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Guatemala

Coffee Annual

Coffee Production and Exports of Guatemala

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Report Highlights:

Coffee production for MY 2011 is forecast to remain at 4.0 million bags. Total bean exports are forecast to hold at 3.8 million bags. Guatemala has positioned itself as a marketing leader with worldwide recognition for its specialty coffee. United States continues as Guatemala's biggest export market, accounting for 49 percent of its total coffee exports. Japan follows as the second export market for Guatemala, holding 16 percent of the market share, with a steady growth over the past 4 years.

Executive Summary:

Coffee production for MY 2011 is forecast at 4.0 million bags, the same as MY 2010. Export volumes for MY 2011 are forecast to remain steady at 3.8 million bags. Guatemalan coffee is being marketed more as a specialty product rather than a commodity. The United States is still Guatemala's biggest customer, accounting for 49 percent of all exports. Japan follows and has increased its share to 16 percent of total exports. After coffee gained immediate duty-free access to Taiwan under the Guatemala-Taiwan Free Trade Agreement, coffee exports to that country have been growing. Guatemala has positioned itself as a marketing leader with worldwide recognition. Alliances have been made to increase production and exports of high quality, certified coffee. The "Cup of Excellence", Guatemala's on-line Coffee Auction Program, has consistently received a meritorious recognition from the World Summit of the Information Society (WSIS). Domestic consumption has doubled in the past five years, through marketing strategies that involve coffee-soda beverages, Internet cafés, and specialty coffee shops and restaurants. The success for Guatemala as a coffee producer and exporter during 2010 has been hosting of the Third World Coffee Conference, where the new marketing interactive electronic platform was launched, which allows the Google Earth map (through GPS technology) to bring closer international buyers to local sellers at farm level.

Commodities:

Coffee, Green

Production:

Post forecasts coffee production in MY 2011 to remain at 4.0 million bags. Limited credit availability and increase of fertilizer costs have not promoted growth and investment. Irregular rainfall patterns have affected bi-annual production output. Planted area has not been increased for the past 7 years. The renewal of old plantations is becoming a pressing issue. There are no plans to increase total planted area, just to renew old areas to maintain the same production. Post also forecasts that exports for MY 2011 will be 3.8 million bags.

Guatemala has experienced a very interesting change in coffee production over the last 30 years. In 1980, 20 percent of production was hard and strictly hard beans, the higher quality beans that bring better prices in the market. The lower qualities, prime and extra prime, accounted for 80 percent of coffee production. Guatemalan coffee producers recognized the problems inherent in relying so extensively on lower quality product, so they made a strategic decision to focus on high quality coffee. By 2005, 80 percent of the coffee production was hard and strictly hard, while prime and extra prime represented 20 percent. Although total coffee production has not increased significantly, the financial security of the industry has strengthened. Currently, about 80 percent of production is carried out on small and medium sized farms, located in high altitude zones that produce hard and strictly hard beans. Out of Guatemala's 22 geographical departments, only 3 departments are not producing coffee.

Consumption:

Consumption estimates for MY 2011 are 335,000 bags, close to historical consumption for the past two years. Coffee consumption in Guatemala is less than 2 kilograms per person. The National Association of Coffee Producers, ANACAFE, is trying to increase domestic consumption by educating consumers on quality coffee and proper preparation, through strategic cooperation with the National Institute for Training (INTECAP) and the Guatemalan Chefs' Association. ANACAFE cooperated with Pepsi to introduce a new beverage called "Pepsi Cappuccino." The increase of internet cafes, "McCafés" in McDonald's, and specialty coffee shops and restaurants, is further stimulating consumption. In the last two years Guatemala has opened at least five new chains of specialty coffee shops and coffee restaurants, Café Barista and Cafe Saul being the most successful ones. Both Café Barista and McCafés offer their drive-through services. Others coffee shops in the country include: &Cafe, Cafe Gitane, Cafe Saul, El Cafetalito, and Cafe Leon. Coffee shops have also been opened inside supermarkets.

Prior to 2005, Guatemala imported 20,000 bags of coffee beans, mainly from Costa Rica, and soluble coffee was produced domestically. Gourmet coffee was not readily available in the markets or supermarkets. Since 2005, there has been a shift from imported coffee beans to its complete substitution by soluble coffee, mainly decaf coffee coming from the U.S. Imports of coffee extracts, essences, and concentrates have increased substantially in the past two years, especially those coming from Nicaragua and Brazil.

Trade:

Export Trade Matrix			
Country	Guatemala		
Commodity	Coffee, Green		
Time period	MY	Units:	60 Kg bags
Exports for:	2008		2009
U.S.	1,841,500	U.S.	1,836,633
Others		Others	
Japan	542,483	Japan	604,367
Canada	269,483	Canada	293,150
Germany	306,433	Germany	216,467
Other European Countries	792,283	Other European Countries	722,933
Total for Others *	1,910,682	Total for Others *	1,836,917
Others not Listed	132,585	Others not Listed	
Grand Total	3,884,767	Grand Total	3,806,000
* Total others is Other than U.S.			

Guatemala’s MY 2010 exports are estimated to reach 3.82 million bags, similar to export numbers for MY 2009.

The United States is still Guatemala’s biggest customer, accounting for 49 percent of all exports. Japan, Canada, and Germany are the next top export destinations. Japan has become a much more important customer for Guatemalan coffee, rapidly increasing its share from 7 percent in MY 2007 to 16 percent in MY 2009. In 2003, exports to Japan were roughly 250,000 bags and by 2009 exports to Japan reached 604,367 bags. Suntory, Japan’s beverage manufacturer, in cooperation with ANACAFE developed the canned coffee product “Rainbow Mountain” and is successfully selling it throughout Japan. Guatemala signed a Free Trade Agreement (FTA) with Taiwan in 2005 that went into effect July 1, 2006. Under this FTA, coffee got immediate duty-free access to the Asian market. For MY 2009 exports to South Korea showed a considerable upswing. Guatemala continues to seek new markets which demand specialty coffee.

Stocks: Post’s updates estimate MY 2011 ending stocks reflect more recent information provided by ANACAFE.

Policy:

In 1990, the Government of Guatemala authorized a US\$100 million trust fund to assist coffee farmers during the price crisis. The trust fund has been managed by ANACAFE, and is operational for the years 2001-2016. The trust fund has provided financial assistance to coffee farmers at low interest rates. In addition, USAID and the Inter-American Development Bank (IDB) are supporting coffee farmers with loan programs to help them recover from the low prices trends. Guatemala’s coffee efforts have also been recognized by the International Coffee Organization (ICO), which has provided the sector with US\$4 million to be used in their competitiveness program. ANACAFE has supported the initiative with an extra US\$2 million during this same period, for promoting crop diversification, industrialization processes, commercialization, loan restructuring, coffee maintenance and harvest. This recent financial support will allow for coffee renewal of old areas, every seven years. Additionally, Banrural Bank is also collaborating with ANACAFE to provide low interest loans for small farmers, to allow for international quality certification.

Marketing:

ANACAFE has a very active marketing program focusing on the high quality and the variety of its coffee. Consumer recognition of Guatemalan coffee is increasing, both through fresh hot coffee sales which take place in coffee shop chains such as Starbucks, as well as in ready-to-drink packages (either cold or hot) in Japan. ANACAFE's marketing strategy includes differentiating its various designated varieties by special colorful and easily recognizable packaging. Varieties include Rainforest Coban, New Oriente, Antigua Coffee, Fraijanes Plateau, Volcanic San Marcos, Traditional Atitlan, Highland Huehue, and Acatenango Valley. This approach was possible through the creation of coffee profiles based on high technology GPS analysis of specific regions to ensure coffee traceability to origin of high valued sales. For more details, please visit www.guatemalancoffees.com, which has become a valuable platform to promote one-on-one proximity in between international buyers and local sellers. The website includes a coffee search system that can provide detailed information of the different farms, which can be enhanced through Google Earth maps, to learn about detailed characteristics of the farms and direct contact information.

In February 2006, ANACAFE signed a strategic agreement with the Alliance for Sustainable Certified Products (formed by USAID and the Rainforest Alliance) to promote capacity building among producers interested in obtaining certification. Presently, Rainforest Alliance has certified over 8,500 hectares of specialty coffee. Rainforest Alliance certified products are sold to eleven European countries. Starbucks is also investing in the country to promote social welfare in the coffee producing areas. Other buyers of Guatemalan coffee are UCC, Key Coffee, Boyds, Diedrichs Coffee, Mayorga Coffee Roasters, and others.

During the 2008 World Fair of the Specialty Coffee Association of America, Guatemala was selected as the "compass" that guides producers of gourmet coffee all around the world. This fair hosted more than 7,000 representatives from different countries.

Guatemala received a Meritorious Recognition Award from the World Summit of the Information Society (WSIS) for its Internet Auction Program for Guatemalan coffee known as the "Cup of Excellence". This program started in 2004 and has expanded each year. In MY 2009, buyers paid up to US\$10.50 per pound for Guatemalan bourbon coffee. Guatemala has also won recognition among 104 coffee gourmet competitions', in the Roaster Guild Cupping Pavilion, which is promoted annually by the Specialty Coffee Association of America (SCAA).

INTERMOM OXFAM has promoted Guatemalan coffee at fair trade level throughout Spain. The Japanese coffee chain, Tully's Coffee, is promoting small cooperatives production lots to be tasted in Japan.

Guatemala hosted the Third World Coffee Conference in February 2010, where a website portal with trade and marketing information was rolled on. You can access this portal at www.washedarabicacoffees.org/index.php, where all Latin American washed coffees' information is posted. A \$250 annual fee is required to have access to the trade and production information. For the public, the website provides general information regarding soft washed coffees (characterization, geographical distribution, and processing description) and producing countries profiles.

Production, Supply and Demand Data Statistics:

Coffee, Green Guatemala	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			
	USDA Officia l	Old Post	New Post	USDA Officia l	Old Post	New Post	USDA Officia l	Old Pos t	New Post	
Area Planted	272	272	272	272	272	272			272	(1000 HA)
Area Harvested	225	225	251	2,253	2,253	251			251	(1000 HA)
Bearing Trees	865	865	865	865	865	865			865	(MILLION TREES)
Non-Bearing Trees	95	95	95	95	95	95			95	(MILLION)

										TREES)
Total Tree Population	960	960	960	960	960	960			960	(MILLION TREES)
Beginning Stocks	10	10	10	18	18	8			6	(1000 KG BAGS)
Arabica Production	3,690	3,690	3,970	4,090	3,790	3,992			4,030	(1000 KG BAGS)
Robusta Production	10	10	10	10	10	10			10	(1000 KG BAGS)
Other Production	0	0	0	0	0	0			0	(1000 KG BAGS)
Total Production	3,700	3,700	3,980	4,100	3,800	4,002			4,040	(1000 KG BAGS)
Bean Imports	0	0	0	0	0	0			0	(1000 KG BAGS)
Roast & Ground Imports	3	3	1	3	3	1			1	(1000 KG BAGS)
Soluble Imports	40	40	158	30	30	158			158	(1000 KG BAGS)
Total Imports	43	43	159	33	33	159			159	(1000 KG BAGS)
Total Supply	3,753	3,753	4,149	4,151	3,851	4,169			4,205	(1000 KG BAGS)
Bean Exports	3,400	3,400	3,783	3,700	3,500	3,800			3,820	(1000 KG BAGS)
Rst-Grnd Exp.	0	0	1	0	0	1			1	(1000 KG BAGS)
Soluble Exports	0	0	22	0	0	22			23	(1000 KG BAGS)
Total Exports	3,400	3,400	3,806	3,700	3,500	3,823			3,844	(1000 KG BAGS)
Rst,Ground Dom. Consum	320	320	325	325	325	330			335	(1000 KG BAGS)
Soluble Dom. Cons.	15	15	10	10	10	10			10	(1000 KG BAGS)
Domestic Use	335	335	335	335	335	340			345	(1000 KG BAGS)
Ending Stocks	18	18	8	116	16	6			16	(1000 KG BAGS)
Total Distribution	3,753	3,753	4,149	4,151	3,851	4,169			4,205	(1000 KG BAGS)
Exportable Production	3,365	3,365	3,645	3,765	3,465	3,662			3,695	(1000 KG BAGS)

TS=TD			0			0			0
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BAGS)