

**Required Report:** Required - Public Distribution

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## **Report Name:** Coffee Annual

**Country:** Mexico

**Post:** Mexico City

**Report Category:** Coffee

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### **Report Highlights:**

Mexico coffee production for marketing year (MY) 2022/23 is projected at 3.84 million 60 kg/bags, on optimal weather conditions during the fruit development stage in the top producing states that will improve yields, and sustained strong global prices that will incentivize optimal harvest. Although production is forecast up slightly, producers are unable to take full advantage of heightened prices to further increase production due to consistently rising input prices, including fertilizers, fungicides, and lower available labor. The increased costs of purchasing basic food commodities and continued economic uncertainty are likely to dampen efforts to increase domestic coffee consumption.

### **CROP AREA**

Post forecasts coffee planted and harvested area at 0.7 and 0.68 hectares (ha) for MY 2022/23 (October to September). There is not yet an official government forecast. Increased harvested area is attributable to harvesting incentives that correlate with high global prices due mainly to significant production reductions in Brazil, and high global demand. Prices are forecasted by the International Coffee Organization to remain elevated on additional supply reductions in Colombia, Honduras, and Indonesia, and continued high transportation costs and supply chain stresses.

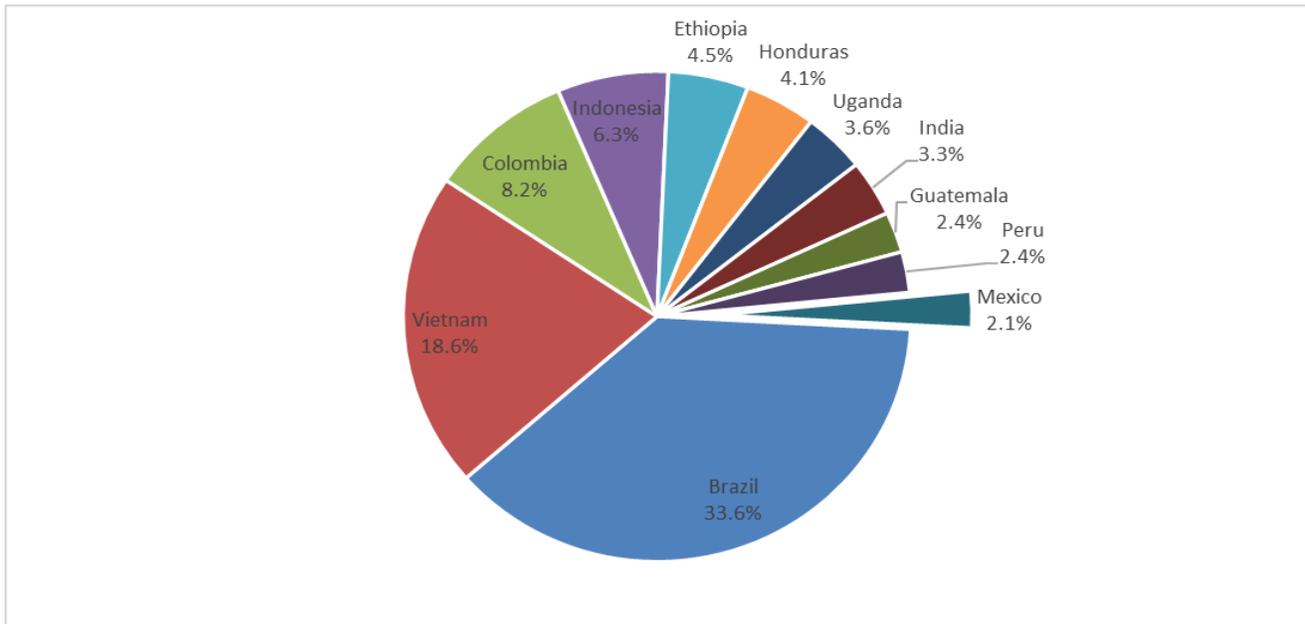
### **PRODUCTION**

The Post forecast for MY 2022/23 coffee production is 3.84 million 60/kg bags. Sufficient rainfall is expected throughout 2022 that should favor fruit development. While high international prices are expected to continue, they are unable to offset greater increases in the price of inputs and labor cost, thus suppressing further growth.

SADER, the National Industrialization of Coffee Association (ANICAFE), and Mexico’s Coffee Association (AMECAFE) estimate production for MY 2021/22 between 3.8 and 4.3 million 60/kg bags. The Post forecast for MY 2022/23 is 3.84 million 60/kg bags, a five percent increase from the previous year and due to optimal rain and favorable temperatures in the beginning of cherry development. Moderate to light drought conditions in southern Mexico reduced the appearance of fungal diseases.

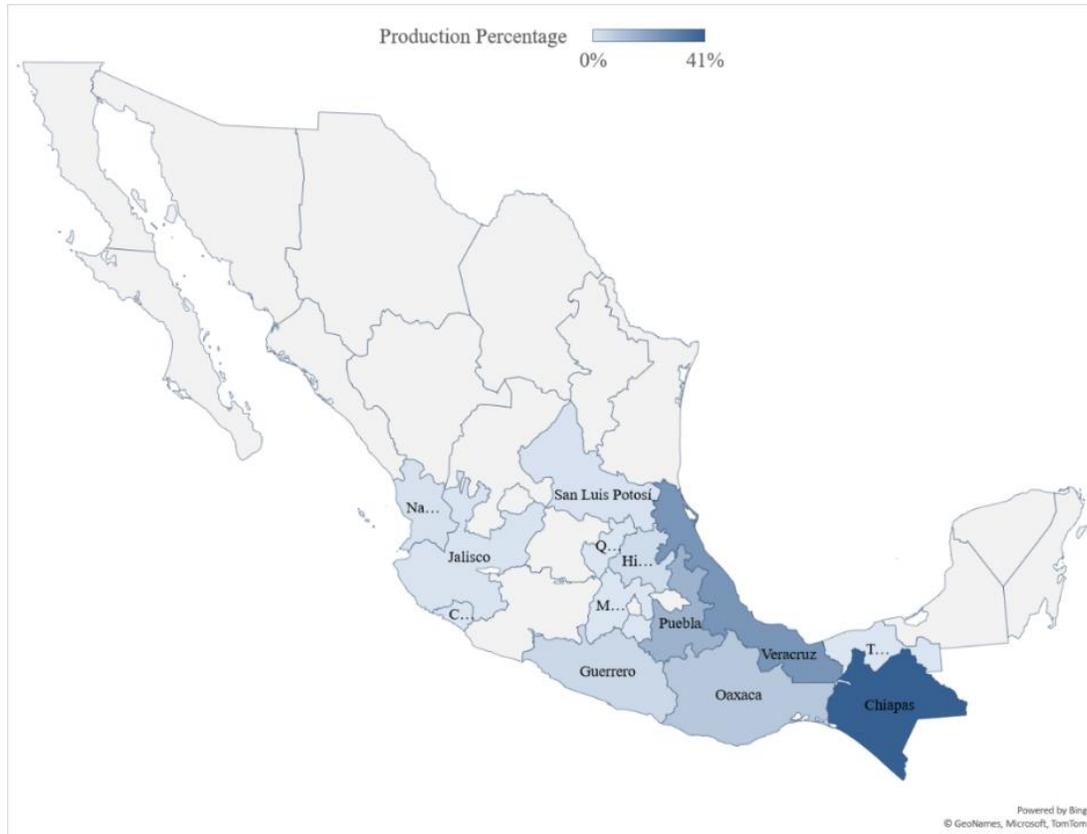
According to the Center of Studies for Sustainable Rural Development and Food Sovereignty (CEDRSSA), most coffee growers in Mexico are small-scale (90 percent), with less than two hectares. Approximately 37 percent of producers are women. Mexico is the eleventh largest producer of coffee, with production found in 13 states concentrated in the central and south of the country, with the state of Chiapas accounting for more than 40 percent of national production. The states of Veracruz and Puebla follow with 24 and 15 percent, respectively.

### Global Coffee Production



Source: Production, Supply and Distribution, USDA

### Production by State

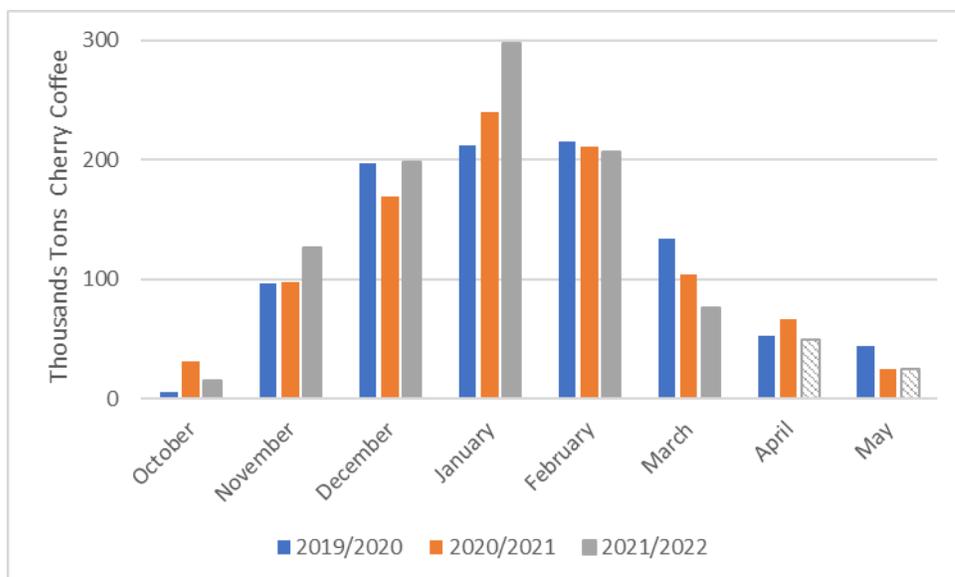


Source: Agri-Food and Fisheries Information Service (SIAP/SADER)

According to the Secretariat of Agriculture and Rural Development (SADER), approximately 35 percent of Mexico’s coffee production is high-altitude arabica coffee grown at 2,950 feet or higher. Another 44 percent is grown between 1,970 and 2,950 feet above sea level. Newly planted areas are using pest-resistant varieties like Oro Azteca, Marsellesa, Costa Rica 95, Sarchimor, and varieties from Nicaragua and Guatemala.

Robusta production accounts for approximately 14 percent of total production, and is produced in the states of Chiapas, Oaxaca, Veracruz, and Puebla. Veracruz, which accounts for 25 percent of total national coffee production is a significant producer of robusta for soluble coffee. Robusta can be grown at lower elevations, in full sun, and requires less maintenance than arabica varieties. Unlike other top producing states Chiapas and Puebla, most of the coffee in Veracruz is sold in cascara, with further processing and roasting at its final destination. As a result, specialty coffee from the state is less prevalent. Although coffee is typically harvested from November to April, contacts indicate that changes in climate are adjusting the time frame from year to year.

### Monthly Production



Source SIAP/SADER. Patterned bars are post forecasted production.

### Mexico Coffee Production, Supply and Distribution

Coffee, Green Market Year Begins	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Mexico						
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	0	0	0	0	0	0
Bearing Trees (MILLION TREES)	0	0	0	0	0	0
Non-Bearing Trees (MILLION TREES)	0	0	0	0	0	0
Total Tree Population (MILLION TREES)	0	0	0	0	0	0
Beginning Stocks (1000 60 KG BAGS)	99	99	89	17	0	57
Arabica Production (1000 60 KG BAGS)	3000	3095	3050	3300	0	3300
Robusta Production (1000 60 KG BAGS)	530	530	540	540	0	545

<b>Other Production</b> (1000 60 KG BAGS)	0	0	0	0	0	0
<b>Total Production</b> (1000 60 KG BAGS)	3530	3625	3590	3840	0	3845
<b>Bean Imports</b> (1000 60 KG BAGS)	1550	1582	1600	1600	0	1600
<b>Roast &amp; Ground Imports</b> (1000 60 KG BAGS)	80	101	80	130	0	150
<b>Soluble Imports</b> (1000 60 KG BAGS)	390	301	350	300	0	300
<b>Total Imports</b> (1000 60 KG BAGS)	2020	1984	2030	2030	0	2050
<b>Total Supply</b> (1000 60 KG BAGS)	5649	5708	5709	5887	0	5952
<b>Bean Exports</b> (1000 60 KG BAGS)	1875	1974	1900	1900	0	1900
<b>Rst-Grnd Exp.</b> (1000 60 KG BAGS)	255	252	250	230	0	230
<b>Soluble Exports</b> (1000 60 KG BAGS)	900	865	950	1050	0	1100
<b>Total Exports</b> (1000 60 KG BAGS)	3030	3091	3100	3180	0	3230
<b>Rst,Ground Dom. Consum</b> (1000 60 KG BAGS)	925	950	950	1000	0	1000
<b>Soluble Dom. Cons.</b> (1000 60 KG BAGS)	1605	1650	1600	1650	0	1700
<b>Domestic Consumption</b> (1000 60 KG BAGS)	2530	2600	2550	2650	0	2700
<b>Ending Stocks</b> (1000 60 KG BAGS)	89	17	59	57	0	22
<b>Total Distribution</b> (1000 60 KG BAGS)	5649	5708	5709	5887	0	5952
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						

## YIELD

Coffee yields vary according to field management, weather, altitude, and variety, of which robusta is more yieldful. Post forecasts a national yield for MY 2022/23 at 5.6 60 kg/bags/ha. Veracruz and Puebla have higher yields, as most producers are medium to large, with consistent production investment in new plants, fertilizer, and pest management inputs.

### Post Forecast by State MY 2022/23

	<b>Area Harvested (Ha)</b>	<b>Production (Bags 60/kg)</b>	<b>Yield (Bags/Ha)</b>
Chiapas	242,000	1,306,800	5.4
Veracruz	130,000	962,000	7.4
Puebla	70,000	700,700	10.01
Oaxaca	120,000	348,000	2.9
Guerrero	40,000	144,000	3.6
Hidalgo	23,000	110,400	4.8
San Luis Potosí	16,150	45,220	2.8
Nayarit	13,000	40,300	3.1
Jalisco	30,000	174,000	5.8
Colima	2,745	9,333	3.4
Tabasco	358	1,645	4.6
Morelos	26	146	5.6
Mexico	500	2,200	4.4
<b>Total</b>	<b>687,779</b>	<b>3,844,743</b>	<b>5.6</b>

## CONSUMPTION

The MY 2022/23 post consumption forecast is 2.7 million 60 kg/bags, with a modest increase in arabica consumption expected due to the near complete reopening of the hotel, restaurant, and industrial sector that was affected by the COVID-19 pandemic. Significant increases in domestic consumption are unexpected during the marketing year, due mainly to increased basic food basket prices.

## POLICY

The Government of Mexico's Production for Wellbeing Program is available to 250,000 producers of up to 20 hectares of rainfed production, or up to five irrigated hectares for small and medium producers. In 2022, coffee producers will receive 6,200 pesos (U.S. \$310) per producer. Producer associations comment that the program has not had significant impact on the coffee sector, as it does not involve financing, or technical and marketing assistance.

Coffee is often inter planted with citrus, corn, bananas, and other crops for self-consumption. This 'milpa' planting system is being encouraged by the *Sembrando Vida* (managed by the Secretariat of Wellbeing). The program supports smallholder producers (2.5 ha or less) in 19 states with direct cash payments to grow fruit and timber trees. Some coffee producers (approximately 6,000) with this planting scheme can receive 5,000 pesos (\$208) per month.

## TRADE

Post forecasts MY 2022/23 exports at 3.23 million 60/kg bags. The United States continues to be Mexico's top market for green, roasted, and soluble coffee. The import forecast for MY 2022/23 is 2.05 million 60kg/bags, up slightly from the previous MY Mexico imports green coffee mainly from Brazil and roasted and ground coffee from the United States. Imports from the United States are forecasted to increase 15 percent, supplies of which are green coffee supplies sent for roasting. Soluble coffee is imported mainly from Colombia, Brazil, and the United States.

The Secretariat of Economy manages a Sectorial Production Program (PROSEC) that allows for the importation of a product at a preferential tariff if the product is transformed into a different product in order to increase competitiveness and supply chain efficiency. Coffee products under the following harmonized system (HS) are included: 0901.12 (Not Roasted, Decaffeinated), 0901.21 (Roasted, Not Decaffeinated), 0901.22 (Roasted, Decaffeinated), and 2101.11.99 (instant coffee without essences). Coffee imported under this program is classified under HS number 9802.0022 – “Import of goods via special operations of the Industry of Coffee”. However, all types of coffee (beans, roasted, and soluble) are classified together, masking the actual type of coffee imported. This regulation will remain in effect until at least September 30, 2024 (See Mexico Coffee Import Programs [MX2021-0016](#)). This program is used mainly to cover robusta demand, with green coffee mainly from Brazil.

## STOCKS

The Post forecast for MY 2022/23 ending stocks is 22,000 60 kg/bags. MY 2021/22 and MY2020/21 stocks are revised lower than previous estimated at 57,000 and 17,000 60 kg/bags, respectively, due to higher than previously estimated exports attributed to global price increases.

## **Attachments:**

No Attachments