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Global Agricultural Information Network

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Costa Rica

Coffee Annual

Coffee Production and Trade

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Report Highlights:

Costa Rica's MY 2018/2019 coffee crop reached 1,298,000 60 kilogram (kg) bags, the lowest level in 40 years. Coffee production was 15 percent lower compared to the MY 2017/2018 coffee crop. Lower production was the result of unfavorable weather conditions, a higher incidence of coffee rust, and lower productivity. Production is forecast to increase by approximately five percent in MY 2019/2020 based on the biannual cycle, although the expectation of reduced and irregular rainfall volume could result in lower production.

Executive Summary:

Costa Rica's coffee production has experienced relatively large fluctuations in recent years. Coffee production rebounded by around 13 percent in MY 2017/2018 after a sharp drop of 17 percent in the previous marketing year. Preliminary data indicate that the 2018/2019 crop reached 1,298,000 60 kg bags, a 15 percent drop. (Note: for the purpose of this report bags refers to 60 kg. bags). Although it is very early in the new marketing year, and the rainy season has just started, production may increase by about 5 percent to 1,365,000 bags during MY 2019/2020 based on the biannual cycle, which is expected to result in higher production in the Los Santos region. However, production areas in the Western Central Valley look exhausted and lack adequate maintenance. This could result in even lower production in those areas.

Commodities:

Select

Production:

According to Costa Rica's Coffee Institute (ICAFE), during the MY 2017/2018 coffee harvest, there were 41,339 coffee producers in Costa Rica (1,696 fewer than in the previous marketing year). The number of coffee growers has been on a downward trend for several years now. For comparison purposes, the number of producers was 52,519 in 2007/2008. The majority of producers (about 90 percent) are small farmers who sell the equivalent of less than 100 46 kg bags of coffee to the mills. The number of coffee mills, on the other hand, has increased from 135 to 259 during the same time period. The coffee harvest is concentrated in the months of November to February each year.

According to data from a 2014 agricultural census conducted by the National Institute of Statistics and Census, there were 26,527 coffee farms in the country covering an area of 84,133 ha. Coffee area planted remains stable as new plantations are added in the Tarrazú area, compensating for some of the area lost to urbanization in the Central Valley. The Costa Rican Coffee Institute is trying to verify and update area planted information since the census data is now relatively old.

Coffee production dropped 15 percent during MY 2018/2019 to 1,298,000 bags. During the last three crops, the cyclical nature of coffee production has resulted in relatively large fluctuations in production. MY 2018/2019 was the low production year of the bi-annual cycle. During the first five weeks of 2018, it rained in large part of the production areas during a period of time that should normally be dry. The untimely rains altered the condition of the plants, which require a dry period to achieve a concentrated flowering during the rainy season, and resulted in early and weak flowerings in different production areas. The rains mentioned above also increased the incidence of coffee rust, causing larger disease-related damages in early and medium term maturity areas. Production dropped sharply (around 25 percent) in some of the Western Central Valley areas, although the decline was lower in the main production area of Los Santos (about 10 percent)

Low international prices are also taking a toll on producers, many of whom have reduced their investment in the farms to a minimum. Others, primarily in the Western Central Valley areas, have

simply stopped maintaining their plantations, much less investing in farm renovations. At this point (middle of May), producers in the Western Central Valley are waiting for the first flowerings to determine how much they will invest and care for their plantations, given their difficult economic situation. The flowerings are expected to occur starting May 17. Coffee plants in the region of Los Santos have already flowered and the plantations in this area seem to be in better condition for the next crop.

The ICAFE is concerned about the findings of coffee rust in a locally developed coffee variety (CR95) which was previously believed to be resistant to coffee rust. The situation occurred in Nicoya, Guanacaste in November of 2018. ICAFE's personnel visited the farm and determined the presence of the disease. Samples were sent to the International Center of Coffee Rust in Portugal for further analyses to determine if the disease has mutated.

Even though it is still early in the production process, the 2019/2020 crop could increase by about 5 percent to 1,365,000 bags, based on the expectation of a high year in the production cycle. However, productivity has been trending downward, and given the difficult economic situation faced by many of the smaller producers, as well as the bad condition of many farms in the Western Central Valley, a much stronger rebound is unlikely to occur.

Consumption:

Based on information from ICAFE for sales of coffee for local consumption, and assuming that the majority of imported coffee is consumed in the local market, local consumption for 2017/2018 reached 357,000 bags. Consumption is expected to increase to 365,000 bags in 2019/2020. Local consumption fluctuates from year to year, although not sharply. Costa Rica has a population of five million people and population growth has slowed down to less than one percent per year.

Costa Rica started to import coffee about ten years ago, mostly from other Central American countries (Honduras and Nicaragua), and from Peru to meet part of its consumption needs. Coffee imports reached a peak in 2014 but have declined to lower levels in the last few years. Coffee imports (the majority is green coffee) amounted to 6,368 MT in MY 2016/2017, and declined to 5,610 MT in MY 2017/2018 as local production increased. Local roasters take advantage of lower priced coffee available in the Central American region to supplement their purchases of local coffee. Imports during MY 2018/2019 are expected to increase marginally as a result of the lower local production. Since 2008, imports have fluctuated widely, responding to market opportunities related to price, availability and logistics.

Trade:

Export volume increased to 1,219,087 bags in 2017/2018 from 1,112,510 bags in 2016/2017 as a result of higher production. Exports are forecast at 1,135,000 bags during 2018/2019, and 1,150,000 bags during 2019/2020. Coffee sold for export during 2017/2018 was valued at \$314.2 million as compared to \$288.3 million in 2016/2017. The higher export volume compensated for the lower average price of the coffee. Costa Rican coffee is generally priced at a premium to the prevailing price at the Inter Continental Exchange in New York. Industry sources believe that the premium has helped producers stay in business under the current low price environment.

Most of Costa Rica’s coffee continues to be exported to the United States (48 percent), followed by Belgium (15.4 percent), Germany (6.5 percent), and South Korea (4 percent). The United States has been the main destination for Costa Rica’s coffee for several years now. Exports to the United States increased from 480,675 in 2016/2017 to 587,505 bags in 2017/2018 (22.2 percent). Also noteworthy is the fact that Costa Rica’s exports to South Korea have gained in importance in recent years, becoming the fourth most important destination for several years in a row.

The ICAFE is working on a program to provide traceability to Costa Rica’s coffee production. The goal of the program is to guarantee that coffee certified for export as Costa Rican coffee, is indeed of Costa Rican origin. ICAFE is also providing different types of certifications to coffee producers. These programs are aimed at maintaining the good name Costa Rica’s coffee in the international markets, which results in a premium paid to producers.

Costa Rica’s exports are almost exclusively raw material, that is, coffee is exported “not roasted or decaffeinated”.

Production, Supply and Demand Data Statistics:

Coffee, Green Market Begin Year Costa Rica	2017/2018		2018/2019		2019/2020	
	Oct 2017		Oct 2018		Oct 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	84	84	84	84	0	84
Area Harvested	80	80	80	80	0	80
Bearing Trees	340	340	340	340	0	340
Non-Bearing Trees	24	24	24	24	0	24
Total Tree Population	364	364	364	364	0	364
Beginning Stocks	226	226	191	270	0	163
Arabica Production	1500	1527	1350	1298	0	1365
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
Total Production	1500	1527	1350	1298	0	1365
Bean Imports	60	83	75	85	0	70
Roast & Ground Imports	5	5	5	5	0	5
Soluble Imports	27	5	20	5	0	5
Total Imports	92	93	100	95	0	80
Total Supply	1818	1846	1641	1663	0	1608
Bean Exports	1216	1209	1125	1125	0	1140
Rst-Grnd Exp.	5	10	10	10	0	10
Soluble Exports	0	0	0	0	0	0
Total Exports	1221	1219	1135	1135	0	1150
Rst,Ground Dom. Consum	379	352	370	360	0	365
Soluble Dom. Cons.	27	5	20	5	0	5
Domestic Consumption	406	357	390	365	0	370
Ending Stocks	191	270	116	163	0	88
Total Distribution	1818	1846	1641	1663	0	1608

(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)

Export Trade Matrix, Coffee, Green

<p>Costa Rica Coffee, Green 60 kg bags</p>

Time Period	2017/2018
Exports to:	
United States	587,505
Belgium	188,037
Germany	78,776
South Korea	49,176
Netherlands	41,015
Australia	36,199
Others not Listed	238,379
Total	1,219,087