

**Required Report:** Required - Public Distribution

**Date:** May 20, 2024

**Report Number:** HO2024-0002

**Report Name:** Coffee Annual

**Country:** Honduras

**Post:** Tegucigalpa

**Report Category:** Coffee

**Prepared By:** Juan Fiallos

**Approved By:** Andrew Hochhalter

**Report Highlights:**

Honduras coffee production is expected to reach 5.5 million 60-kilogram bags in marketing year 2023/24, a twenty-four percent decrease from the previous year. The decrease in coffee production is attributed to high incidence of coffee rust and ongoing labor shortage domestically, as well as the five percent decrease in the international coffee price due to an expected production recovery in Brazil. Consequently, MY2023/24 export forecast is 5 million bags, down 6 percent versus MY2022/23 (5.3 million 60-kilogram bags).

## **Executive Summary:**

Coffee is central to the Honduran economy. More than 102 thousand families are dedicated to its production in 210 municipalities in 15 of the 18 departments of Honduras, representing 30 percent of agricultural GDP and 3.6 percent of total GDP in Year 2024. Coffee represents 23.4 percent of the general exports of Honduras, and coffee production generates more jobs and 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 from neighboring countries. Honduras is the largest coffee exporter in Central America, third in Latin America, and seventh in the world.

The MY2023/24 coffee harvest is forecast at 5.5 million bags (60 kg each), a twenty-four percent decrease from the previous year. The decrease in coffee production is attributed to the high incidence of rust and a labor shortage in Honduras, and is also affected by the 5.0 percent decrease in international prices in anticipation of a significant production recovery in Brazil.

The Honduran government 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).

## **2024-2025 Perspectives:**

- For 2024, a decrease of around US\$165.0 million in the exported value is projected, because of the reduction in volume of approximately 383,333 60 kg bags compared to the production levels recorded in 2023, attributed to the high incidence of coffee rust and labor shortage; as well as the 5 percent decrease in the international price, given the expectations of recovery of Brazilian coffee production.
- In 2025, export values similar to 2024 are expected, with a year-on-year reduction of 5.8 percent (approximately US\$70.0 million), mainly due to the continued downward trend in international prices.

## **International Coffee Prices**

Green Coffee Prices show an increase in Robustas, and a decrease in Colombian Milds, Other Milds and Brazilian Naturals in comparison to previous MY 2023. The ICO indicator prices show an increase in the quarter January 2023 to March 2024, but a decrease in comparison to previous MY 2023.

The ICO Composite Indicator Price (I-CIP) averaged 182.04 US cents/lb in February, a 3.2 percent increase from January 2024. The I-CIP posted a median value of 181.84 US cents/lb, having

fluctuated between 177.48 and 187.07 US cents/lb. The February 2024 I-CIP is 4.2 percent higher than the February 2023 I-CIP, with the 12-month rolling average at 167.46 US cents/lb. The I-CIP grew steadily in February 2024, reaching a 17-month high. Importantly, the Robustas have reached their highest level since November 1994 when they averaged 153.33 US cents/lb.

Colombian Milds and Other Milds increased by 1.9 percent and 2.7 percent, to 209.53 and 208.78 US cents/lb, respectively, in February 2024. The Brazilian Naturals presented a growth of 4.1 percent, reaching an average of 186.74 US cents/lb. The Robustas also grew by 3.2 percent to 153.23 US cents/lb, the highest level in almost 30 years. ICE's London market was also a strong driver of the growth, having increased by 4.9 percent to 142.43 US cents/lb, whilst the New York Futures market expanded by 1.3 percent to 185.37 US cents/lb.

The Colombian Milds–Other Milds differential contracted from 2.32 to 0.75 US cents/lb. The Colombian Milds–Brazilian Naturals and Colombian Milds–Robustas differentials shrank 13.3 percent and 1.5 percent from January to February 2024, averaging 22.80 US cents/lb and, 56.30 US cents/lb, respectively. Meanwhile, the Other Milds–Brazilian Naturals differential also contracted 8.1 percent reaching 22.05 US cents/lb. However, the Other Milds–Robustas and the Brazilian Naturals–Robustas differentials both expanded 1.3 percent and 8.6 percent, averaging 55.56 and 33.51 US cents/lb, respectively, in February 2024.

Arbitrage, as measured between the London and New York Futures markets, retreated 9.1 percent to 42.94 US cents/lb in February 2024. Intra-day volatility of the I-CIP declined by 3.3 percentage points to 6.8 percent between January 2024 and February 2024.

The volatility of Colombian and Other Milds decreased to 8.0 percent and 9.1 percent, respectively. Meanwhile, the Brazilian Naturals' volatility declined by 3.4 percentage points to 8.8 percent from January 2024 to February 2024. The Robustas presented an average volatility of 8.7 percent for the month of February. The London Futures market's volatility also decreased by 1.7 percentage points to 9.7 percent. Lastly, the New York futures market's volatility moved in the same direction to that of London, reaching 9.6 percent, a 3.4 percentage point decline.

The end of the COVID-19 pandemic and improved weather conditions (more rain and better distributed) in MY 2023/24 affected coffee production directly in Honduras. Both phenomena had an impact on improved productivity, trade, and exports. Honduras remains the largest coffee producer in Central America, third in Latin America, and seventh globally.

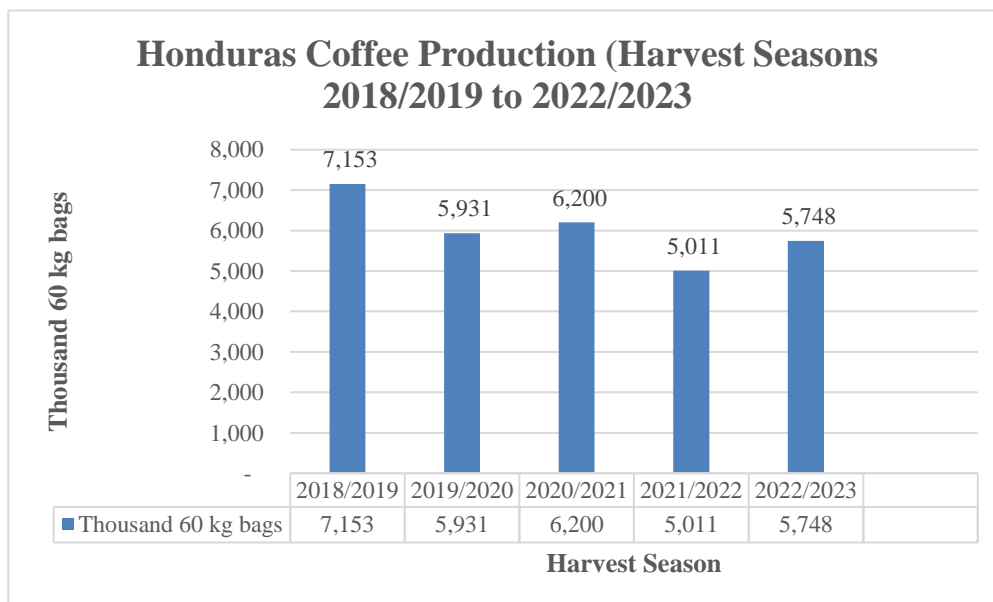
The export forecast for MY 2023/24 is 5 million bags. This estimate considers the forecasted increase in production and domestic internal consumption. Exports of specialty and certified coffee now amount to 58 percent of the total in MY 2022/2023 showing an increasing percentage trend in differentiated coffee from 42 percent in MY 2018/2019 to 58 percent in MY 2022/2023.

**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 percent) of the 298 municipalities.

Coffee production for MY2023/24 is forecast to be 5.5 million bags, twenty-four percent lower than the previous year estimate for MY2023/24 and gaining similar production trends as in MY2019-2020 (Figure 1). A high incidence of coffee rust and labor shortage; as well as the 5.0 percent decrease in the international price, given the expectations of recovery of the Brazilian coffee production is expected to decrease coffee production directly in Honduras.

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



**Figure 1. Coffee Production (Thousand Bags) 2018/2019 to 2022/2023 source: IHCAFE and ICO**

World coffee production increased by 0.1 percent to 168.2 million bags in coffee year 2022/23. The stagnant growth rate belies the tremendous changes at the regional level, with the coffee world neatly split between the expanding Americas and the shrinking rest of the world.

The new Honduras coffee production estimate for MY2023/24 is 5.5 million bags, 24 percent below the previous year forecast of 7.2 million bags, among the causes for the production decrease are: high incidence of coffee rust and labor shortage; and a 5.0 percent decrease in the international price, given the expectations of recovery of the Brazilian coffee production. About three percent of the MY2023/24 coffee still needs to be harvested and 40 percent still pending for exports, roasting, and soluble coffee industrialization.

**Table 1. Producers by Size, Area Harvested and Production 2022/2023.**

<b>Farmer Type</b>	<b>Number of farmers registered with IHCAFE</b>	<b>Total Area Harvested (Ha)</b>	<b>Total Bags (60kg bags) produced</b>
Small	90,522	209,202	2,907,394
Medium	6,126	79,764.38	1,820,667
Large	629	26,764.73	848,578

Source: IHCAFE

Most 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:**

The world coffee consumption is continuing to normalize following the COVID-19 pandemic, with the consumption trend following an established pattern in response to an external shock. The expectation for coffee year 2022/23 was for a smaller growth rate; however, world coffee consumption recorded a decrease of 2.0 percent to 173.1 million bags (see attachment: World Consumption Trend).

Consumption in coffee year 2022/23 did not follow the established pattern due to the impact of the high cost of living, falling disposable incomes and a long stocks drawdown. Despite coffee being relatively inelastic, the challenging global economic environment had a negative impact on its consumption. The world inflation rate was at its highest in 2021 at 9.4 percent, while the benchmark interest rate averaged 4.9 percent at the end of September 2023 in the European Union, UK and USA, the highest level since an average of 5.8 percent in 2000. At the same time, there was a large drawdown of stocks, where combined stocks reported by the European Coffee Federation (ECF) and those held at the Intercontinental Exchange's warehouses in the USA fell by 4.8 million bags from 14.5 million to 9.8 million. This drawdown would have reduced the need for purchases on the international market, seemingly reflected as lower and anomalous global consumption rates for coffee year 2022/23.

The world coffee consumption for coffee year 2023/24 is broadly framed by the assumption that the global economy will continue to grow at above 3.0 percent (October 2023 World Economic Outlook), and that the industry will respond to the large drawdown of stocks, which will be positively reflected in apparent consumption. As a result, world coffee consumption is expected to grow by 2.2 percent to 177.0 million bags, with non-producing countries making the biggest contribution to the overall increase. Coffee consumption in this group of countries should expand by 2.1 percent.

As a result, the world coffee market is expected to run a surplus of 1 million bags in coffee year 2023/24. <https://www.icocoffee.org/documents/cy2023-24/cmr-0224-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 MY2023/24 exports will be 5 million bags, a 19 percent decrease from the previous year MY2022/23 estimate of 6.2 million bags. The evolution of coffee exports MY2023/24 is 2.88 million bags 60 kg showing a progress from the harvest season of 15 percent in the low altitude region, 80 percent in the medium altitude region and 40 percent in the high altitude region (IHCAFE Harvest Forecast Report to May 9 2024) showing a 8 percent decrease compared to 3.13 Millions of 60 kg bags registered in the same period of the year 2022-2023.

According to IHCAFE, MY2023/2024 exports as of May 9 totaled 2.88 million bags of 60 kg, showing a percent change decrease of 8 percent compared to the 3.13 million bags registered in the same period of the year 2022-2023. The export volume of 2.88 million 60 kgs bags, its harvest progress is at 80 percent to the month of May waiting for additional progress to be made to September 2024. The average international export price is \$253.85 for 60 kg bags. During MY 2023/24 to the month of March Honduras has exported to 58 countries 2.88 million 60 kg bags at an average price of \$253.85 per 60 kg bag, a 3 percent coffee price decrease per bag than \$261.72 in MY 2022/2023.

Coffee sales contracts show a total of 3.8 million bags of 60 kg, showing a decrease of 3 percent compared to the 3.9 million bags registered on this same date in MY2022-2023.

Green bean exports of the Brazilian Naturals increased in January 2024, rising by 36.3 percent to 3.61 million bags. For the first four months of coffee year 2023/24, green bean exports of the Brazilian Naturals amounted to 14.59 million bags, up 13.3 percent from 12.88 million bags over the same period a year ago. The sharp growth rate is a reflection of the 31.9 percent increase in exports of the Brazilian Naturals from Brazil, the biggest producer and exporter of this group of coffee, which rose to 3.17 million bags in January 2024 from 2.4 million bags January 2023.

Exports of Colombian Milds increased by 13.7 percent to 0.99 million bags in January 2024 from 0.87 million bags in January 2023. As a result, exports of the Colombian Milds for the first four months of coffee year 2023/24 are up 14.2 percent at 4.2 million bags, as compared with 3.68 million bags in the first three months of coffee year 2022/23.

Green bean exports of the Robustas amounted to 5.13 million bags in January 2024, as compared with 3.42 million bags in January 2023, up 50.3 percent. These are the largest January exports on record, beating the previous record set in 2018 of 4.07 million bags. As a result, the cumulative total for the first four months of coffee year 2023/24 is up 14.7 percent, at 16.07 million bags, as compared with 14.01 million bags in the first four months of coffee year 2022/23. The main driver of January's Robustas increase was Vietnam, which shipped 3.77 million bags as compared with 2.27 million bags in January 2023.

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

Global green bean exports in January 2024 totaled 11.55 million bags, as compared with 8.51 million bags in the same month of the previous year, up 35.8 percent. These are the largest January exports on record, beating the previous record set in 2019 of 10.39 million bags. Despite this, the magnitude of the latest increase in exports of green beans is a more reflection of a favorable base effect and a comparative normalization of supply after the January 2023 exports fell by 17.1 percent to 8.51 million bags, the lowest January exports since 8.07 million bags in 2014. As a result, the cumulative total for coffee year 2023/24 to January is 40.87 million bags, as compared with 35.87 million bags over the same period a year ago, up 14.2 percent.

Shipments of the Other Milds increased by 15.6 percent in January 2024 to 1.82 million bags from 1.57 million bags in the same period last year. Peru was the main driver of the double-digit growth of this group of coffee, with the origin's exports of the Other Milds increasing by 176.2 percent to 0.44 million bags from 0.16 million bags in January 2023. As a result, the cumulative volume of total exports of the Other Milds also increased, rising by 13.2 percent in the first four months of coffee year 2023/24 to 6.0 million bags, versus 5.3 million bags over the same period in 2022/23.

In January 2024, exports of all forms of coffee from Mexico & Central America were down 7.7 percent to 1.11 million bags, as compared with 1.2 million in January 2023. As a result, total exports are only up 0.5 percent for October 2023 to January 2024 at 2.62 million bags, as compared with 2.61 million bags for the same period a year ago. Honduras is the main origin behind the region's negative growth, with exports down 34.3 percent to 0.34 million bags in January 2024 from 0.52 million bags. There are speculations that local farmers are withholding their stocks in the hope of bean prices increasing further in the face of high inflation and increased production costs, thus negatively affecting exports. (source: [International Coffee Organization Coffee Market Report](#))

Honduras has taken advantage of the Free Trade Agreement signed with the Republic of Korea in 2020, which has become the 14<sup>th</sup> largest export market in MY 2022/2023.

Honduras remains the 7<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**

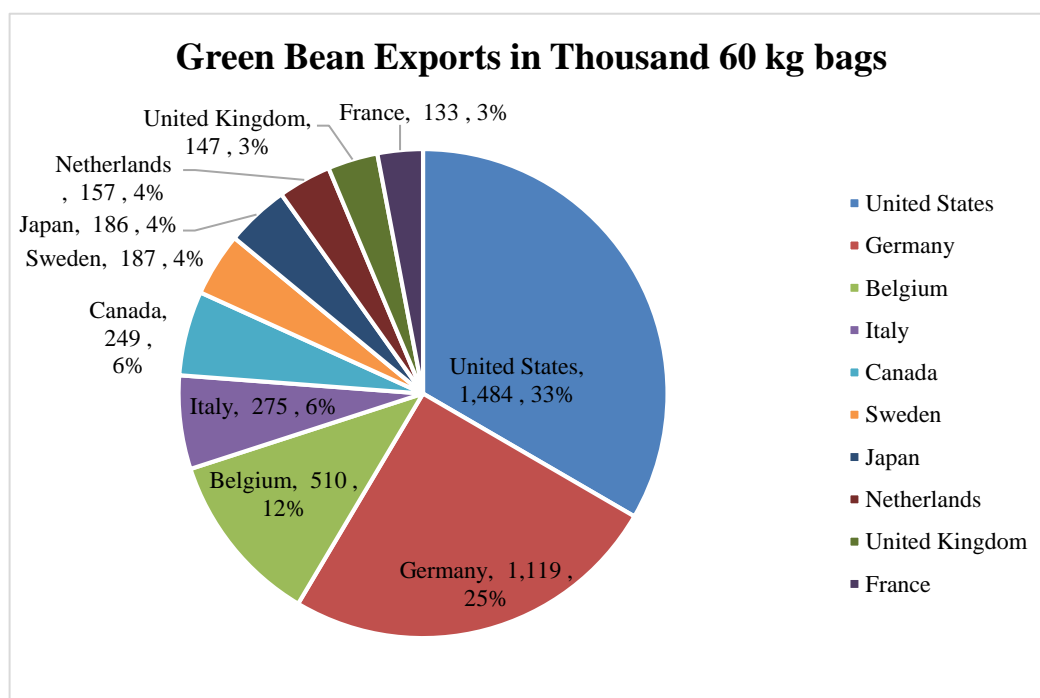
	<b>2021</b>		<b>2022</b>		<b>2023</b>
United States	1,524	United States	1,039	United States	1,484
Germany	1,489	Germany	1,022	Germany	1,119
Belgium	629	Belgium	423	Belgium	510



Italy	316	Italy	279	Italy	275
Colombia	311	Japan	255	Canada	249
France	259	Canada	162	Sweden	187
Sweden	231	Colombia	156	Japan	186
United Kingdom	170	France	138	Netherlands	157
Canada	154	United Kingdom	133	United Kingdom	147
China	153	Sweden	123	France	133
Other	957	Other	727	Other	904

Source: Trade Data Monitor

**Figure 2 Green Bean Exports in Thousand 60 kg bags MY 2023**



Source: Trade Data Monitor

### *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.

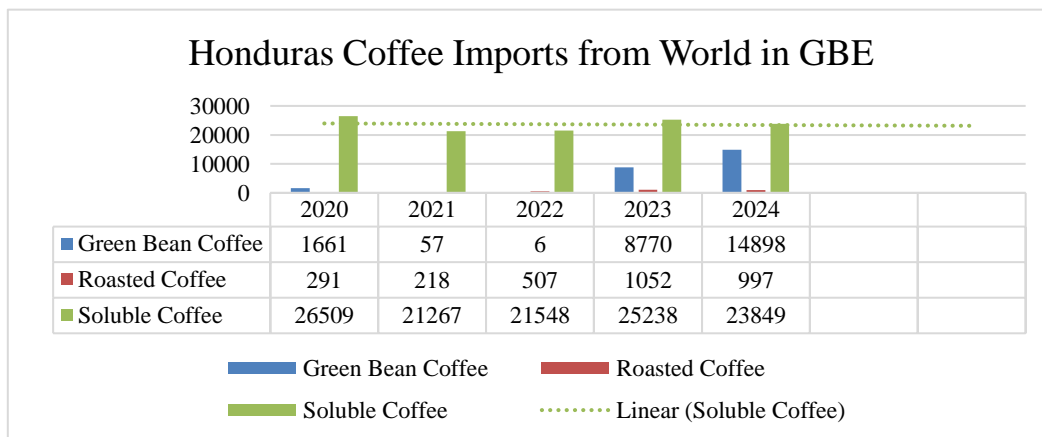
### *Imports*

As reported by the Trade Data Monitor, Honduran imports of Green Bean coffee for domestic consumption in marketing year (MY) 2023 were 8,770 Green Bean Equivalent sacks and 14,898 in MY 2024 from Vietnam, Nicaragua, Brazil and Spain, mainly due to lower ending stocks in the previous year, resulting in imports of 10,302 sacks in 2024 from Vietnam, 920 from Nicaragua, 3211 from Brazil and 333 from Spain.

Honduran imports of roasted coffee for domestic consumption in marketing year (MY) 2024 were 997 GBE 60 kg sacks a 5.5 percent decrease from the previous year of 1,052 GBE 60 kg sacks and originated mainly from the United States, Colombia, Mexico and Ecuador.

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 MY 2023 were 25,238 sacks compared to 21,548 in MY 2022, the year to date imports of soluble coffee to April 2024 are 23,849 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 MY2022/23 has been adjusted to 114,000 60-kg bags, following a increase in demand from USA and Europe. The MY2023/24 forecast for ending stocks is 268,000 60-kg bags, a 135 percent increase compared to MY2022/23.

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 percent 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 changes and the increased cost of inputs in the coffee sector in Honduras, and its Global and International environment characterized by the slowdown in global economic activity, the Central Bank of Honduras is constantly reviewing every year its Monetary, Credit and Exchange Policy. This constantly changing macroeconomic environment could eventually influence coffee production and coffee consumption.

Some of the Monetary Policies affecting the Coffee Sector that the Honduras Central Bank has established during MY 2024/25 include the following (source loc. cit page 40: [Central Bank of Honduras Monetary Program](#)):

1. Continue using the different instruments that the CBH has, such as the Monetary Policy Index (TPM), Open Market Operations, Legal Allowance with the purpose of managing liquidity and credit, contributing to promoting a stable macroeconomic environment.
2. Continue analyzing the composition of the direct monetary policy instruments, in order to strengthen the signaling of the policy position.
3. Maintain liquidity levels consistent with the objective of price stability and the strengthening of the external position of Honduras
4. Continue strengthening the current foreign exchange allocation mechanism and the exchange

market, with support with the technical assistance of the International Monetary Fund (IMF), which allows continuing to improve democratization, efficiency and equity in the allocation of foreign exchange to economic agents.

5. Evaluate the Monetary Program, adapting the monetary, credit and exchange policy measures depending on probable changes in perspectives or economic assumptions.

Other Policy stances include the following:

- IHCAFE Program (Honduran Coffee Institute) “Renew without stopping Production”: Is an initiative whose main objective is to renew coffee growing areas in Honduras, improving the productivity and quality of the coffee grain. Through this renewal process, the sustainability of coffee farms will be achieved, thus guaranteeing the continuous productivity and mitigating the biennial effect of coffee. The program plans to provide support to 33 thousand producers, covering an area of 250 thousand blocks (63 percent of the total coffee park) and achieve a sustainable production goal of between 7.0 and 7.5 million 46 kg bags of coffee during the duration of the program (2023-2027). It should be noted that, in order to mitigate the impact of migration in the coffee sector, this program focuses on the professionalization of the workforce and the adoption of new remuneration schemes in addition to the implementation of new semi-mechanized processes during harvest.
- IHCAFE Climate Change Policy: On February 7<sup>th</sup>, 2024, IHCAFE published and socialized its Climate Change Policy of the Coffee Sub-Sector. The Climate Change Policy establishes a guiding framework for a climate resilient model and projects its implementation in six 5-year periods, from 2022 to 2050. It focuses on measuring results aligned with national planning and climate change systems.
- 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, climate change, 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.

- 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 response to 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 percent higher during the 2019/2020 harvest season compared to 2018/2019 and to increase revenue by 57 percent.
- 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:

In recent years, the category of certified coffees and specialty coffees went from a minimal participation in production and export to a large segment in the industry. Its consumption is increasing every day since consumers currently show great interest in the intrinsic social, economic and environmental characteristics, and the high quality that they represent.

Factors such as height, variety, handling, number of defects, preparation, among others, are the determinants to qualify the quality of the coffee. World markets are experiencing a constant evolution, it is the task of the origins to be at the forefront with new trends. A significant segment of the roasting industry is no longer only interested in the purchase of coffee, now pays special attention to the social impact of cultivation, traceability, and improvement in the quality of producer life; more than coffee it sells experiences.

Registration of differentiated coffees started during the 2009-2010 harvest season. Differentiated coffees show a significant growth, the figures reveal that during the 2022-2023 harvest, 3 million 60-kg bags were sold, value which represents 58 percent of total exports. Obtaining a 7.4 percent increase compared to the 2021-2022 harvest. The top 5 certifications of differentiated coffee were: UTZ, Organic, Fair Trade/Organic, 4C and Rain-Forest Alliance Certification.

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

Harvest Season	Differentiated Coffee	Exports	Percent Participation
2018/2019	2,830,971	6,813,778	42 percent
2019/2020	3,020,311	5,506,220	55 percent
2020/2021	3,220,072	5,873,200	55 percent
2021/2022	2,522,908	4,700,607	54 percent
2022/2023	3,087,345	5,341,893	58 percent

Source: IHCAFE 2022-2023 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.

**Table 4. Honduras Exports of Differentiated (Certified Coffee) by Brands**

<b>Brand detail</b>	<b>Volume</b>	<b>percent in Differentiated Coffee</b>	<b>percent Total Exports</b>
RFA	1,163,493.73	37.70 percent	21.80 percent
ORG	605,006.87	19.60 percent	11.30 percent
FLO/ORG	603,311.71	19.50 percent	11.30 percent
FLO/ORG	253,270.85	8.20 percent	4.70 percent
4C	194,652.10	6.30 percent	3.60 percent
ORG/RFA	104,320.09	3.40 percent	2.00 percent
CAFÉ PRACTICES	99,992.50	3.20 percent	1.90 percent
ORF/CAFÉ PRACTICES	18,342.50	0.60 percent	0.30 percent
GOURMET	17,868.92	0.60 percent	0.30 percent
FLO/CAFÉ PRACTICES	7,302.50	0.20 percent	0.10 percent
FLO/ORG/CAFÉ PRACTICES	5,376.25	0.10 percent	0.10 percent
FLO/ORG/RFA	4,314.05	0.10 percent	0.10 percent
ORG/JAS	3,363.75	0.10 percent	0.10 percent
FLO/RFA	2,012.50	0.10 percent	0.00 percent
DO MARCALA	1,906.93	0.00 percent	0.00 percent
ORG/DO MARCALA	839.50	0.00 percent	0.00 percent
FLO/ORG/BIRD FRIENDLY	632.50	0.00 percent	0.00 percent
WOMEN COFFEE	355.35	0.00 percent	0.00 percent
ORG/BIRD FRIENDLY	333.50	0.00 percent	0.00 percent
FLO/ORG/JAS/BIRD FRIENDLY	316.25	0.00 percent	0.00 percent
ORG/WOMEN COFFEE	146.05	0.00 percent	0.00 percent
COE	140.47	0.00 percent	0.00 percent

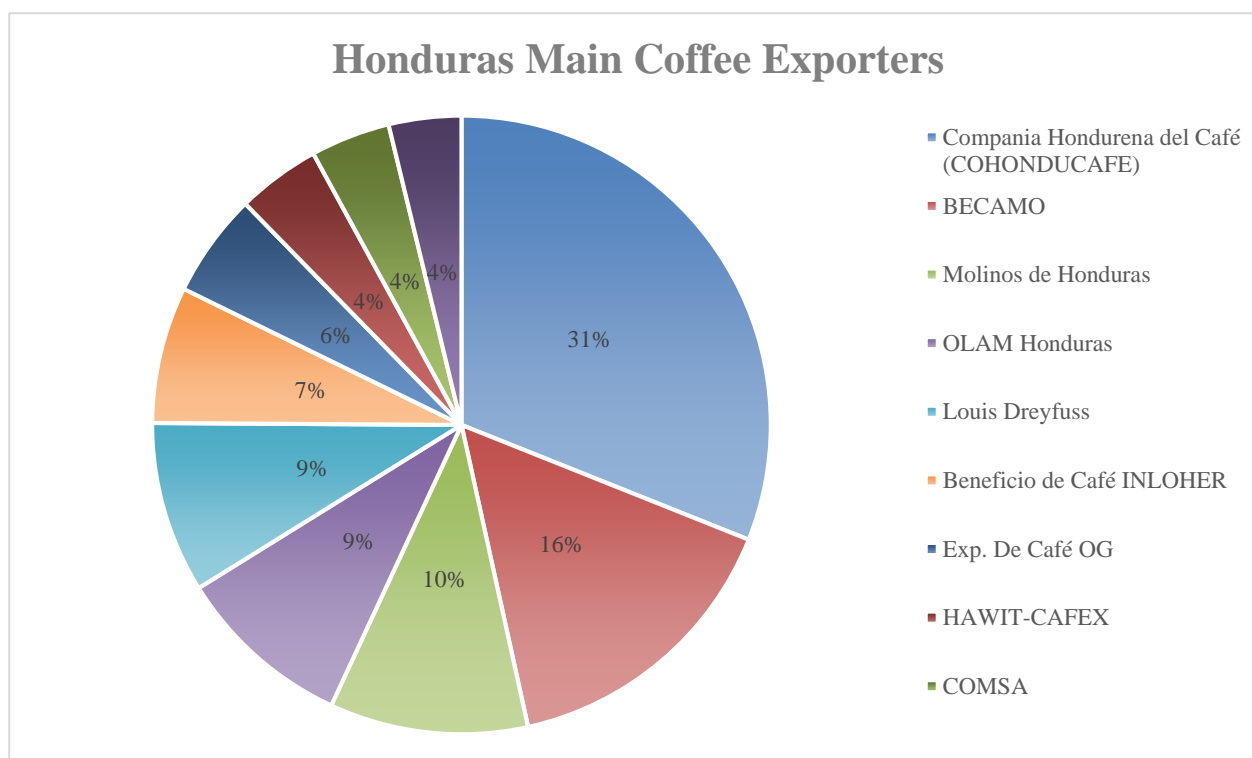
ORG/JAS/BIRD FRIENDLY	46.00	0.00 percent	0.00 percent
<b>Total Differentiated</b>	<b>3,087,344.86</b>	<b>0.00 percent</b>	<b>57.60 percent</b>
Conventional	2,254,547.75	0.00 percent	42.20 percent
<b>Total General</b>	<b>5,341,892.61</b>	<b>0.00 percent</b>	<b>100.00 percent</b>

**Table 5. Honduras Main Coffee Exporters (in 60 kg bags)**

No.	Exporter	Exports	percent Export
1	Compañía Hondureña del Café (COHONDUCAFE)	1,165,569.85	21.8 percent
2	BECAMO	581,639.48	10.9 percent
3	Molinos de Honduras	389,342.96	7.3 percent
4	OLAM Honduras	346,848.05	6.5 percent
5	Louis Dreyfuss	335,748.65	6.3 percent
6	Beneficio de Café INLOHER	268,246.06	5.0 percent
7	Exp. De Café OG	203,939.75	3.8 percent
8	HAWIT-CAFEX	163,800.11	3.1 percent
9	COMSA	156,336.57	2.9 percent
10	SOGIMEX S.A.	142,302.29	2.7 percent
	<b>Sub-total</b>	<b>3,753,773.77</b>	<b>70.3 percent</b>
	Other	1,588,118.84	29.7 percent
	<b>Total</b>	<b>5,341,892.61</b>	<b>100.0 percent</b>



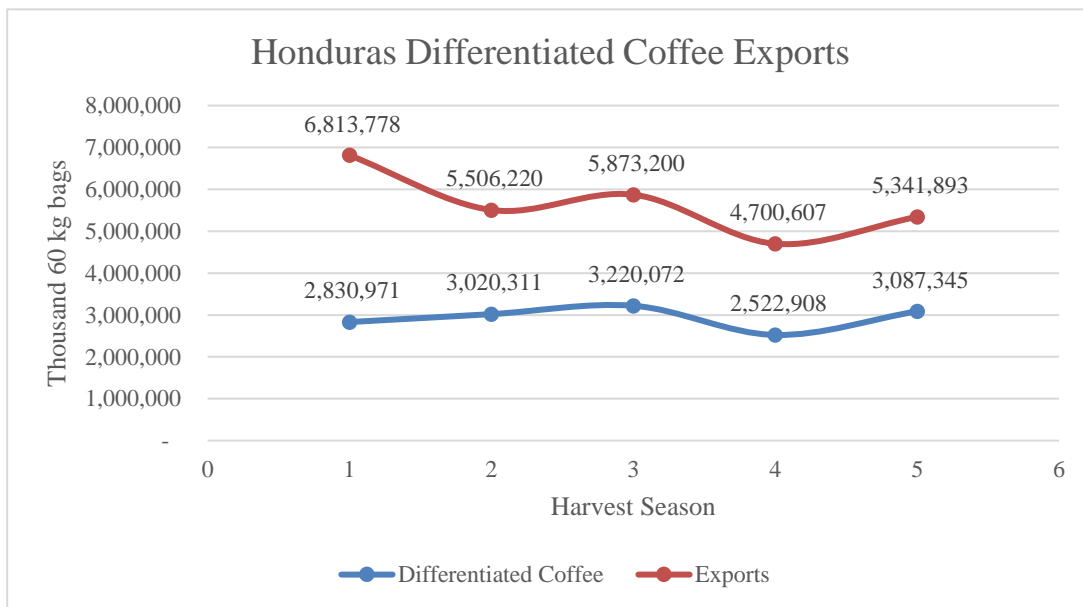
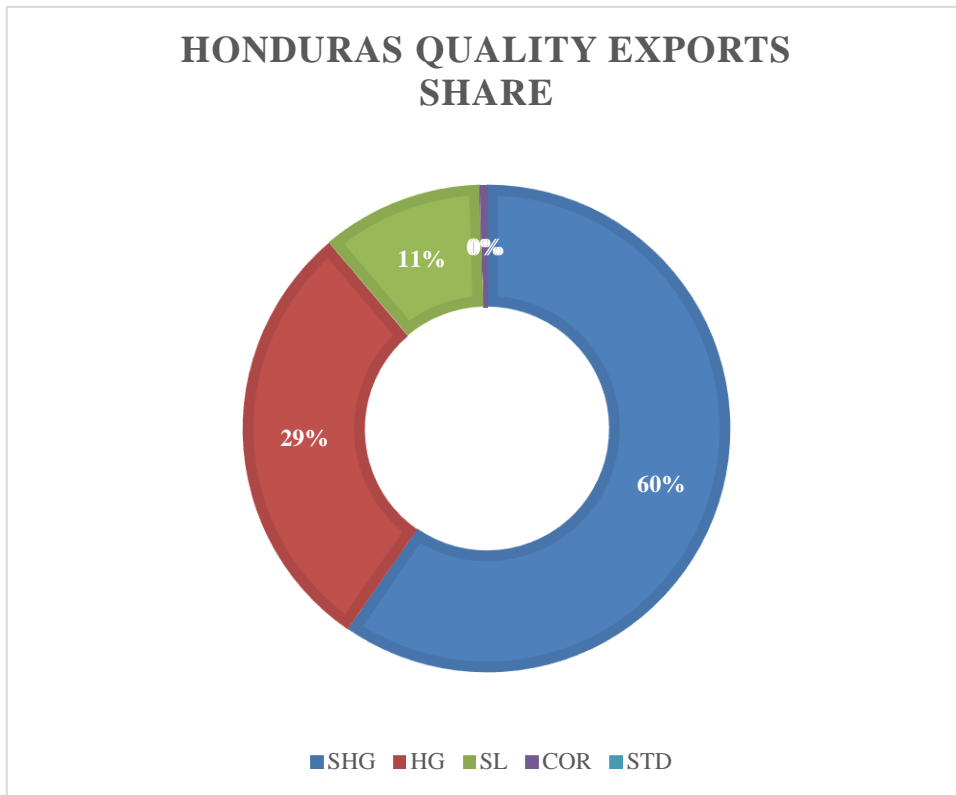
**Fig. 4 Honduras Main Coffee Exporters (in 60 kg bags)**



**Table 6. Honduras Quality Exports in 60 kg bags MY 2022/2023**

Description	Volume	\$USD Value	Average Price	percent
SHG	4,156,886.46	883,515,072.04	212.54	60 percent
HG	2,031,617.65	401,820,063.84	197.78	29 percent
SL	746,856.78	109,143,809.80	146.14	11 percent
COR	32,206.79	4,581,528.44	142.25	0 percent
STD	118.33	31,559.91	266.71	0 percent
<b>Total General</b>	<b>6,967,686.01</b>	<b>1,399,092,034.03</b>	<b>965.42</b>	<b>100 percent</b>

**Fig. 5. Honduras Quality Exports in 60 kg bags MY 2022/2023**



**Figure 6. Increase of Differentiated and Total Coffee Exports (Thousand Bags) 2018/2019 to 2022/2023.**

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. The percentage change of differentiated coffee exports has increased in 58 percent from 42 percent differentiated coffee exports in MY 2018/2019 to 58 percent in MY 2022/2023.

**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

Coffee, Green	2022/2023		2023/2024		2024/2025		
Market Begin Year	Oct 2022		Oct 2023		Oct 2024		
Honduras	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
							(Units)
Area Planted	320	320	330	330	0	340	(1000 HA)
Area Harvested	284	285	292	292	0	300	(1000 HA)
Bearing Trees	1600	1600	1800	1800	0	1900	(MILLION TREES)
Non-Bearing Trees	200	200	232	232	0	245	(MILLION TREES)
Total Tree Population	1800	1800	2032	2032	0	2145	(MILLION TREES)
Beginning Stocks	67	238	112	114	0	268	(1000 60 KG BAGS)
Arabica Production	5700	0	6500	5500	0	5500	(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	5700	5520	6500	5500	0	5500	(1000 60 KG BAGS)
Bean Imports	9	9	15	15	0	17	(1000 60 KG BAGS)
Roast & Ground Imports	1	1	1	1	0	1	(1000 60 KG BAGS)
Soluble Imports	22	25	25	24	0	25	(1000 60 KG BAGS)
Total Imports	32	35	41	40	0	43	(1000 60 KG BAGS)
Total Supply	5799	5793	6653	5654	0	5811	(1000 60 KG BAGS)
Bean Exports	5350	5351	6200	5000	0	5300	(1000 60 KG BAGS)
Rst-Grnd Exp.	1	1	2	2	0	2	(1000 60 KG BAGS)
Soluble Exports	0	0	1	1	0	1	(1000 60 KG BAGS)
Total Exports	5351	5352	6203	5003	0	5303	(1000 60 KG BAGS)

Rst,Ground Dom. Consum	305	305	360	360	0	385	(1000 60 KG BAGS)
Soluble Dom. Cons.	22	22	25	23	0	25	(1000 60 KG BAGS)
Domestic Consumption	327	327	385	383	0	410	(1000 60 KG BAGS)
Ending Stocks	121	114	65	268	0	98	(1000 60 KG BAGS)
Total Distribution	5799	5793	6653	5654	0	5811	(1000 60 KG BAGS)
Exportable Production	5373	5193	6115	5117	0	5090	(1000 60 KG BAGS)
TS=TD	0	0	0	0	0	0	

Post Notes

**Attachments:**

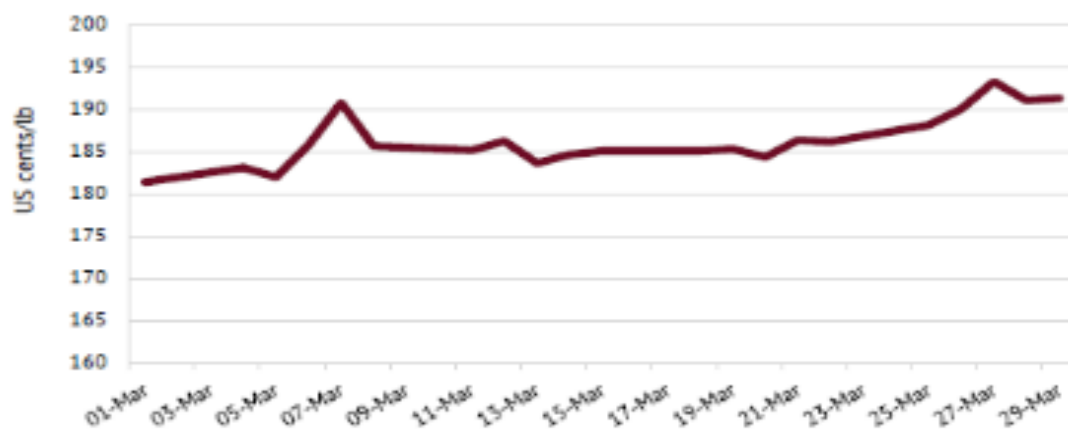
a) World Coffee Consumption Trend updated to February 2024 (source: [International Coffee Organization Coffee Market Report](#))

**Table 3: World Supply/Demand Balance**

Coffee Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24*	% change
<b>PRODUCTION</b>	<b>169.8</b>	<b>168.4</b>	<b>170.8</b>	<b>168.0</b>	<b>168.2</b>	<b>178.0</b>	<b>5.8%</b>
Arabica	99.5	96.4	100.6	92.3	94.0	102.2	8.8%
Robusta	70.3	72.0	70.3	75.7	74.2	75.8	2.1%
Africa	18.5	18.5	19.2	19.3	17.9	20.1	12.1%
Caribbean, Central America & Mexico	21.3	19.2	19.7	18.9	19.2	18.7	-2.5%
South America	81.9	81.1	83.9	77.6	81.3	89.3	9.8%
Asia & Oceania	48.1	49.6	48.0	52.2	49.8	49.9	0.3%
<b>CONSUMPTION</b>	<b>171.2</b>	<b>168.6</b>	<b>169.9</b>	<b>176.6</b>	<b>173.1</b>	<b>177.0</b>	<b>2.2%</b>
Exporting Countries	52.5	52.2	53.1	54.4	55.1	56.5	2.6%
Importing Countries (Coffee Year)	118.6	116.4	116.8	122.2	118.1	120.5	2.1%
Africa	11.9	12.1	13.0	12.9	12.2	12.5	2.6%
Asia & Oceania	39.9	40.1	42.2	44.2	44.5	45.7	2.7%
Caribbean, Central America & Mexico	5.8	5.8	5.9	6.0	6.0	6.1	2.3%
North America	31.8	30.6	30.2	31.3	29.8	30.9	3.8%
South America	26.3	26.0	26.4	27.0	27.5	28.0	1.6%
Europe	55.5	54.0	52.2	55.2	53.1	53.7	1.1%
<b>BALANCE</b>	<b>-1.3</b>	<b>-0.2</b>	<b>0.9</b>	<b>-8.6</b>	<b>-4.9</b>	<b>1.0</b>	

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

**ICO Indicator Prices - March 2024 (I-CIP)**



**Attachments:**

No Attachments