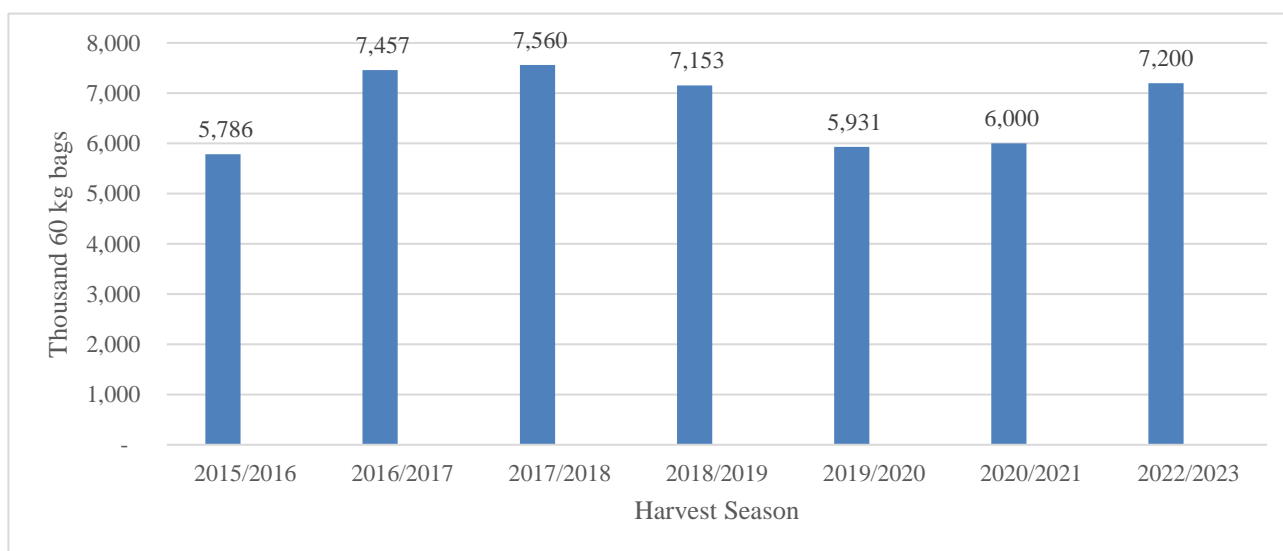
The export forecast for MY 2022/23 is 5.5 million bags. This estimate considers the forecasted increase in production and domestic internal consumption. Exports of specialty and certified coffee now amount to 54% of the total in MY 2021/2022.

### **Production:**

Honduran coffee is grown at high altitudes, with 61 percent of farms located between 3,900 and 5,200 feet above sea level. Coffee is grown in 15 of the 18 Honduran departments (similar to states) and in 210 (70%) of the 298 municipalities.

Coffee production for MY2022/23 is forecast to be 7.2 million bags, thirty one percent higher than the previous year estimate for MY2022/23 and gaining similar production trends as in MY2016-2019 (Figure 1). A lower incidence of leaf rust and other diseases is expected to increase coffee production directly by increasing yields and rendering more plants able to produce crops.

Weather conditions are forecast to remain favorable for leaf rust starting in the month of May with an average coffee rust incidence of 5.8%, and higher incidence in the departments of La Paz(9.7%), Francisco Morazán (8.2%), Comayagua (6.9%), Copan (6.2%), Cortes (5.9%), Santa Barbara (5.8%), El Paraiso (5.7%) and Olancho (5.2%) A threshold presence of coffee rust of 5-20% indicate a medium level incidence, and a range between 0-5% indicate a low level incident. From the total of coffee farms sampled by IHCAFE during the month of April, 66% of them showed a low-level presence of coffee rust, 29% a medium presence and 5% with a high presence of coffee rust. Most farms show a low incidence of coffee rust due to the fact that the summer conditions are still present in most of the coffee regions in Honduras.



**Figure 1. Coffee Production (Thousand Bags) 2015/2016 to 2022/2023 source: IHCAFE and ICO**

The new coffee production estimate for MY2022/23 is 7.2 million bags, 38% above the previous forecast of 5.2 million bags, among the causes for the production increase are: positive bi-annual harvest, improved plant nutrition, better farm practices, increase in new coffee areas, and new coffee plants entering production. Leaf rust incidence only spiked in May and harvest was delayed about one month, but not impacted and generally is on a yellow moderate-low alert level, since the first months of harvest represent about 1% of the total. About six percent of the MY2022/23 coffee still needs to be harvested and 41% still pending for exports, roasting, and soluble coffee industrialization.

**Table 1. Producers by Size, Area Harvested and Production.**

<b>Farmer Type</b>	<b>Number of farmers registered with IHCAFE</b>	<b>Total Area Harvested (Ha)</b>	<b>Total Bags (Thousand 60kg bags) produced</b>
Small	114,000	208,639	2,782
Medium	5,460	90,453	1,937
Large	540	34,467	873

Source: IHCAFE

The majority of the small and medium sized producers (Table 1) do not have access to further credit to invest in farm management, or they are already in debt from previous loans. The lack of maintenance to the coffee farms represents a risk for the spread of coffee rust.

The following institutions work to help farmers prevent and control rust:

- The Early Warning System for Coffee Production (SAT) was established in 2012 which inform the government, coffee producers, and institutions about the potential phytosanitary threats and their respective actions of intervention.
- Six research and training centers at IHCAFE in Honduras. The centers cover all production stages - coffee cultivation, harvesting, and processing. They provide the coffee farms with information, training, research, evaluation, and monitoring. IHCAFE promotes the use of a diverse range of varieties on farms.
- Honduran coffee associations, as well as regional and international institutions provide various kinds of support to the coffee sector.

### **Consumption:**

According to the International Coffee Organization the World coffee consumption increased by 4.2% to 175.6 million bags in coffee year 2021/22, following a 0.6% rise the previous year. Release of the pent-up demand built up during the COVID-19 years and sharp global economic growth of 6.0% in 2021 explains the sharp bounce back in coffee consumption in coffee year 2021/22.

Decelerating world economic growth rates for 2022 and 2023, coupled with the dramatic rise in the cost of living, will have an impact on the coffee consumption for coffee year 2022/23. It is expected to grow, but at a decelerating rate of 1.7% to 178.5 million bags. The global deceleration is expected to come from nonproducing countries, with Europe's coffee consumption predicted to suffer the

largest decrease among all regions, with growth rates falling to 0.1% in coffee year 2022/23 from a 6.0% expansion in coffee year 2021/22. As a result, the world coffee market is expected to run another year of deficit, a shortfall of 7.3 million bags. <https://www.icocoffee.org/documents/cy2022-23/cmr-0423-e.pdf>

Per capita apparent consumption places Honduras in the intermediate consumption regional group with Panama, Mexico, and Guatemala. According to the International Coffee Organization (ICO) annual consumption is estimated at 4-5 kilograms per capita. The increase in domestic consumption trends comes from the growing presence of coffee bars in shopping malls, gas stations, retail areas, supermarkets, office buildings, and hospitals. A large percentage of the Honduran population is young and is consuming more and different types of coffee drinks. Keurig coffee is a new consumption trend appealing young consumers and providing a new market pull offer with a variety of flavors and diverse origins. Keurig coffee pods and Keurig coffee machines are being sold at supermarket chains.

#### **Trade:**

##### ***Honduras Coffee Exports***

FAS Honduras forecasts that the MY2022/23 exports will be 5.5 million bags, an 8 percent increase from the previous year MY2021/22 estimate of 5.1 million bags. The evolution of coffee exports MY2022/23 is 3.26 million bags 60 kg showing a progress of 59% from the harvest season (IHCAFE Marketing Statistics report to May 5 2023)

According to IHCAFE Exports to date towards May MY2022/2023 totaled 3.2 million bags of 60 kg, showing a percent change increase of 10% compared to the 2.90 million bags registered in the same period of the year 2021-2022. The export volume of 3.2 million 60 kgs bags, is 10 percent higher than the previous year, and the harvest progress is at 59.1% to the month of May waiting for additional progress to be made to September 2023. The average export price is \$201.23. During MY 2022/23 to the month of May Honduras has exported to 65 countries 3.26 million 60 kg bags at an average price of \$201.23 per bag, a 15% coffee price decrease per bag than \$236.08 in MY 2021/2022.

Coffee sales contracts total 4.09 million bags of 60 kg, showing an increase of 12% compared to the 3.75 million bags registered on this same date in MY2021-2022.

##### ***World Exports by Coffee Groups (Green Beans)***

Global green bean exports in March 2023 totaled 10.90 million bags, as compared with 12.06 million bags in the same month of the previous year, down 9.6%. The downturn was spread across all coffee groups. As a result, the cumulative total exports of green beans for coffee year 2022/23 is decreasing at an accelerated rate, down 6.1%, as compared with the 5.2% fall recorded for the first five months of the current coffee year. The cumulative total for 2022/23 to March is 56.26 million

bags, as compared with 59.92 million bags over the same period a year ago.

Shipments of the Other Milds decreased by 17.1% in March 2023 to 2.11 million bags from 2.55 million bags in the same period last year. This is the sixth consecutive month of negative growth for green bean exports of the Other Milds since the start of the new coffee year. As a result, the cumulative volume of exports fell by 18.2% in the first six months of coffee year 2022/23 to 8.86 million bags versus 10.83 million bags over the same period in 2021/22.

Green bean exports of the Brazilian Naturals fell in March 2023, falling by 13.5% to 3.08 million bags. For the first six months of coffee year 2022/23, green bean exports of the Brazilian Naturals amounted to 18.61 million bags, down 7.8% from 20.18 million bags over the same period a year ago. Changes to the fortunes of the Brazilian Naturals are mainly changes in Brazil's green bean exports, the biggest producer and exporter of the Brazilian Naturals, which also fell in March 2023 (-14.8%) to 2.78 million bags from 3.27 million bags in March 2022.

Exports of the Colombian Milds decreased by 17.4% to 0.96 million bags in March 2023 from 1.17 million bags in March 2022, driven primarily by Colombia, the main origin of this group of coffee, whose exports of green beans were down 19.2% in March 2023. This is the ninth consecutive month of negative growth for the Colombian Milds and, as a result, the exports of this group of coffee for October 2022 to March 2023 were down 14.7%, at 5.63 million bags, as compared with 6.60 million bags in the first six months of coffee year 2021/22.

Green bean exports of the Robustas amounted to 4.74 million bags in March 2023, as compared with 4.78 million bags in March 2022, down 0.8%. In the first six months of coffee year 2022/23, 23.17 million bags of Robustas were exported as compared with 22.31 million bags in the same period in 2021/22.

### ***World Exports by Region (All Forms of Coffee)***

In March 2023, South America's exports of all forms of coffee decreased by 17.3% to 4.13 million bags, driven by the three main origins of the region, Brazil, Colombia and Peru, which saw their combined exports fall by 17.9%. The two major origins of the region, Brazil and Colombia, saw their respective shipments of coffee decrease by 14.3% and 19.2% in March 2023, falling to 3.1 million and 0.92 million bags, i.e. the fourth and ninth consecutive months of negative growth, respectively. The off-season and smaller harvests in 2020/21 and 2021/22 have been put forward as explanations for Brazil's falling exports by Cecafé, the Brazilian Coffee Exporters Council, while in Colombia both an adverse weather-driven fall in supply and a 10% decrease in production in March 2023, continue to explain the decreasing exports. Peru is continuing to see its exports fall at a significantly faster rate, plunging by 76.5% in March 2023. Again, erratic weather played a part in this downturn, in addition to social unrest in the main producing areas (Cajamarca, Junín and San Martín) which saw their roads blocked. However, the main culprit behind the magnitude of the fall in exports is mechanical; 4.60 million bags of all forms of coffee were exported in coffee year

2021/22, the second largest in volume on record, just behind the 4.69 million bags exported in coffee year 2011/12, increasing by 44.8% as compared with coffee year 2020/21. Moreover, for the first three months of the calendar year (January to March 2022), exports increased by 245.8% at 1.00 million bags, the largest Q1 shipment on record, and 57.4% higher than the next biggest, 0.64 million bags, recorded in 2012. Given these record breaking numbers the Q1 data for 2023 are, inevitably, suffering in comparison

Exports of all forms of coffee from Africa decreased by 5.0% to 1.12 million bags in March 2023 from 1.18 million bags in March 2022. For the first six months of the current coffee year, exports totaled 6.35 million bags as compared with 6.33 million bags in coffee year 2021/22, up 0.3%. Côte d'Ivoire and Kenya are the main drivers behind the fall in the region's exports, with shipments of coffee decreasing by 41.4% to 0.12 million bags as compared with 0.21 million bags in March 2022, and by 17.7% to 58,340 bags from 70,849 bags in March 2022, respectively.

However, Burundi, Rwanda and Uganda served as counterweights that tempered the severity of the region's downturn, with their exports up 86.7%, 249.2% and 2.0%, respectively.

In March 2023, exports of all forms of coffee from Mexico & Central America were down 15.4% to 1.75 million bags as compared with 2.07 million in March 2022. This latest month of negative growth is the fifth in the first six months of the current coffee year, with the only instance of positive growth seen in February 2023. As a result, for the first six months of the current coffee year, exports are down at 11.8%, totaling 5.78 million bags as compared with 6.56 million bags from October 2021 to March 2022. Of the top six origins, five saw their exports fall in March 2023, with Guatemala suffering the heaviest decline (-44.9%), while Honduras was the only major origin with positive growth (2.0%). For Honduras, the increase seen in March is the third consecutive month of expansion, following 11 straight months of decreases between February and December 2022.

Source: <https://www.icocoffee.org/documents/cy2022-23/cmr-0423-e.pdf>

Honduras has taken advantage of the Free Trade Agreement signed with the Republic of Korea in 2020, which has become the 17<sup>th</sup> largest export market in MY 2022/2023 and 9<sup>th</sup> in 2021/2022.

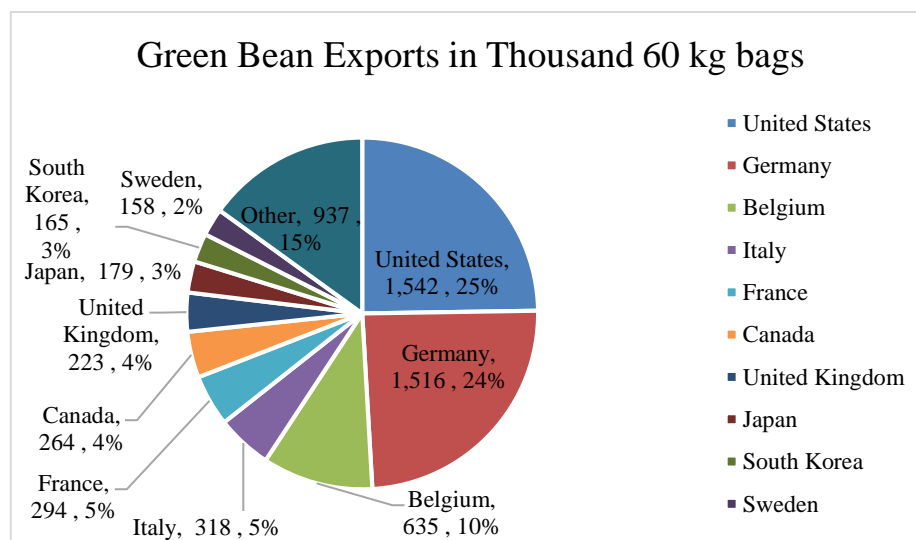
Honduras remains the 5<sup>th</sup> largest coffee exporter globally, with 4 percent of the world's coffee exports.



**Table 2. Exports by Destination for Honduran Green Coffee Units: Thousand 60 kg bags**

	2021		2022		2023
Germany	1,119	United States	1,542	United States	1,049
United States	1,005	Germany	1,516	Germany	1,005
Belgium	408	Belgium	635	Belgium	437
Italy	289	Italy	318	Italy	288
France	225	France	294	Japan	250
Canada	178	Canada	264	Canada	161
United Kingdom	148	United Kingdom	223	Colombia	150
Sweden	140	Japan	179	United Kingdom	143
Japan	129	South Korea	165	France	131
Finland	107	Sweden	158	Sweden	123
Other	713	Other	940	Other	735

Source: Trade Data Monitor



**Figure 2 Green Bean Exports in Thousand 60 kg bags CY 2022**

### *Informal Exports*

According to IHCAFE, the flow of informal exports is around 300,000 bags to the neighboring countries (El Salvador, Nicaragua and Guatemala). The data is based on observations made at border offices.

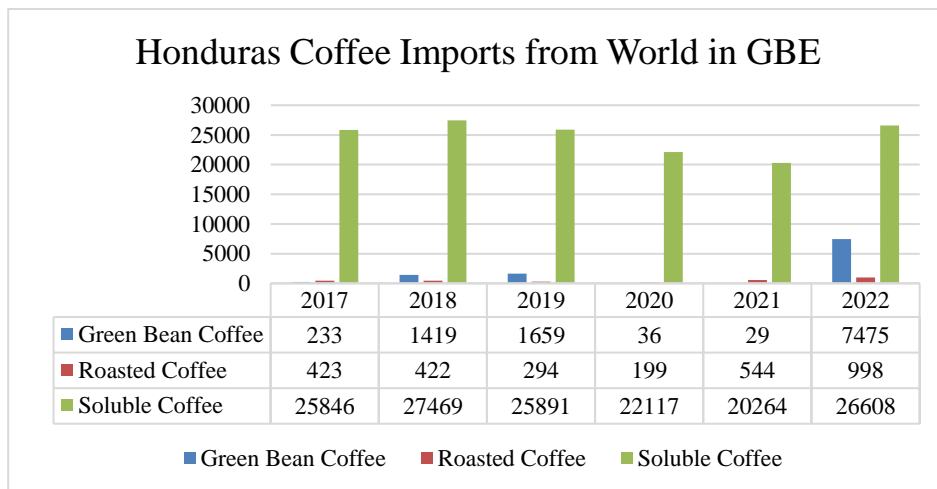
### *Imports*

As reported by the Trade Data Monitor, Honduran imports of Green Bean coffee for domestic consumption in calendar year (CY) 2022 were 7,475 Green Bean Equivalent sacks a 72,983% increase from the CY 2021 previous year, mainly due to lower ending stocks in the previous year, resulting in imports of 5,332 sacks in 2023 from Vietnam, 3,257 from Nicaragua and 178 from Brazil.

Honduran imports of roasted coffee for domestic consumption in calendar year (CY) 2022/2023 were 1,052 GBE 60 kg sacks a 107% increase from the previous year of 507 GBE 60 kg sacks and originated mainly from the United States, Colombia, Italy and Guatemala.

Juan Valdez Colombian coffee, Starbucks and local artisan roasted coffee are being sold in supermarkets. Coffee shops at malls with local and regional chains like McDonalds are popular. National and International coffee companies like Espresso Americano, Coffee Cup, Nativo and Sigua Coffee sell their soluble coffee in machines located in malls and office buildings. Additionally, soluble coffee is now available in smaller containers at supermarkets, since the price of soluble imported coffee is higher than local coffee.

Soluble coffee imports in CY 2022 were 26,608 sacks compared to 20,264 in CY 2021, the year to date imports of soluble coffee to February 2023 are 3,382 sacks originating mainly from Mexico, United States, Colombia, Guatemala and Nicaragua.



**Figure 3. Honduras Coffee Imports from World**

**Stocks:**

Stocks are held by 70 exporters and roasters from the private sector. Ending stocks estimate for MY2021/22 has been adjusted to 238,000 60-kg bags, following a increase in demand from Europe. The MY2022/23 forecast for ending stocks is 861,000 60-kg bags, a 262% increase compared to MY2021/22.

Coffee beans are stored by exporters as inventory needed to meet future contracts and are not meant to influence price. Honduran roasters keep beans for domestic consumption throughout the year. Some stocks may be released to other Central American countries in the course of the year, depending on price and market opportunities. The main destination countries for Honduras roasted coffee in Central America are El Salvador, Guatemala and Belize, and for soluble coffee Guatemala and Panama.

**Policy:**

Through executive decree 352-2022 the National Congress of Honduras has ratified the exclusion of the payment of 12% sales tax to coffee, and expanding the list of more than 270 essential products of the consumption basket that will be exonerated from sales tax. This new initiative that will provide a fiscal relief near to \$183 million, and not only includes roasted coffee, but also coffee in all of its stages from its production value chain, this policy aims at reducing production costs and providing with increased competitiveness to the coffee sector.

In view of the inflationary pressure and the increased cost of inputs in the coffee sector and higher international coffee prices, the Central Bank of Honduras is toughening its Monetary Policy stance, which could eventually decrease the available income for households and the expense of consumers including coffee consumption.

Some of the Monetary Policies affecting the Coffee Sector that the Honduras Central Bank has established during MY 2022/23 include the following:

- Continue using the Monetary Policy Index (TPM) as the main instrument to signal the monetary policy stance to the market, adjusting its level according to the situation and economic prospects of the national and international environment, the expectations of inflation of the economic agents and the forecasts of inflation of short and medium term of the Central Bank of Honduras.
- Continue analyzing the composition of the direct monetary policy instruments, in order to strengthen the signaling of the policy stance.
- Maintain the gradual withdrawal of excess liquidity, so that liquidity levels are consistent with economic activity and with the objective of price stability.

- Monitor the performance of the exchange market, mainly the organized currency market, in order to preserve the internal and external value of the currency.
- Evaluate, at least every three months, the Monetary Program (Art. 16 of the BCH Law), adapting the monetary, credit and exchange policy measures based on the probable changes in perspectives or assumptions used in the Monetary Program.
- Permanently monitor the impacts on the national economy derived from Covid-19 and geopolitical factors, with the purpose of adopting in a timely manner the necessary measures to reduce its effects on the Honduran economy.

Other Policy stances include the following:

- The creation of IHCAFE as a semi-autonomous institution in 1970, as a non-profit institution to increase efficiency and improve research and development actions. IHCAFE created the Superior School of Coffee, Centers of Research and Training, the National Center of Quality, the Coffee Quality Control Laboratory, and the School of Coffee Tasters. In 2008, the National Quality Center opened to market coffee from Honduras internationally. In 2010, the center received ISO 17025-2005 accreditation. IHCAFE
- The creation of the National Council of Coffee (NCC) by Decree 145-2000 as a public – private organization and as the highest regulatory authority in the Honduran coffee sector. NCC works to develop public policies and strategies for coffee production, climatechange, labor, gender inclusion, quality control, promotion, and exporting. NCC Coffee Policy of 2003 is currently under revision.
- The Gender Inclusion Policy will be published in La Gaceta in May 2021, after one and a half years of socialization. The policy focuses on promotion of equal opportunities for women in the coffee sub- sector.
- The Coffee Climate Change policy is being drafted under the direction of the InternationalCenter for Tropical Agriculture (CIAT). The policy Includes mitigation and adaptation components for resilient coffee production.
- On April 13, 2021, the GOH extended the Coffee Bonus Program via Presidential decree PCM 031-2021 with an additional \$12.5 million investment until December 2021. This bonus represents the main production incentive to the coffee sector and its currently in revision for its continuity in year 2022/23.
- The Law of Financial Reactivation of the Coffee Production Sector in 2003 in responseto low coffee prices, to prevent coffee producers from abandoning coffee production, avoid foreclosure on properties with high arrears, and assist producers with high levels of indebtedness. The law established a coffee producer savings fund. The collection mechanism is through a deduction of

\$13.25 per quintal that the exporters pay when they purchase coffee from producers.

- The National Coffee Fund (NCF) created to provide support to the coffee sector. NCF is an organization that receives funding from coffee producers, and is responsible for the maintenance and construction of roads in coffee-producing areas reducing transportation costs for producers. Each municipality receives an allocation of funds for road construction in proportion to its production.
- The United States Department of Agriculture (USDA) has the largest coffee development project in Honduras (Project MAS), implemented by TechnoServe under the Food for Progress program. The budget for this 5-year (2017-2022) initiative is approximately \$12.9 million. The project focuses on all aspects of the coffee value chain in nine departments, representing about 70 percent of the coffee production regions in the country. The project provides assistance to 854 organizations and over 20,900 farmers to enhance productivity and coffee quality, strengthen the coffee producers' organizations, increase production of specialty coffee, and increase small farmer linkages to 19 exporters with favorable markets. This allowed small farmers to sell their coffee at prices 37% higher during the 2019/2020 harvest season compared to 2018/2019 and to increase revenue by 57%.
- The USDA Food for Progress program also supports the coffee sector through the Maximizing Opportunities in Coffee and Cacao in the Americas (MOCCA) Project. This 5-year (2018-2023), approximately \$36.4 million initiative is also implemented by TechnoServe. Its goal is to build the key agricultural sectors of coffee and cocoa in Guatemala, El Salvador, Honduras, Nicaragua, Ecuador, and Peru, directly improving the livelihoods of over 120,000 farmers. It has three objectives: increasing productivity, improving trade, and strengthening farmer capacity to effectively rehabilitate and renovate their plants. MOCCA's key activities include: 1) Farmer training, 2) Market linkages, 3) Augmenting research and dissemination, 4) Strengthening suppliers of genetic material for planting, 5) Facilitating access to finance, 6) Strengthening National Commodity Institutions (NCIs) as providers of services that support rehabilitation and renovation, and 7) supporting regional platforms that support rehabilitation and renovation.

### **Marketing:**

Registration of differentiated coffees started during the 2009-2010 harvest season. Differentiated coffees show a significant growth, the figures reveal that during the 2020-2021 harvest, 3.22 million 60-kg bags were sold, value which represents 55% of total exports. Obtaining a 7% increase compared to the 2019-2020 harvest. The top 5 certifications of differentiated coffee were: UTZ, Organic, Fair Trade/Organic, 4C and Rain-Forest Alliance Certification.

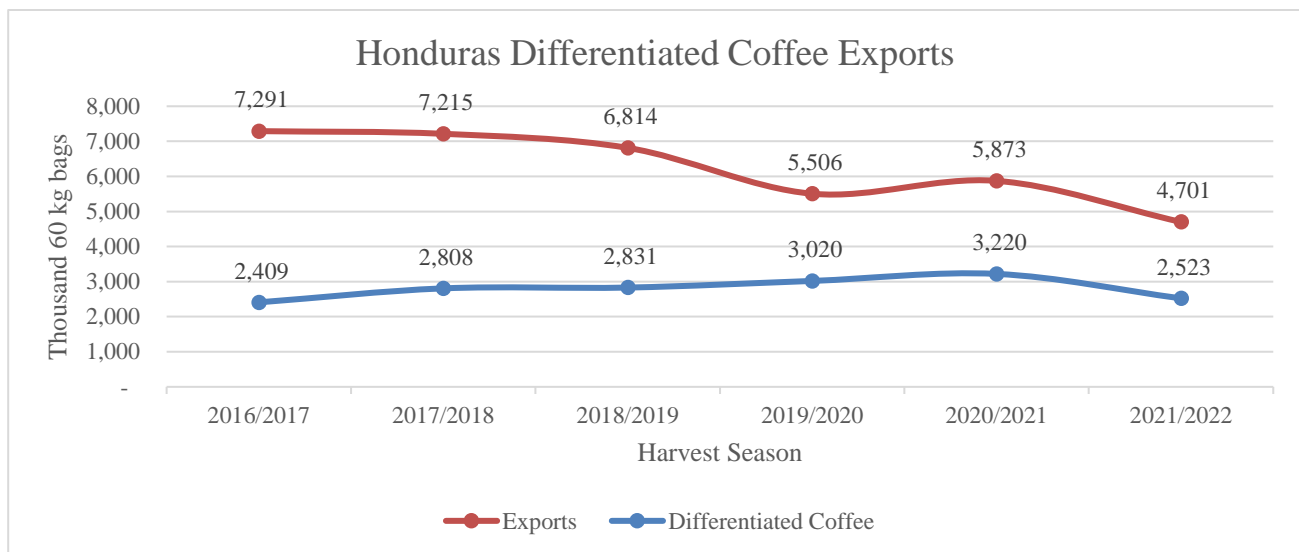
Of its total imports from Honduras, Germany received 1.09 million sacks of differentiated or certified coffee, which represents 59% of its total imports.

**Table 3. Differentiated Coffee Exports by Year: Thousand 60 kg bags**

Harvest Season	Differentiated Coffee	Exports	% Participation
2016/2017	2,409.30	7,290.92	33%
2017/2018	2,807.67	7,214.78	39%
2018/2019	2,830.97	6,813.78	42%
2019/2020	3,020.31	5,506.22	55%
2020/2021	3,220.07	5,873.20	55%
2021/2022	2,523.56	4,701.30	54%

Source: IHCAFE 2021-2022 Statistical Report.

The minimum altitude required for specialty coffee are large areas of coffee production above 3,000 feet. Specialty coffees fall under 22 different programs and certifications such as: UTZ Certified, Association 4C, Fair Trade/Organic (FLO/ORG), Rain Forest Alliance (RFA), Organic (ORG), Bird-friendly, Starbucks C.A.F.E, Rain-Forest Alliance, Fairtrade (FLO), Café Practices, Japanese Agriculture Standard (JAS), Cup of Excellence, and others.



**Figure 4. Increase of Differentiated and Total Coffee Exports (Thousand Bags) 2016/2017 to 2021/2022.**

Honduras has grouped coffee production and quality specifications into six different regions according to differences in microclimates and soil composition. In 2004, Honduras began with the

Cup of Excellence (COE). In 2005, Honduras obtained the first Geographical Indicator (GI) for the country: Denomination of Origin Marcala Coffee. The GI as Brand Collective “Honduran Western Coffees” (HWC) was born.

**International Marketing** -- The IHCAFE Cup of Excellence promotional event brings together the best Honduran coffees that are sold worldwide via electronic auction. Through this competition, Honduras finds niche markets for its coffee. About 1,200 producers are chosen in regional quality competitions, and at the end of the process about 50 to 60 producers participate in the Cup of Excellence final competition.

## Production, Supply and Demand Data Statistics Coffee, Green

<b>Coffee, Green</b>	<b>2021/2022</b>		<b>2022/2023</b>		<b>2023/2024</b>		
Market Begin Year	<b>Oct 2021</b>		<b>Oct 2022</b>		<b>Oct 2023</b>		
Honduras	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
							(Units)
Area Planted	290	307	320	320	0	330	(1000 HA)
Area Harvested	258	275	284	285	0	292	(1000 HA)
Bearing Trees	1228	1375	1600	1600	0	1800	(MILLION TREES)
Non-Bearing Trees	144	172	200	200	0	232	(MILLION TREES)
Total Tree Population	1372	1547	1800	1800	0	2032	(MILLION TREES)
Beginning Stocks	269	258	108	238	0	861	(1000 60 KG BAGS)
Arabica Production	4800	4800	6000	7200	0	7920	(1000 60 KG BAGS)
Robusta Production	0	0	0	0	0	0	(1000 60 KG BAGS)
Other Production	0	0	0	0	0	0	(1000 60 KG BAGS)
Total Production	4800	4800	6000	7200	0	7920	(1000 60 KG BAGS)
Bean Imports	0	0	7	7	0	8	(1000 60 KG BAGS)
Roast & Ground Imports	0	0	1	1	0	2	(1000 60 KG BAGS)
Soluble Imports	20	20	26	26	0	28	(1000 60 KG BAGS)
Total Imports	20	20	34	34	0	38	(1000 60 KG BAGS)
Total Supply	5089	5078	6142	7472	0	8819	(1000 60 KG BAGS)
Bean Exports	4600	4459	5600	6234	0	6857	(1000 60 KG BAGS)
Rst-Grnd Exp.	6	6	0	0	0	0	(1000 60 KG BAGS)
Soluble Exports	2	2	0	0	0	0	(1000 60 KG BAGS)



Total Exports	4608	4467	5600	6234	0	6857	(1000 60 KG BAGS)
Rst,Ground Dom. Consum	351	351	355	355	0	359	(1000 60 KG BAGS)
Soluble Dom. Cons.	22	22	22	22	0	23	(1000 60 KG BAGS)
Domestic Consumption	373	373	377	377	0	381	(1000 60 KG BAGS)
Ending Stocks	108	238	165	861	0	1581	(1000 60 KG BAGS)
Total Distribution	5089	5078	6142	7472	0	8819	(1000 60 KG BAGS)
Exportable Production	4427	4427	5623	6823	0	7539	(1000 60 KG BAGS)
TS=TD	0	0	0	0	0	0	
Post Notes							

## Attachments:

### a) World Coffee Consumption Trend updated to May 2022 (source: [International Coffee Organization](#))

#### World coffee consumption

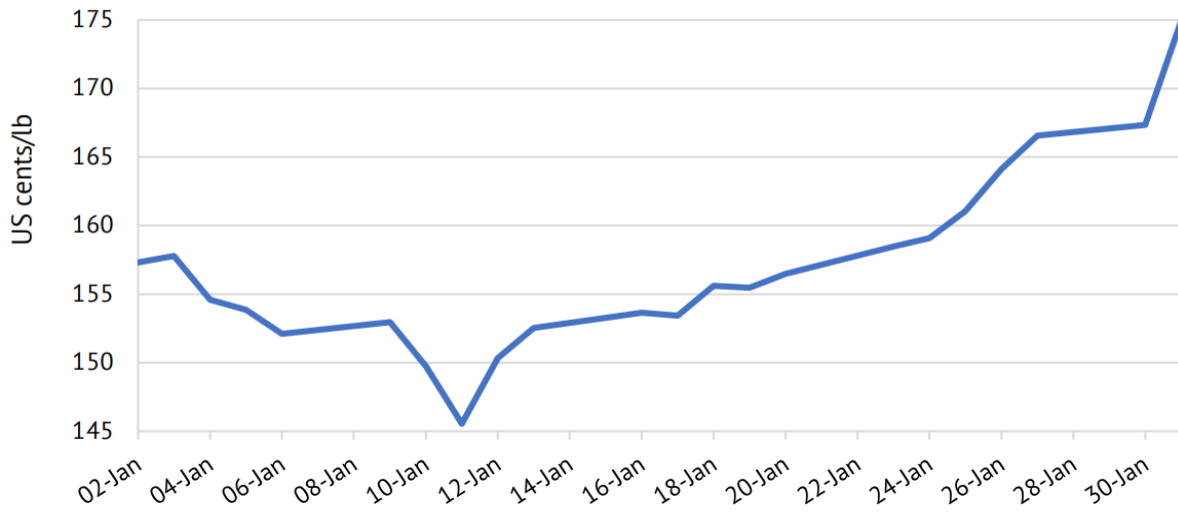
In thousand 60kg bags

	2017/18	2018/19	2019/20	2020/21	CAGR (2017/18-2020/21)
<b>World</b>	<b>161 377</b>	<b>168 492</b>	<b>164 202</b>	<b>166 346</b>	<b>1.0%</b>
Africa	11 087	12 017	12 024	12 242	3.4%
Asia & Oceania	34 903	36 472	36 002	36 503	1.5%
Central America & Mexico	5 273	5 431	5 327	5 364	0.6%
Europe	53 251	55 637	53 372	54 065	0.5%
North America	29 941	31 779	30 580	30 993	1.2%
South America	26 922	27 156	26 898	27 180	0.3%
<b>Exporting countries</b>	<b>49 686</b>	<b>50 245</b>	<b>49 982</b>	<b>50 666</b>	<b>0.7%</b>
<b>(Crop years)</b>					
Brazil	21 997	22 200	22 000	22 400	0.6%
Indonesia	4 750	4 800	4 806	5 000	1.7%
Ethiopia	3 643	3 685	3 781	3 798	1.4%
Philippines	3 180	3 300	3 250	3 312	1.4%
Viet Nam	2 500	2 600	2 650	2 700	2.6%
Mexico	2 400	2 450	2 425	2 420	0.3%
Colombia	1 793	1 791	2 025	2 045	4.5%
Venezuela	1 600	1 550	1 275	1 100	-11.7%
India	1 470	1 475	1 450	1 485	0.3%
Thailand	1 375	1 400	1 400	1 415	1.0%
Guatemala	395	395	393	403	0.7%
Dominican Republic	390	390	377	383	-0.6%
Madagascar	365	375	375	377	1.1%
Honduras	375	375	350	375	0.0%
Costa Rica	353	365	352	353	0.0%
Haiti	340	345	345	341	0.1%
Côte d'Ivoire	317	317	317	317	0.0%
El Salvador	300	300	292	295	-0.6%
Peru	250	250	250	250	0.0%
Uganda	245	250	254	263	2.4%
Others	1 647	1 631	1 615	1 634	-0.3%
<b>111 691</b>		<b>118 247</b>	<b>114 220</b>	<b>115 680</b>	<b>1.2%</b>
<b>Importing countries</b>					
<b>(Coffee years: October - September)</b>					
European Union	40 491	41 768	39 758	40 251	-0.2%
United States of America	26 112	27 759	26 651	26 982	1.1%
Japan	7 750	7 561	7 355	7 386	-1.6%
Russian Federation	4 324	4 691	4 631	4 681	2.7%
Canada	3 829	4 020	3 929	4 011	1.6%
Republic of Korea	2 371	2 476	2 471	2 513	2.0%
Australia	1 854	1 961	1 939	1 962	1.9%
Algeria	1 911	2 150	2 110	2 131	3.7%
Turkey	1 376	1 740	1 711	1 754	8.4%
Saudi Arabia	1 275	1 266	1 241	1 253	-0.6%
Ukraine	1 252	1 379	1 379	1 379	3.3%
Switzerland	1 013	1 079	1 060	1 074	2.0%
Norway	729	785	906	924	8.2%
Morocco	740	755	753	780	1.8%
Taiwan	690	703	707	725	1.6%
Lebanon	610	621	552	452	-9.5%
South Africa	638	673	653	655	0.9%
Egypt	614	1 209	1 242	1 279	27.7%
Argentina	604	623	621	644	2.2%
Sudan	605	741	713	702	5.1%
Others	12 904	14 288	13 838	14 144	3.1%

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b) International Coffee Price Trend (Source: [International Coffee Organization](#))

**ICO Indicator Prices - January 2023 (I-CIP)**



**Attachments:**

No Attachments