



Voluntary Report - public distribution

Date: 2/17/1999

GAIN Report #CO9006

## Colombia

## Coffee

## Coffee Update

## 1999

Prepared by:

**David I. Rosenbloom, Agricultural Attaché**  
**U.S. Embassy, Bogota, Colombia**

Drafted by:

Héctor A. Sarmiento, Agricultural Specialist

---

### **Report Highlights:**

Colombia's main coffee producing area was hit by a severe earthquake on January 25, 1999. Although significant damage to farm-level processing facilities occurred, this year's coffee output will be impacted only modestly. Post's 1998/99 coffee production forecast has been reduced to 12.1 million bags as a result of excessive rains during the flowering period. Post is maintaining its total coffee export forecast for 1998/99 unchanged at 11.16 million bags.

---

Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Bogota [CO1], CO

## Earthquake Hits the Coffee Belt

A deadly earthquake shook Colombia's coffee belt on January 25, 1999. The area affected by the earthquake accounts for 30 percent of Colombia's coffee production. Although coffee trees were not affected, on-farm processing facilities, regional threshers, coffee warehouses, and roads throughout the zone were damaged. Fifteen percent of all homes in the coffee belt were completely destroyed while an additional 37 percent sustained significant damage. The industry estimates that twelve percent of all on-farm processing facilities in the coffee belt was destroyed by the earthquake. The industry, however, is prioritizing its reconstruction efforts to rebuilding damaged facilities, estimated at more than one out of every 5. Many pickers, particularly seasonal workers, have moved to local towns where they are receiving aid in the form of free food. This has adversely impacted labor availability for coffee farms. The GOC is attempting to remedy this problem by curtailing its food distribution activities in the hope that it will encourage workers to return to their normal work activities in coffee areas.

## Production

Colombia produces coffee throughout the year, but there are two principal harvest periods. The dominant harvest occurs October - December while the minor crop is collected April - July. Coffee output in the second half of 1998/99--beginning in April 1999--is projected to fall 6 percent from the same period a year earlier. Most of this decrease is attributed to excessive precipitation during August 1998 - January 1999 which adversely affected the bloom stage of crop development. The resulting reduction in cherry output accounts for roughly 90 percent of the 400,000 bag reduction in our coffee production forecast to 12.1 million bags. The balance of the reduction in our forecast is expected to result from losses emanating from earthquake damage to coffee processing infrastructure.

Colombia's coffee industry expresses confidence that the effect of the earthquake on overall coffee output will be minimal. A significant portion of Colombia's coffee output will be processed in makeshift greenhouses constructed of bamboo and plastic sheeting. Those threshing facilities which escaped undamaged or those which can be quickly repaired and put back into service will operate extra shifts. Additionally, some coffee will be transported to other zones unaffected by the earthquake, where underutilized processing capacity exists.

## Crop Quality

No more than 4 percent of this year's crop harvested during the first 4 months prior to the earthquake showed Broca damage from the coffee cherry borer insect. We anticipate that this figure could rise during the remainder of the year due to localized labor shortages or processing deficiencies which will upset harvesting schedules. Whenever ripe cherries are not picked on a timely basis, insect damage rises markedly. Additionally, the quality of coffee produced in the April - July 1999 period is not likely to meet the normal high quality standards that Colombia is noted for due to the ongoing rehabilitation of on-farm processing infrastructure.

## Prices

World prices for Colombian coffee have fallen from \$1.89 in February 1998 to \$1.20 per pound at present. The National Coffee Committee (NCC) establishes support prices to growers that buffer variations in the world market. Despite the stabilization efforts of the NCC, grower prices are currently 17 percent below a year ago.

As a subsidy to coffee growers affected by the earthquake, the NCC has decided to maintain dried parchment coffee prices during February - July 1999 at 312,500 pesos per 125 kilos (\$0.72 per pound). However, with expectations for a drop in coffee production during the upcoming April - July period, private buyers (exporters) are now purchasing from growers at price levels ranging from 10-12 percent above the NCC support price.

The Colombian government and the NCC have together allocated 60 billion pesos (\$38.5 million) for the reconstruction of earthquake-damaged coffee areas. Reconstruction already is underway. The aid program places a priority on repairing partially damaged processing facilities. Rehabilitation grants which do not require repayment will be made available to growers up to 4 million pesos (\$2,550). Additional funds will be provided on loan terms. During the first 2 years of the life of these credits, growers will not be required to make repayments for loan principal or interest.

## Exports

Colombia's coffee industry is confident that it will be able to meet the country's 1998/99 export quota of 10.5 million bags of green coffee under the Coffee Producing Countries Association (CPCA). Coffee bean exports combined with roast, ground, and soluble shipments will enable Colombia to reach our export forecast for 1998/99 of 11.16 million bags of green bean equivalency. Coffee exports during the first 4 months of marketing year 1998/99 were 8 percent higher than in the same period a year earlier. Any shortfall in new crop export availabilities are likely to be offset by drawing upon coffee stocks.

**Colombia: Coffee PSD, 1997/98 - 1999/2000**

PSD Table

Country: Colombia  
Commodity: Coffee, Green

Market Year Begin	1997		1998		1999	
	Old	New	Old	New	Old	New
	10/1996		10/1997		10/1998	
Area Planted	920	920	900	900	900	900
Area Harvested	860	860	840	840	840	840
Bearing Trees	3,150	3,150	3,080	3,080	3,100	3,100
Non-Bearing Trees	560	560	540	540	550	550
TOTAL Tree Population	3,710	3,710	3,620	3,620	3,650	3,650
Beginning Stocks	6,328	6,328	4,420	4,420	3,929	3,929
Arabica Production	10,779	10,779	11,932	11,932	12,500	12,100
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
TOTAL Production	10,779	10,779	11,932	11,932	12,500	12,100
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	17,107	17,107	16,352	16,352	16,429	16,029
Bean Exports	10,568	10,568	10,213	10,213	10,500	10,500
Roast & Ground Exports	100	100	105	105	110	110
Soluble Exports	519	519	545	545	550	550
TOTAL Exports	11,187	11,187	10,863	10,863	11,160	11,160
Rst,Ground Dom. Consum	1,250	1,250	1,300	1,300	1,330	1,330
Soluble Dom. Consum.	250	250	260	260	270	270
TOTAL Dom. Consumption	1,500	1,500	1,560	1,560	1,600	1,600
Ending Stocks	4,420	4,420	3,929	3,929	3,669	3,269
TOTAL DISTRIBUTION	17,107	17,107	16,352	16,352	16,429	16,029