Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/25/2002

GAIN Report #VE2030

Venezuela

Coffee

Update

2002

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Report Highlights:
Currently, the Venezuelan coffee sector is suffering the consequences of the dramatic fall in international prices. Added to that, Venezuelan coffee faces several domestic problems. One of them is the high level of stocks left over from the 2000 and 2001 coffee harvests. Another element distorting the market is coffee coming in from Colombia, which increases supply and leads to a fall in prices.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Caracas [VE1], VE

Currently, the Venezuelan coffee sector is suffering the consequences of the dramatic fall in international prices. Added to that, Venezuelan coffee faces several domestic problems. One of them is the high level of stocks left over from the 2000 and 2001 coffee harvests. Another element distorting the market is coffee coming in from Colombia, which increases supply and leads to a fall in prices. Producers also claim that there is a lack of domestic policy for protecting local production and promoting exports.

According to the Venezuelan Coffee Industry Association, Asicaf, in 2001-2002 production is estimated in 1.2 million quintals (920,000 bags), and they forecast 1.17 million quintals (897,000 bags) for the 2002-2003 harvest. The Venezuelan Ministry of Agriculture estimates that coffee production could reach 1.36 million quintals (1,042,000 bags) in 2002-2003, but estimates for 2001-2002 are not available at this time. Asicaf also estimates a fall in consumption going from 940,000 quintals in 2001-2002 period to 820,000 quintals in 2002-2003.

At the international level, Venezuela has not been very competitive in coffee due to high costs of production. While raw Venezuelan coffee has an average price of 52,000 bolivars ($ 38) per quintal, Brazil offers its coffee for 42,000 bolivars ($ 31), Colombia and Mexico for 40,000 bolivars ($ 29) and, Costa Rica for 25,000 bolivars ($ 18) per quintal, according to Asicaf statistics.

In Venezuela 80 percent of producers are small coffee farms of about three to five hectares, and their average cost of production per quintal can be as high as 56,000 bolivars ($ 41). The Government is trying to protect small producers by implementing a price band, which is 40 percent above the international price. This situation has generated problems between producers and the industry, because some of them do not respect the prices fixed by the government and these high support prices make it hard to commercialize the product.