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Cote d'Ivoire

Coffee

Coffee Semi-Annual Report

1998

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Report Highlights:

Post has revised downwards its 1998/99 coffee forecast due to drought conditions and aging trees. The government has reiterated its intention to liberalize coffee marketing in the 1998/99 crop year and operators are awaiting more specifics so that marketing can start. Field reports indicate that increasing numbers of farmers are joining cooperative groups to protect their interest with the advent of market liberalization. Post has revised downwards its forecast for the 1998/99 exports due to reduced green coffee supply.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Abidjan [IV1], IV

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Executive Summary

Post has revised downwards its 1998/99 coffee production estimate due to drought conditions during the crop formative period and aging trees. However, the entry into production of new trees will minimize the decrease. Field reports indicate that crop harvesting has started in many areas and farmers interviewed have contradictory views about production. While some claim crop harvest will be low, others think production could be at least the same as that of last year.

The government has reiterated its intention to liberalize coffee marketing in the 1998/99 crop year. However, further specifics, including announcement on export taxes, 'check off' and the start of operation of the New CAISTAB (the government agency to be responsible for monitoring coffee and cocoa marketing), are needed to enable operators to plan their market strategies and to start negotiations with farmers on farmgate prices. Full scale crop marketing is expected to start by January 1999 as most farmers are also cocoa producers and are presently busy with cocoa marketing. However, the main local processing factory, Capral/Nestle, is expected to start coffee purchasing November 16, 1998 and has fixed a price of 650 F CFA/kg for good quality coffee delivered to its purchasing centers. Capral/Nestle as a local, upcountry buyer and processor puts it in a better market position than other buyers.

One of the newly formed national cooperative group, FIPCC, has also announced an indicative minimum producer price of 625 F CFA/kg applicable until mid-December 1998. Due to difficulties of exporters in obtaining credit lines from banks, FIPCC is asking farmers to stock their products at regional storage centers and await payment until after sale to exporters. Most exporters are facing a credit squeeze from banks because of their loan defaults in the 1997/98 marketing year and minimal guarantee cover from the CAISTAB as a result of the market liberalization. Ivorian owned exporting firms are the hardest hit by these financial problems. However, one of the local exporting firms, SIFCA, has received 35 billion F CFA of credit from a bank consortium led by the African Merchant Bank, a branch of the Belgian Societe Generale de Banques. The bank consortium comprises the French banks the Banque Nationale de Paris, the Credit Agricole Indosuez and the Credit Lyonnais. SIFCA received 30 billion F CFA in 1996 and 32 billion F CFA in 1997 from the same consortium. SIFCA is the leading cocoa and coffee exporting company in Cote d'Ivoire and, incidentally, the only company currently doing brisk business in upcountry cocoa purchases. The other cooperative association, APROCACI, finds it too early to discuss farmers' price as details on export prices are not yet known. The association is of the view that discussion of farmers' prices should be linked with precise quality categories to avoid arbitrariness.

Field reports indicate that farmers in increasing numbers are joining existing cooperative groups or forming new cooperative groups due to extension activities by the government which urges them to organize themselves to protect their interest with the advent of market liberalization. More exporters are expected to establish upcountry purchasing centers as the liberalized market takes off, and there are reports that increasing numbers of exporters are either setting up their own buying centers upcountry or negotiating with cooperatives for product supply. Middlemen or traitants are also organizing farmers into cooperative groups in their operating areas to safeguard their source of supply.

The government final estimate for the 1997/98 crop was 4,133,000 bags of green coffee. However, Post maintains its estimate, which is in line with industry estimates, of between 3,967,000 bags and 4,085,000 bags.

Post has revised downwards its forecast for the 1998/99 green coffee exports because of reduced supply. Green coffee exports are estimated to have increased in 1998 due to supply availability and rising exports of black beans. Exports for the first 9 months of 1998 were 3,691,817 bags compared to 3,365,403 bags for the same period in 1997. In the first 9 months of 1998, about 42 percent of exports were classified as high quality, 47 percent as standard and 10 percent being black beans compared to 38 percent as high quality, 55 percent as standard quality and 6 percent black beans for the same period in 1997. The quality of the Ivorian crop has been a problem due to aging plantations and shortage of farm laborers to assist in harvest and processing activities. A local daily newspaper quoted the Marketing Director of Caistab as saying that in the international markets, Ivorian coffee has been subjected to a 55,000 F CFA/MT discount because of poor quality.

Exchange Rate:U.S. \$1 = 565 F CFA on November 13, 1998.

PSD Table						
Country:	Cote d'Ivoire					
Commodity:	Coffee, Green					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1996		10/1997		10/1998
Area Planted	1438	1441	1455	1451	1465	1465
Area Harvested	1220	1220	1225	1225	1245	1245
Bearing Trees	1531100	1531100	1537375	1537375	1562475	1562475
Non-Bearing Trees	273590	273590	288650	288650	276100	276100
TOTAL Tree Population	1804690	1804690	1826025	1826025	1838575	1838575
Beginning Stocks	1499	1499	3149	2915	1977	1885
Arabica Production	0	0	0	0	0	0
Robusta Production	5333	5333	4200	4080	4080	3750
Other Production	0	0	0	0	0	0
TOTAL Production	5333	5333	4200	4080	4080	3750
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	6832	6832	7349	6995	6057	5635
Bean Exports	3319	3553	4000	4651	5000	4500
Roast & Ground Exports	2	2	3	3	3	4
Soluble Exports	311	311	400	401	400	420
TOTAL Exports	3632	3866	4403	5055	5403	4924
Rst,Ground Dom. Consum	25	25	27	27	28	28
Soluble Dom. Consum.	26	26	28	28	30	30
TOTAL Dom. Consumption	51	51	55	55	58	58
Ending Stocks	3149	2915	2891	1885	596	653
TOTAL DISTRIBUTION	6832	6832	7349	6995	6057	5635

Coffee Exports (60 kg Bags) - January-September

	1997	1998
U.S.	141,667	201,317
France	976,433	1,005,417
Benelux	484,467	261,017
Germany	52,500	64,583
Italy	609,883	650,300
Portugal	90,300	75,017
Spain	174,617	228,883
Poland	296,317	394,533
Morocco	93,283	96,433
Algeria	232,033	358,850
Others	213,983	355,467
Total	3,365,483	3,691,817

Export Trade Matrix			
Country:		Units:	60 kg Bags
Commodity:			
Time period:	Jan-Dec		
Exports for	1996		1997
U.S.	21433	U.S.	162067
Others		Others	
France	793200	France	1132750
Italy	525583	Italy	757100
Benelux	232367	Benelux	631283
Poland	196033	Poland	362517
Spain	159917	Algeria	285000
Morocco	98650	Spain	239300
Portugal	99017	Morocco	136150
Algeria	75833	Portugal	115433
Germany	70767	Israel	97550
Tunisia	45633	Germany	75217
Total for Others	2297000		3832300
Others not listed	143184		326250
Grand Total	2461617		4320617