



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 2/4/2000

GAIN Report #CO0004

Colombia

Coffee Situation Update

2000

Approved by:

David G. Salmon, Agricultural Attaché

U.S. Embassy, Bogota, Colombia

Drafted by:

Héctor A. Sarmiento, Agricultural Specialist

Report Highlights:

Post is revising downward its coffee production estimate for 1999/2000 by ten percent to 10.8 million bags. Likewise, our previous export estimate has been reduced five percent to 9.5 million bags. Coffee prices to growers are now 16 percent higher than a year ago. Coffee growers want to improve yields but not increase area in the future.

Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Bogota [CO1], CO

Coffee Update

The La Nina weather phenomenon, which started in August 1998, adversely affected *Colombian coffee production* in 1998/99, leading to a ten-percent reduction from 1997/98. The La Nina phenomenon resulted in continuous rainfall, which restricted flowering of the coffee trees, reducing yields about nine months later. In October 1999, when rains returned to more normal patterns, weather experts predicted that the La Nina phenomenon had ended, improving prospects for increased coffee production. Based on this information, Post predicted 1999/2000 production higher than in the previous year. However, weather has continued rainier than normal, therefore Post is revising downward its estimate of coffee output by ten percent to 10.8 million bags.

We are also reducing by five percent our previous estimate for coffee *exports*, since low stocks will not allow exports to reach the initial export projection. Please note that not all the stocks are of an exportable quality. We give no credence to sporadic rumors that indicate Colombian coffee production is so low that imports are already coming into the country. In fact, very small amounts of specialty coffees are imported every year. The reaction to a lower coffee output is not in importation but rather in a reduction of exports.

Coffee production has been falling since 1991/92, when it reached an all-time record of 18 million bags. Since then, it has been declining at an average annual rate of six percent. The National Coffee Committee (NCC), decided five years ago that Colombia should not expand coffee area and has been discouraging farmers from increasing plantings. Instead, the NCC has been promoting practices that will improve coffee yields and quality. The highest production levels in the past five years were 1994/95 and 1995/96, with 13 million bags in each of these years; in 1997/98 there was a smaller peak of 12.1 million bags. Consequently, coffee output in the next 3-5 years will continue depending on factors such as management, control of pests and diseases, and the weather.

The Coffee Growers Federation is forecasting 9.5 million bags in 1999/2000 and the coffee exporters are predicting only 8 million bags. We believe these estimates are too low, but we prefer to wait until our next report (May 2000) when we can use additional final production reports to project our figures. The coffee crop in 2000/01, however, is expected to return to about 12 million bags. This is because, while weather should become more normal improving yields, a large number of growers have been pruning old trees, which will take nearly a year to return to production.

Coffee *prices to the growers* in the first half of 1999 were lower than in the same period in 1998, but strengthened in the second half of the year. In February 2000, farmers are receiving 370,000 pesos per 125 kilos of dry parchment coffee (\$0.68 per pound), up 16 percent from a year ago. Coffee prices reached a high of 395,000 pesos per 125 kilos (\$0.76 per pound) in December 1999, but since then they have been falling.

TABLES

Colombia: Green Coffee PSD, 1997/98 to 1999/2000 ^{1/}

(1,000 hectares, million trees, and 1,000 60 kilogram bags)

PSD Table						
Country:	Colombia					
Commodity:	Coffee, Green					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Planted	900	900	900	900	900	900
Area Harvested	840	840	840	840	840	840
Bearing Trees	3,080	3,080	3,100	3,100	3,100	3,100
Non-Bearing Trees	540	540	550	550	550	550
TOTAL Tree Population	3,620	3,620	3,650	3,650	3,650	3,650
Beginning Stocks	4,420	4,420	3,929	3,929	2,747	2,747
Arabica Production	11,932	11,932	10,868	10,868	12,000	10,800
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
TOTAL Production	11,932	11,932	10,868	10,868	12,000	10,800
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	16,352	16,352	14,797	14,797	14,747	13,547
Bean Exports	10,213	10,213	9,790	9,790	10,000	9,500
Roast & Ground Exports	105	105	110	110	110	110
Soluble Exports	545	545	550	550	550	550
TOTAL Exports	10,863	10,863	10,450	10,450	10,660	10,160
Rst,Ground Dom. Consum	1,300	1,300	1,330	1,330	1,360	1,360
Soluble Dom. Consum.	260	260	270	270	280	280
TOTAL Dom. Consumption	1,560	1,560	1,600	1,600	1,640	1,640
Ending Stocks	3,929	3,929	2,747	2,747	2,447	1,747
TOTAL DISTRIBUTION	16,352	16,352	14,797	14,797	14,747	13,547

^{1/} 1999/2000, estimated.

Source: Fedecafe (Coffee Growers Federation), Expocafe (Coffee Exporters Cooperative), Asoexport (Coffee Exporters Association), and Cenicafe (Coffee Research Center).

Colombia: Dry Parchment Coffee Prices, CY1998 and CY1999 ^{1/}

Prices Table			
Country:	Colombia		
Commodity:	Coffee, Green		
Year:	1999		
Prices in (currency)	1000pesos	per (uom)	125 kilos
Year	1998	1999	% Change
Jan	365	326	-10.7%
Feb	378	318	-15.9%
Mar	349	318	-8.9%
Apr	345	318	-7.8%
May	314	325	3.5%
Jun	315	341	8.3%
Jul	301	339	12.6%
Aug	306	339	10.8%
Sep	306	328	7.2%
Oct	304	329	8.2%
Nov	316	362	14.6%
Dec	318	395	24.2%
Exchange Rate	1970	(Local currency/US \$)	
Date of Quote	01-Jan-00	(MM/DD/YY)	

^{1/} Average paid by private traders for dry parchment coffee of Ordinary quality.

Source: Asoexport (Colombian Association of Coffee Exporters).

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