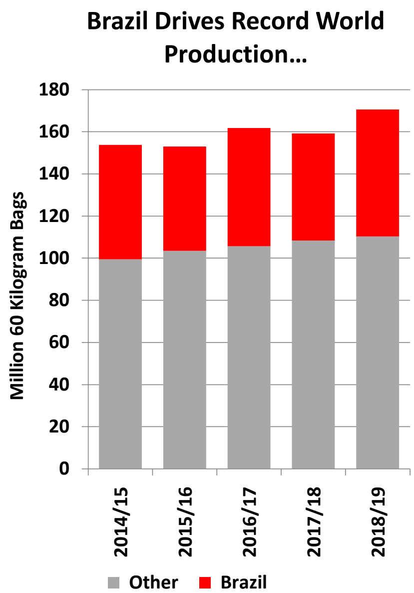
United States
Department of
Agriculture

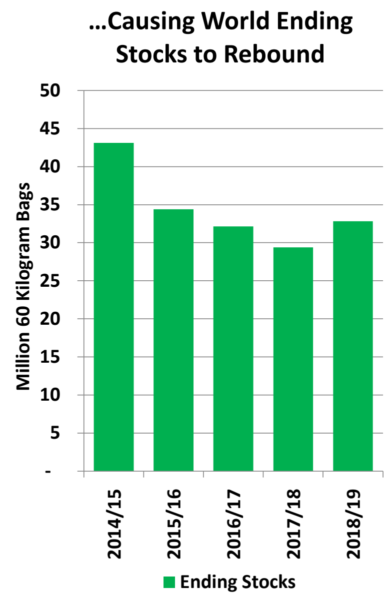
Foreign
Agricultural
Service

June 2018

Coffee: World Markets and Trade

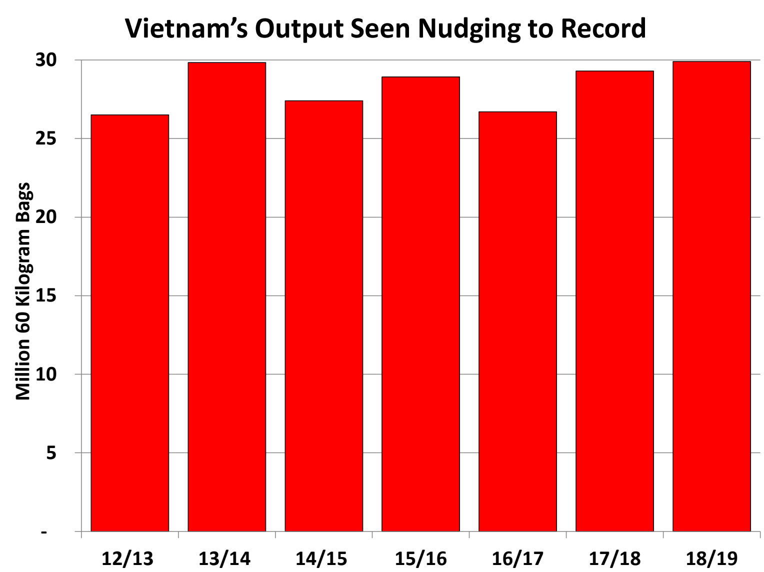
2018/19 Forecast Overview





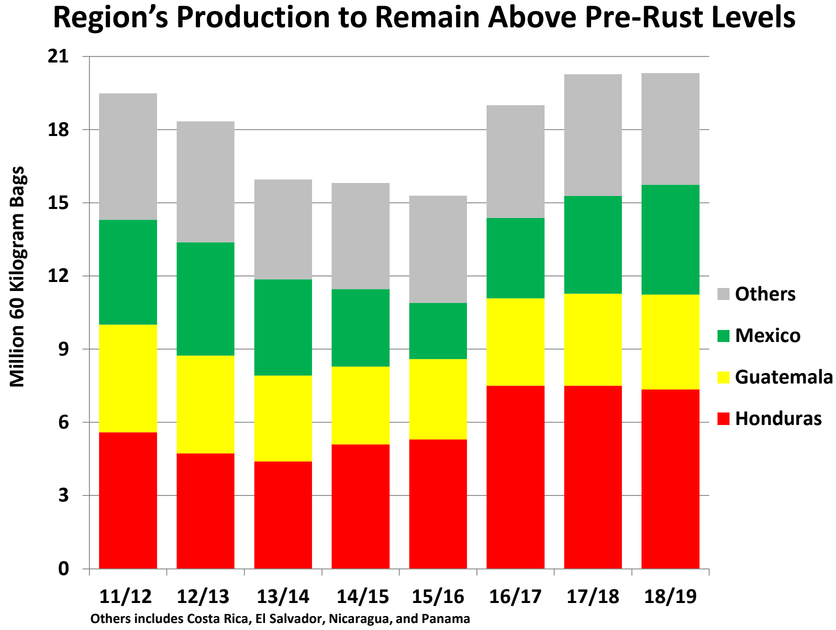
World coffee production for 2018/19 is forecast 11.4 million bags higher than the previous year at a record 171.2 million primarily due to Brazil's record output. With global consumption forecast at a record 163.2 million bags, exports are expected up in response to strong demand. Ending stocks are forecast to rebound following 3 years of decline.

Brazil's Arabica output is forecast to jump 6.0 million bags above the previous season to 44.5 million, with 80 percent of output coming from regions with trees in the on-year of the biennial production cycle. Also, trees in most regions benefited from favorable weather during the blossoming, cherry-setting, and fruit-forming stages. Although the Parana and south-eastern Minas Gerais regions are in the off-year of the biennial production cycle, the drop is expected to be less intense than average. The bulk of the Arabica harvest starts between May and June. Robusta production is forecast to gain 3.3 million bags to 15.7 million. Favorable temperatures and abundant rainfall are expected to boost yields in the three major producing states of Espirito Santo, Rondonia, and Bahia. Also, expansion of clonal seedlings and improved crop management techniques are expected to aid this year's gain. The majority of the Robusta harvest started in April and May. The combined Arabica and Robusta harvest is forecast up 9.3 million bags to a record 60.2 million. The additional supply of both Arabica and Robusta will fuel a sharp rebound in exports as well as continued growth in consumption, with the remainder boosting ending stocks.



Vietnam's production is forecast to add 600,000 bags to a record 29.9 million as cooler weather and off-season rains helped stimulate coffee trees just prior to flowering and cherry setting. Last year's large crop compensated for weak prices, allowing farmers to buy adequate inputs for this year's crop and boost yields. Cultivated area is forecast up slightly from last year, with nearly 95 percent of total output remaining as Robusta. Exports, domestic consumption, and ending stocks are expected to rise as a result of higher available supplies.

Total output for **Central America** and **Mexico** is forecast unchanged at 20.3 million bags, though some countries in the region continue to struggle with the coffee rust outbreak that first lowered output 6 years ago. Production has recovered in Guatemala, Honduras, Mexico, and Panama during this period but remains depressed in Costa Rica, El Salvador, and Nicaragua due to the effects of coffee rust. Bean exports for the region are forecast down 200,000 bags to 16.7 million. Over 45 percent of the region's exports are destined for the European Union, followed by about one-third to the United States.



Colombia's production is forecast nearly flat at 14.5 million bags although output remains strong on favorable growing conditions. In the last decade, yields have increased about 30 percent due largely to a renovation program that replaced older, lower-yielding trees with rust-resistant varieties. The program also reduced the average age of coffee trees from 15 to 7 years, further boosting yields. Bean exports, mostly to the United States and European Union, are forecast up 500,000 bags to 12.5 million, drawing ending stocks lower.

Indonesia's production is forecast to gain 500,000 bags to 11.1 million. Robusta output is expected to reach 9.7 million bags on favorable growing conditions in the lowland areas of Southern Sumatra and Java, where approximately 75 percent is grown. Arabica production is also seen rising slightly to 1.4 million bags. Higher yields in the dominant growing region of Northern Sumatra are expected to more than offset lower yields from certain areas that experienced heavy rainfall and strong winds during fruit development. Elevated output is expected to translate to exports gaining 300,000 bags to 7.2 million.

European Union imports are forecast up 1.0 million bags to 48.0 million and account for over 40 percent of the world's coffee bean imports. Top suppliers include Brazil (29 percent), Vietnam (24 percent), Honduras (7 percent), and Colombia (7 percent). Ending stocks are expected to rebound 800,000 bags to 11.9 million.

The **United States** imports the second-largest amount of coffee beans and is forecast to jump 2.4 million bags to 27.0 million. Top suppliers include Brazil (23 percent), Colombia (22 percent), Vietnam (15 percent), and Honduras (6 percent). Ending stocks are forecast to gain 600,000 bags to 7.2 million.

Revised 2017/18

World **production** is revised down from the December 2017 estimate by 100,000 bags to 159.8 million.

- Vietnam is reduced 600,000 bags to 29.3 million due to harvest losses related to late rains.
- Peru is up 575,000 bags to 4.4 million as rust damage was lower than anticipated.

World **bean exports** are raised 800,000 bags to 111.2 million.

- Ethiopia is up 600,000 bags to 4.0 million on greater exportable supplies.
- Peru is 575,000 bags higher to 4.2 million on larger available supplies.

World **ending stocks** are raised 100,000 bags to 29.4 million.

- European Union is up 600,000 bags to 11.1 million.
- Indonesia is raised from 42,000 bags to 835,000 due to higher imports and lower exports.
- India is reduced 900,000 bags to 1.2 million on lower output and higher exports.
- Brazil is down 300,000 bags to 2.3 million on lower production and higher consumption.

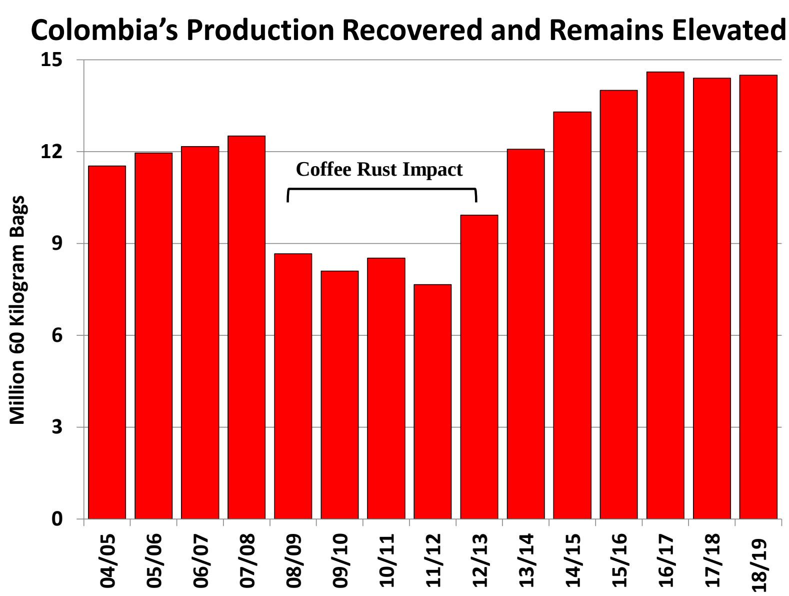
FEATURE

Colombia's Response to the Coffee Rust Crisis

Colombia's coffee production has seen a tremendous turnaround following devastating losses related to coffee rust, a leaf disease caused by the fungus *Hemileia vastatrix*. Coffee rust is an obligate parasitic fungus, which means it is a microorganism that must take energy and nutrients from a host. The organisms asexually produce thousands of tiny spores that can travel in water, rain, or air and remain viable for long distances. In the first stage of the disease, a spore lands on a leaf where it can sit until conditions are right. At that point, it germinates and enters the leaves through the stomata, producing small yellow lesions that appear on the back of the leaf. [1] In the next phase, the disease continues to grow to produce orange uredospores. In the final stages, defoliation occurs and can lead to the death of the branch as well as the tree.

Source: Foreign Agricultural Service

Troubles began during the 2008/09 harvest when excessive rains from the la Niña phenomenon created ideal conditions for rust to thrive, causing output to drop over 30 percent from the previous year. Problems continued through the 2011/12 crop when output bottomed nearly 40-percent below pre-crisis levels. There were several climatic conditions that allowed rust to flourish during this period, including increased cloud cover, elevated wind speed, cooler daytime temperatures, and warmer nighttime temperatures.



Crop management decisions as well as economic factors compounded the disease's spread, which affected about 40 percent of planted area. A significant component of the rust's rapid spread was inadequate fungicide application. Also, fertilizer costs during this period rose significantly, causing usage to decline sharply. As the disease attacked, trees lacked energy to replace infected leaves or to provide nourishment during cherry development. Areas hit hard by the

[1] Sage, Emma. 2013. "Some Insights on Coffee Leaf Rust (Hemileia vastatrix)." *Specialty Coffee Association News*, February 2013.

disease required stumping (cutting the mature branches to the ground) to renew the vegetative tissue and to stimulate production again. Labor costs, which represent about 40 percent of total production costs, rose sharply during this period, making it difficult for farmers to apply the preventative measures necessary to control the disease.

Production recovery during the past several years has been largely due to a successful replanting program that renovated more than 45 percent of the 940,000 hectares of coffee trees. An estimated 80 percent of coffee area now has rust-resistant varieties, up from just 30 percent before the crisis. The Colombian Government has set a target of 90,000 hectares for renovation in 2018, up from last year's pace of 72,000 hectares.

In response to the crisis, a number of programs were initiated or enhanced to target the effects of rust. Most of the policies and programs for the coffee sector are sponsored by the National Coffee Fund which is funded exclusively by Colombian coffee growers and managed by the National Federation of Coffee Growers of Colombia (FEDECAFE). The estimated 2018 budget is $16 million, most of which will be used to support the replanting program.

- FEDECAFE manages low interest loan programs for the costs of replanting. However, loans are only offered for planting the rust resistant Castillo variety.
- A special loan category supported by the Financing Fund for Agricultural Sector (FINAGRO) was established for supporting small growers in replanting their coffee fields.
- FEDECAFE provides technical assistance targeted to address rust and provides permanent support to coffee producers through the extension service in order to increase farm productivity and family income. The extension service assists growers on good practices for planting, harvest and post-harvest, as well as productive phases that have an impact on the final quality of coffee.
- The Colombian Government offers financial assistance for all agricultural commodities through the Rural Funding Incentive program (ICR), which provides loans with discounted payback terms.
- The Ministry of Agriculture supports specific projects focused on improving post-harvest process and coffee quality.

The next publication of this circular will be on December 14, 2018.
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To download additional data tables, go to Production, Supply and Distribution Database (PSD Online): (http://apps.fas.usda.gov/psdonline/psdHome.aspx), scroll down to Reports, and Click the plus sign [+] next to Coffee

FAS Reports and Databases:

Current *World Market and Trade* Reports:
http://apps.fas.usda.gov/psdonline/psdDataPublications.aspx
Archives *World Market and Trade* Reports:
http://usda.mannlib.cornell.edu/MannUsda/viewTaxonomy.do?taxonomyID=7
Production, Supply and Distribution Database (PSD Online):
http://apps.fas.usda.gov/psdonline/psdHome.aspx
Global Agricultural Information Network (Agricultural Attaché Reports):
http://gain.fas.usda.gov/Pages/Default.aspx
Global Agricultural Trade System (U.S. Exports and Imports):
http://apps.fas.usda.gov/gats/default.aspx

Marketing Years for Producing Countries

April-March	July-June	October-September
Angola	Brazil	Cameroon
Bolivia	Cuba	Central African Republic
Burundi	Dominican Republic	Colombia
Ecuador	Haiti	Congo (Kinshasa)
Indonesia	Philippines	Costa Rica
Madagascar	Tanzania	Cote d'Ivoire
Papua New Guinea		El Salvador
Peru		Ethiopia
Rwanda		Ghana
		Guatemala
		Guinea
		Honduras
		India
		Jamaica
		Kenya
		Laos
		Liberia
		Malawi
		Malaysia
		Mexico
		Nicaragua
		Nigeria
		Panama
		Sierra Leone
		Thailand
		Togo
		Uganda
		United States
		Venezuela
		Vietnam
		Yemen

Non-producing countries are on an October-September marketing year.

Coffee Summary

Thousand 60-Kilogram Bags

	2013/14	2014/15	2015/16	2016/17	2017/18	Jun 2018/19
Arabica Production						
Brazil	41,800	37,300	36,100	45,600	38,500	44,500
Colombia	12,075	13,300	14,000	14,600	14,400	14,500
Honduras	4,400	5,100	5,300	7,510	7,500	7,350
Ethiopia	6,345	6,475	6,510	6,943	7,055	7,100
Peru	4,250	2,900	3,500	4,225	4,375	4,400
Mexico	3,750	2,980	2,125	3,100	3,800	4,300
Guatemala	3,500	3,125	3,125	3,400	3,600	3,700
Nicaragua	2,000	2,100	2,100	2,600	2,800	2,500
China	1,947	2,125	1,900	1,900	2,000	2,000
Indonesia	1,900	1,270	1,500	1,300	1,200	1,400
Vietnam	1,175	1,050	1,100	1,100	1,300	1,400
India	1,703	1,630	1,725	1,583	1,400	1,380
Costa Rica	1,450	1,400	1,625	1,300	1,500	1,350
Uganda	850	750	750	1,200	750	800
Kenya	850	750	750	815	700	750
Other	4,470	4,353	4,236	4,467	4,001	4,186
Total	92,465	86,608	86,346	101,643	94,881	101,616
Robusta Production						
Vietnam	28,658	26,350	27,830	25,600	28,000	28,500
Brazil	15,400	17,000	13,300	10,500	12,400	15,700
Indonesia	10,000	9,200	10,600	9,300	9,400	9,700
India	3,372	3,810	4,075	3,617	4,020	4,120
Uganda	3,000	2,800	2,900	4,000	3,600	4,000
Malaysia	1,500	2,100	2,200	2,100	2,100	2,100
Cote d'Ivoire	1,675	1,400	1,600	1,090	1,400	1,400
Thailand	1,000	1,000	700	800	700	650
Tanzania	350	550	500	500	550	600
Cameroon	375	525	575	450	490	525
Other	2,259	2,473	2,319	2,224	2,227	2,255
Total	67,589	67,208	66,599	60,181	64,887	69,550
Production						
Brazil	57,200	54,300	49,400	56,100	50,900	60,200
Vietnam	29,833	27,400	28,930	26,700	29,300	29,900
Colombia	12,075	13,300	14,000	14,600	14,400	14,500
Indonesia	11,900	10,470	12,100	10,600	10,600	11,100
Honduras	4,400	5,100	5,300	7,510	7,500	7,350
Ethiopia	6,345	6,475	6,510	6,943	7,055	7,100
India	5,075	5,440	5,800	5,200	5,420	5,500
Uganda	3,850	3,550	3,650	5,200	4,350	4,800
Mexico	3,950	3,180	2,300	3,300	4,000	4,500
Peru	4,250	2,900	3,500	4,225	4,375	4,400
Guatemala	3,515	3,185	3,295	3,570	3,780	3,890
Nicaragua	2,000	2,125	2,125	2,625	2,825	2,525
Malaysia	1,500	2,100	2,200	2,100	2,100	2,100
China	1,947	2,125	1,900	1,900	2,000	2,000
Cote d'Ivoire	1,675	1,400	1,600	1,090	1,400	1,400
Costa Rica	1,450	1,400	1,625	1,300	1,500	1,350
Tanzania	800	1,150	1,100	1,050	1,150	1,300
Papua New Guinea	855	810	750	1,115	825	800
Kenya	850	750	750	815	700	750
Thailand	1,000	1,000	700	800	700	650
El Salvador	550	700	560	600	575	600
Venezuela	700	460	500	530	575	585
Cameroon	425	575	625	500	540	575
Laos	475	475	475	410	450	475
Philippines	450	475	425	475	450	425
Other	2,984	2,971	2,825	2,566	2,298	2,391
Total	160,054	153,816	152,945	161,824	159,768	171,166

Coffee marketing year for producer countries begins either in October (Colombia), April (Indonesia) or July (Brazil), as examples.
Coffee marketing year for non-producer countries begins in October. To access a complete dataset for each country, please visit:
http://apps.fas.usda.gov/psdonline/psdQuery.aspx

Coffee Summary, Continued

Thousand 60-Kilogram Bags

	2013/14	2014/15	2015/16	2016/17	2017/18	Jun 2018/19
Bean Imports						
European Union	44,650	45,140	46,150	46,050	47,000	48,000
United States	24,550	23,525	25,100	25,810	24,600	27,000
Japan	6,890	7,185	7,280	7,000	6,900	7,500
Canada	2,525	2,450	2,800	3,030	3,100	3,200
Russia	2,280	2,240	2,430	2,710	2,800	3,000
Switzerland	2,300	2,420	2,460	2,600	2,800	2,900
Korea, South	2,035	2,150	2,280	2,500	2,500	2,700
Algeria	2,265	2,165	2,275	2,165	2,200	2,300
Australia	1,185	1,310	1,425	1,415	1,525	1,600
Malaysia	1,270	1,340	1,440	1,510	1,400	1,500
Other	12,665	12,592	13,428	12,470	12,972	12,960
Total	102,615	102,517	107,068	107,260	107,797	112,660
Roast and Ground Imports						
China	93	141	460	945	800	800
Vietnam	12	10	20	340	400	500
Russia	215	260	315	325	350	350
Ukraine	340	275	250	260	275	275
Korea, South	125	155	185	225	225	250
United States	0	0	0	160	225	200
Canada	730	765	375	220	185	185
Australia	180	190	155	190	165	175
Norway	110	120	130	125	150	150
Taiwan	50	70	95	140	150	150
Other	534	553	398	462	450	432
Total	2,389	2,539	2,383	3,392	3,375	3,467
Soluble Imports						
Philippines	2,985	3,570	5,500	6,000	5,000	5,000
China	679	858	1,615	1,782	2,000	2,000
Russia	1,735	1,550	1,650	1,705	1,500	1,600
Canada	1,350	1,280	1,370	1,300	1,300	1,300
Japan	840	815	810	925	1,300	1,200
Iran	140	80	210	300	500	600
Indonesia	555	720	644	391	828	400
United States	365	470	85	515	450	400
Ukraine	690	570	470	440	400	350
South Africa	220	250	250	265	290	300
Other	2,448	2,185	2,412	2,269	2,219	2,356
Total	12,007	12,348	15,016	15,892	15,787	15,506
Imports						
European Union	44,650	45,140	46,150	46,050	47,000	48,000
United States	24,915	23,995	25,185	26,485	25,275	27,600
Japan	7,870	8,110	8,195	8,040	8,280	8,780
Philippines	3,145	3,755	6,185	6,420	5,300	5,400
Russia	4,230	4,050	4,395	4,740	4,650	4,950
Canada	4,605	4,495	4,545	4,550	4,585	4,685
China	1,682	1,889	2,938	3,534	3,550	3,700
Korea, South	2,160	2,305	2,465	2,725	2,725	2,950
Switzerland	2,300	2,420	2,460	2,600	2,800	2,900
Algeria	2,300	2,195	2,320	2,205	2,240	2,340
Other	19,154	19,050	19,629	19,195	20,554	20,328
Total	117,011	117,404	124,467	126,544	126,959	131,633

Coffee marketing year for producer countries begins either in October (Colombia), April (Indonesia) or July (Brazil), as examples. Coffee marketing year for non-producer countries begins in October. Roasted coffee was converted to green bean equivalent by multiplying the net weight of roasted coffee by 1.19. Soluble coffee was converted to green bean equivalent by multiplying the net weight of soluble coffee by 2.6. For each non-producing country, the trade balance between imports and exports is used in order to avoid double-counting for these figures.

Coffee Summary, Continued

Thousand 60-Kilogram Bags

	2013/14	2014/15	2015/16	2016/17	2017/18	Jun 2018/19
Bean Exports						
Brazil	30,600	33,051	31,870	29,325	27,000	32,200
Vietnam	27,269	19,791	26,950	25,000	25,000	25,200
Colombia	10,300	11,615	11,490	12,700	12,000	12,500
Indonesia	8,540	6,770	7,938	7,309	6,900	7,200
Honduras	3,940	4,760	5,000	7,290	7,100	7,050
Uganda	3,600	3,400	3,500	4,600	4,500	4,600
Peru	4,100	2,750	3,300	4,025	4,175	4,200
Ethiopia	3,285	3,500	3,405	3,853	3,950	3,980
India	3,330	3,358	4,063	4,273	4,310	3,750
Guatemala	3,150	3,050	3,040	3,300	3,500	3,600
Other	11,890	11,689	12,416	12,206	12,752	12,650
Total	110,004	103,734	112,972	113,881	111,187	116,930
Roast and Ground Exports						
European Union	1,185	1,220	1,260	1,395	1,585	1,400
Switzerland	890	975	1,040	1,100	1,200	1,200
Vietnam	120	457	550	550	550	550
Mexico	105	175	200	155	160	170
Colombia	80	90	100	155	165	100
China	81	57	56	180	75	75
Indonesia	40	50	48	65	70	60
Brazil	30	28	28	31	22	30
Panama	29	45	45	30	30	25
Nicaragua	20	20	10	20	20	15
Other	640	406	80	16	16	17
Total	3,220	3,523	3,417	3,697	3,893	3,642
Soluble Exports						
Brazil	3,516	3,494	3,645	3,725	3,200	3,300
Malaysia	2,110	2,775	2,975	2,940	2,900	2,950
Vietnam	900	1,282	2,000	2,000	2,100	2,150
India	1,667	1,525	1,625	1,880	1,910	1,670
Indonesia	1,800	1,900	1,910	800	1,000	1,020
Mexico	940	860	840	970	950	1,000
Colombia	660	715	800	900	850	900
Thailand	2,100	1,975	960	800	755	700
Ecuador	810	760	740	484	572	600
China	252	440	632	600	550	500
Other	898	660	905	875	960	810
Total	15,653	16,386	17,032	15,974	15,747	15,600
Exports						
Brazil	34,146	36,573	35,543	33,081	30,222	35,530
Vietnam	28,289	21,530	29,500	27,550	27,650	27,900
Colombia	11,040	12,420	12,390	13,755	13,015	13,500
Indonesia	10,380	8,720	9,896	8,174	7,970	8,280
Honduras	3,940	4,760	5,000	7,290	7,100	7,050
India	5,013	4,894	5,693	6,158	6,225	5,425
Uganda	3,600	3,400	3,500	4,600	4,500	4,600
Peru	4,100	2,750	3,300	4,025	4,175	4,200
Ethiopia	3,285	3,500	3,405	3,853	3,950	3,980
Guatemala	3,175	3,070	3,044	3,305	3,505	3,605
Other	21,909	22,026	22,150	21,761	22,515	22,102
Total	128,877	123,643	133,421	133,552	130,827	136,172

Coffee marketing year for producer countries begins either in October (Colombia), April (Indonesia) or July (Brazil), as examples. Coffee marketing year for non-producer countries begins in October. Roasted coffee was converted to green bean equivalent by multiplying the net weight of roasted coffee by 1.19. Soluble coffee was converted to green bean equivalent by multiplying the net weight of soluble coffee by 2.6. For each non-producing country, the trade balance between imports and exports is used in order to avoid double-counting for these figures.

Coffee Summary, Continued

Thousand 60-Kilogram Bags

	2013/14	2014/15	2015/16	2016/17	2017/18	Jun 2018/19
Domestic Consumption						
European Union	41,475	43,870	44,464	44,955	44,960	45,300
United States	23,811	23,568	25,089	25,544	25,915	27,050
Brazil	20,210	20,420	20,855	21,625	22,295	23,000
Japan	7,750	7,860	8,060	8,220	8,585	8,580
Philippines	3,590	4,230	6,210	6,995	5,750	5,425
Russia	4,230	4,050	4,395	4,740	4,650	4,950
Canada	4,605	4,495	4,545	4,550	4,585	4,685
China	2,181	2,416	2,833	3,655	3,825	4,200
Indonesia	2,540	2,900	3,175	3,203	3,560	3,900
Ethiopia	3,120	2,985	3,110	3,100	3,110	3,120
Vietnam	2,008	2,217	2,630	2,770	2,880	2,990
Korea, South	2,160	2,305	2,465	2,725	2,725	2,950
Mexico	2,731	2,339	2,325	2,057	2,335	2,700
Algeria	2,300	2,195	2,320	2,205	2,240	2,340
Australia	1,615	1,775	1,785	1,730	1,815	1,900
Switzerland	1,410	1,445	1,420	1,500	1,600	1,700
Colombia	1,300	1,400	1,415	1,450	1,600	1,630
India	1,170	1,191	1,250	1,200	1,215	1,250
Venezuela	1,170	1,151	1,151	1,133	1,217	1,164
Ukraine	1,155	1,025	970	960	1,025	1,025
Norway	775	775	785	805	780	805
Iran	190	145	295	405	650	800
Turkey	505	675	710	960	775	800
Argentina	685	710	741	754	740	795
South Africa	545	565	600	585	715	775
Other	9,158	8,930	9,104	9,223	9,110	9,384
Total	142,389	145,637	152,702	157,049	158,657	163,218
Ending Stocks						
European Union	12,400	12,225	12,100	11,270	11,100	11,900
United States	6,025	6,117	6,199	7,190	6,600	7,200
Brazil	11,946	9,305	2,372	3,828	2,272	4,007
Japan	3,100	3,350	3,485	3,305	3,000	3,200
India	2,026	2,586	2,645	1,873	1,233	1,380
Vietnam	2,130	6,373	3,803	1,183	1,013	1,183
Philippines	100	100	500	400	400	800
Colombia	961	671	1,131	886	871	641
Indonesia	48	53	46	12	835	475
Tanzania	202	322	250	220	290	310
Other	2,226	2,002	1,862	1,993	1,789	1,716
Total	41,164	43,104	34,393	32,160	29,403	32,812

Coffee marketing year for producer countries begins either in October (Colombia), April (Indonesia) or July (Brazil), as examples.
Coffee marketing year for non-producer countries begins in October.