INTERNATIONAL COFFEE ORGANIZATION

60 ANNIVERSARY

April 2023

COFFEE REPORT AND OUTLOOK (CRO)

The Coffee Report and Outlook is a new bi-annual report by the International Coffee Organization, which is publicly available on the website. It provides a snapshot of the 2021/22 and 2022/23 coffee years production and consumption.

A new methodology for calculating production and consumption is presented, providing a meaningful update to the legacy model.

An annex containing the comprehensive production and consumption data for five historic years and current year data for 192 consuming countries and 54 producing countries can be delivered by email to Members upon request. Alternatively, the full report of the CRO can be subscribed to.

I Executive Summary[1]

- World coffee production decreased by 1.4% to 168.5 million bags in coffee year 2021/22, hampered by the off biennial production and negative meteorological conditions in a number of key origins, however it is expected to bounce back by 1.7% to 171.3 million bags in 2022/23. Increased global fertiliser costs and adverse weather conditions are expected to partially offset the positive impact of the on biennial production from Brazil, explaining the relatively low rate of growth in coffee year 2022/23.

- The impact of the biennial production is anticipated to drive the outlook for Arabica, which is projected to increase by 4.6% to 98.6 million bags in coffee year 2022/23, following a 7.2% decrease in the previous coffee year. Reflecting the cyclicality of Arabica's output, its share of the total production is expected to increase to 57.5% from 55.9 in coffee year 2021/22.

- South America is and will remain the largest producer of coffee in the world, despite suffering from the largest drop output in almost 20 years, falling by 7.6% in coffee year 2021/22. The recovery in coffee year 2022/23, partly driven by the on biennial production, is expected to push the region's output to 82.4 million bags, a rise of 6.2%.

- World coffee consumption increased by 4.2% to 175.6 million bags in coffee year 2021/22, following a 0.6% rise in the previous year. Release of the pent-up demand built-up during the COVID-19 years and sharp global economic growth, increasing 6.0% in 2021, explains the sharp bounce back in coffee consumption in coffee year 2021/22.

- Decelerating world economic growth rates for 2022 and 2023, coupled with the sharply increasing cost of living, would have an impact on the coffee consumption for coffee year 2022/23. It is expected to grow, but at a decelerating rate of 1.7% to 178.5 million bags.

- The global deceleration is expected to come from the non-producing countries, with growth rate of Europe's coffee consumption presumed to suffer from the largest deceleration among all regions, with growth rate falling to 0.1% in coffee year 2022/23 from a 6.0% expansion in coffee year 2021/22.

- As a result, the world coffee market is expected to run another year of deficit.

Table 1: Summary of the World Coffee Market

	'000 60-Kg Bags					
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Production	167,569	169,887	168,390	170,876	168,485	171,268
Consumption	165,637	170,876	167,593	168,569	175,605	178,534
Balance	1,932	-989	797	2,307	-7,120	-7,266
	Growth Rates, Year-on-Year					
Production	4.5%	1.4%	-0.9%	1.5%	-1.4%	1.7%
Consumption	2.0%	3.2%	-1.9%	0.6%	4.2%	1.7%

[1] All years refer to the starting year of coffee year, October-September. All production and consumption are in Gren Beans Equivalent 60-kg bags, unless otherwise stated.

Table 2: Summary of World Coffee Production[2]

Categories	Coffee Production, '000 60-kg Bags					
	2017	2018	2019	2020	2021	2022
Total	**167,569**	**169,887**	**168,390**	**170,876**	**168,485**	**171,268**
Species						
Arabica	97,862	99,615	96,670	101,577	94,248	98,559
Robusta	69,707	70,269	71,717	69,290	74,237	72,709
Groups						
Brazilian Naturals	51,247	52,810	52,219	56,637	50,894	54,622
Colombian Milds	15,088	15,424	15,460	14,863	13,086	13,729
Others Milds	31,527	31,381	28,992	30,077	30,267	30,208
Robustas	69,707	70,269	71,717	69,290	74,237	72,709
Regions						
Africa	17,428	18,523	18,698	19,281	19,132	19,405
Caribbean, Central America & Mexico	21,475	21,361	19,321	19,747	19,655	19,726
South America	76,453	81,934	81,064	83,937	77,596	82,424
Asia & Pacific	52,214	48,069	49,307	47,912	52,102	49,713
	Growth Rates, Year-on-Year					
Total	**4.5%**	**1.4%**	**-0.9%**	**1.5%**	**-1.4%**	**1.7%**
Species						
Arabica	-1.8%	1.8%	-3.0%	5.1%	-7.2%	4.6%
Robusta	14.9%	0.8%	2.1%	-3.4%	7.1%	-2.1%
Groups						
Brazilian Naturals	-4.0%	3.1%	-1.1%	8.5%	-10.1%	7.3%
Colombian Milds	-5.2%	2.2%	0.2%	-3.9%	-12.0%	4.9%
Other Milds	3.9%	-0.5%	-7.6%	3.7%	0.6%	-0.2%
Robustas	14.9%	0.8%	2.1%	-3.4%	7.1%	-2.1%
Regions						
Africa	3.6%	6.3%	0.9%	3.1%	-0.8%	1.4%
Caribbean, Central America & Mexico	7.1%	-0.5%	-9.5%	2.2%	-0.5%	0.4%
South America	1.2%	7.2%	-1.1%	3.5%	-7.6%	6.2%
Asia & Pacific	8.9%	-7.9%	2.6%	-2.8%	8.7%	-4.6%
	Share of Categories, Percent (%)					
Species						
Arabica	58.4%	58.6%	57.4%	59.4%	55.9%	57.5%
Robusta	41.6%	41.4%	42.6%	40.6%	44.1%	42.5%
Groups						
Brazilian Naturals	52.4%	53.0%	54.0%	55.8%	54.0%	55.4%
Colombian Milds	15.4%	15.5%	16.0%	14.6%	13.9%	13.9%
Other Milds	32.2%	31.5%	30.0%	29.6%	32.1%	30.6%
Regions						
Africa	10.4%	10.9%	11.1%	11.3%	11.4%	11.3%
Caribbean, Central America & Mexico	12.8%	12.6%	11.5%	11.6%	11.7%	11.5%
South America	45.6%	48.2%	48.1%	49.1%	46.1%	48.1%
Asia & Pacific	31.2%	28.3%	29.3%	28.0%	30.9%	29.0%

[2]**Colombian Milds** – Colombia, Kenya and Tanzania.
Other Milds – Bolivia, Brazil, Burundi, Cameroon, Costa Rica, Cuba, DRC, Dominican Republic, Ecuador, El Salvador, Ethiopia, Guatemala, Haiti, Honduras, India, Indonesia, Jamaica, La175.6os, Madagascar, Malawi, Nepal, Nicaragua, Panama, PNG, Peru, Rwanda, Sri Lanka, Uganda, Venezuela, Zambia and Zimbabwe.
Brazilian Naturals – Angola, Bolivia, Brazil, DRC, Dominican Republic, Ecuador, El Salvador, Ethiopia, Ghana, Guatemala, Honduras, India, Indonesia, Kenya, Mexico, Nicaragua, Paraguay, Philippines, Tanzania, Thailand, Timor-Leste, Uganda, Vietnam and Yemen.
Robustas – Angola, Benin, Brazil, Burundi, Cameroon, CAR, Congo, Côte d'Ivoire, DRC, Dominica Republic, Ecuador, Equatorial Guinea, Gabon, Ghana, Guatemala, Guinea, India, Indonesia, Laos, Liberia, Madagascar, Mexico, Nigeria, PNG, Philippines, Rwanda, Sierra Leone, Sri Lanka, Tanzania, Timor-Leste, Togo, Trinidad & Tobago, Uganda, Vietnam and Yemen.

Graph 1: Summary of the World Coffee Market – '000 60-Kg Bags

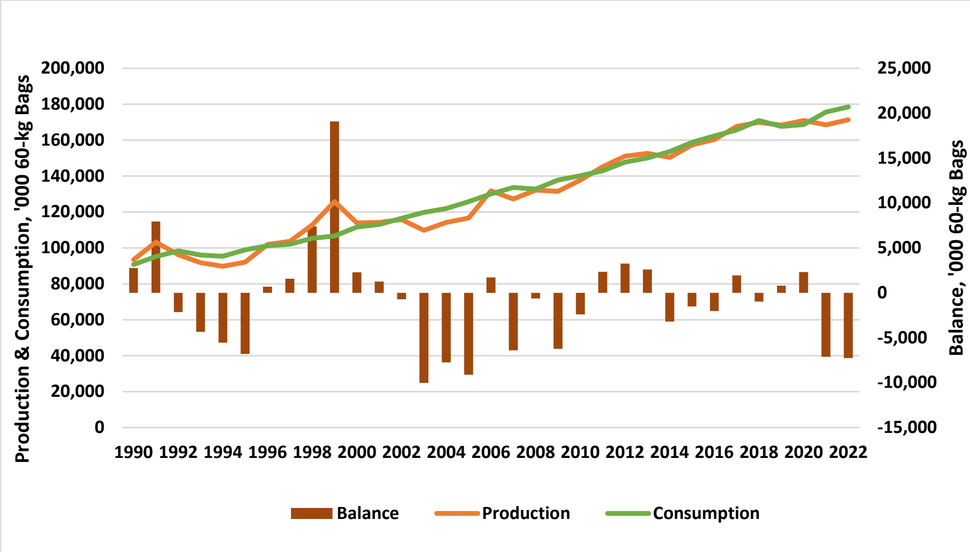

Table 3: Summary of World Coffee Consumption

	Coffee Consumption, '000 60-Kg Bags					
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Total	**165,637**	**170,876**	**167,593**	**168,569**	**175,605**	**178,534**
Producers	51,575	52,234	51,441	52,518	53,615	55,369
Non-Producers	114,062	118,642	116,152	116,051	121,991	123,165
Regions						
Africa	11,707	11,921	12,034	12,552	12,877	13,403
Caribbean, Central America & Mexico	5,667	5,805	5,857	5,882	5,967	6,124
South America	25,981	26,340	25,969	26,381	26,895	27,379
North America	29,939	31,789	30,581	30,228	31,679	32,078
Asia & Pacific	38,819	39,572	39,198	41,289	42,828	44,162
Europe	53,523	55,449	53,953	52,237	55,359	55,388
	Growth Rates, Year-on-Year					
	2017	2018	2019	2020	2021	2022
Total	**2.0%**	**3.2%**	**-1.9%**	**0.6%**	**4.2%**	**1.7%**
Producers	3.0%	1.3%	-1.5%	2.1%	2.1%	3.3%
Non-Producers	1.6%	4.0%	-2.1%	-0.1%	5.1%	1.0%
Regions						
Africa	6.3%	1.8%	0.9%	4.3%	2.6%	4.1%
Caribbean, Central America & Mexico	2.6%	2.4%	0.9%	0.4%	1.4%	2.6%
South America	3.1%	1.4%	-1.4%	1.6%	1.9%	1.8%
North America	1.5%	6.2%	-3.8%	-1.2%	4.8%	1.3%
Asia & Pacific	0.7%	1.9%	-0.9%	5.3%	3.7%	3.1%
Europe	1.8%	3.6%	-2.7%	-3.2%	6.0%	0.1%
	Share of Categories, Percent (%)					
	2017	2018	2019	2020	2021	2022
Producers	31.1%	30.6%	30.7%	31.2%	30.5%	31.0%
Non-Producers	68.9%	69.4%	69.3%	68.8%	69.5%	69.0%
Regions						
Africa	7.1%	7.0%	7.2%	7.4%	7.3%	7.5%
Caribbean, Central America & Mexico	3.4%	3.4%	3.5%	3.5%	3.4%	3.4%
South America	15.7%	15.4%	15.5%	15.7%	15.3%	15.3%
North America	18.1%	18.6%	18.2%	17.9%	18.0%	18.0%
Asia & Pacific	23.4%	23.2%	23.4%	24.5%	24.4%	24.7%
Europe	32.3%	32.4%	32.2%	31.0%	31.5%	31.0%

II Production

1 Executive Summary

- World coffee production decreased by 1.4% to 168.5 million bags in coffee year 2021/22, hampered by the off biennial production and negative meteorological conditions in number of key origins, however it is expected to bounce back by 1.7% to 171.3 million bags in 2022/23.

- The impact of the on biennial production is anticipated to drive the outlook for Arabica, which is projected to increase by 4.6% to 98.6 million bags in coffee year 2022/23 following a 7.2% decrease in the previous coffee year. Reflecting the cyclicality of Arabica's output, its share of the total coffee production is expected to increase to 57.5% from 55.9% in coffee year 2021/22.

- South America is and will remain the largest producer of coffee in the world, despite suffering from the largest drop output in almost 20 years, falling by 7.6% in coffee year 2021/22. The recovery in coffee year 2022/23, partly driven by the on biennial production, is expected to push the region's output to 82.4 million bags, a rise of 6.2%.

Table 4: Summary of World Coffee Production, Growth Rates and Shares

Categories	Coffee Production, '000 60-kg Bags					
	2017	2018	2019	2020	2021	2022
Total	167,569	169,887	168,390	170,876	168,485	171,268
Species						
Arabica	97,862	99,615	96,670	101,577	94,248	98,559
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Africa	17,428	18,523	18,698	19,281	19,132	19,405
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Regions						
Africa	3.6%	6.3%	0.9%	3.1%	-0.8%	1.4%
Caribbean, Central America & Mexico	7.1%	-0.5%	-9.5%	2.2%	-0.5%	0.4%
South America	1.2%	7.2%	-1.1%	3.5%	-7.6%	6.2%
Asia & Pacific	8.9%	-7.9%	2.6%	-2.8%	8.7%	-4.6%
	Share of Categories, Percent (%)					
Species						
Arabica	58.4%	58.6%	57.4%	59.4%	55.9%	57.5%
Robusta	41.6%	41.4%	42.6%	40.6%	44.1%	42.5%
Regions						
Africa	10.4%	10.9%	11.1%	11.3%	11.4%	11.3%
Caribbean, Central America & Mexico	12.8%	12.6%	11.5%	11.6%	11.7%	11.5%
South America	45.6%	48.2%	48.1%	49.1%	46.1%	48.1%
Asia & Pacific	31.2%	28.3%	29.3%	28.0%	30.9%	29.0%

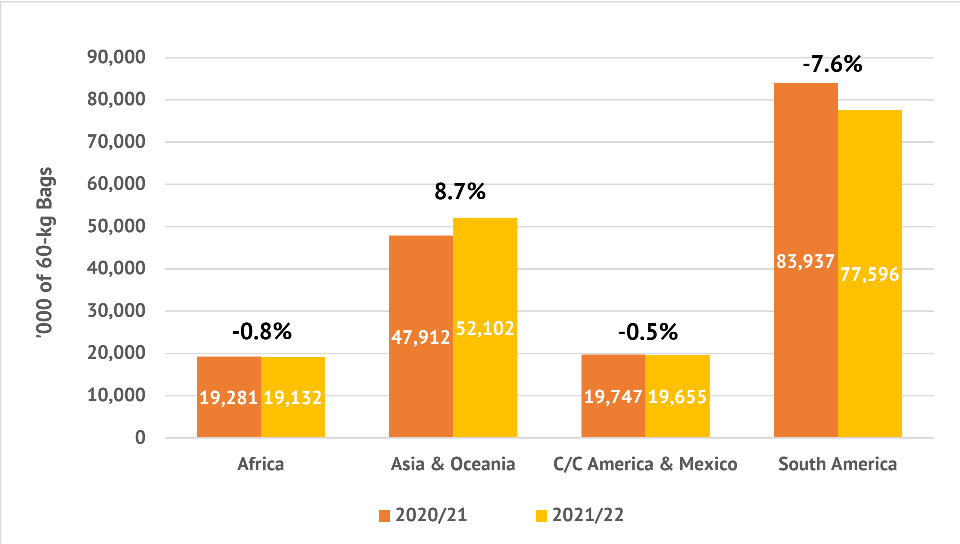
2 Report of Coffee Year 2021/22

2.1 Total Coffee Production – World and Regions

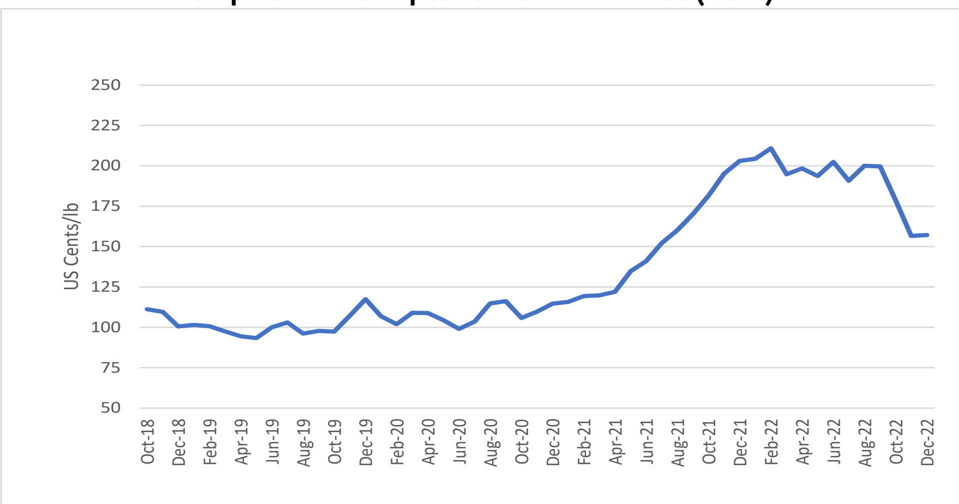
World coffee production decreased by 1.4% to 168.5 million bags in coffee 2021/22, down from 170.9 million bags in the previous coffee year. The decrease in world production was mainly as a result of:

- South America's 7.6% fall due to the off biennial production in Brazil and adverse meteorological conditions in number of other key origins from the region; Colombia and Honduras outweighing,
- Asia & Pacific's bumper year, with their production increasing by 8.7% on the back of relative high prices for coffee and good weather conditions during the key stages of coffee beans development, especially in Vietnam.
- In coffee year 2021/22, the ICO Composite Indicator Price (I-CIP) had averaged US Cents 197.9/lb, US Cents 97.5/lb higher as compared with the recent nadir of US Cents 100.5/lb reached in coffee year 2018/19.

Graph 2: Production of Coffee – Regions, '000 60-kg Bags & Growth Rate



Graph 3: ICO Composite Indicator Prices (I-CIP)

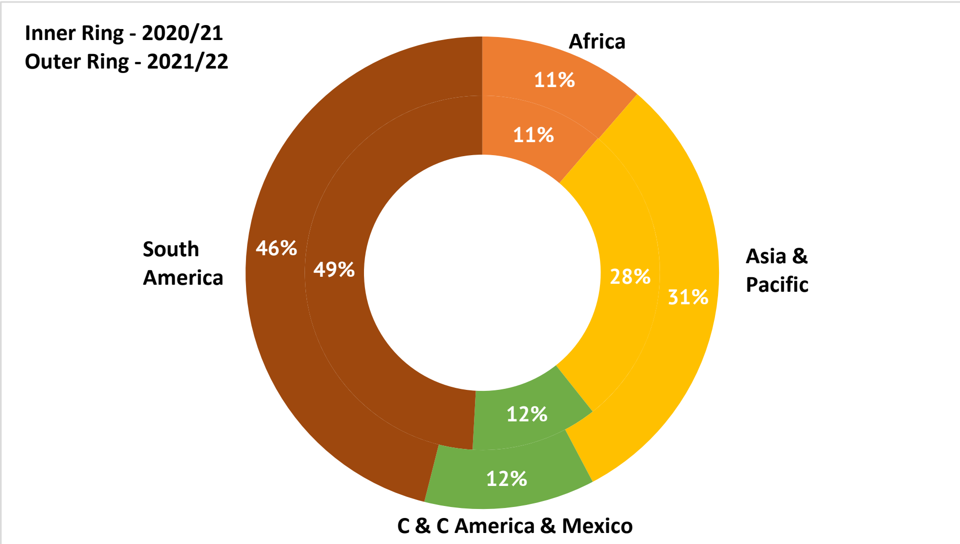


2.2 Regional Shares of Total and Species Outputs

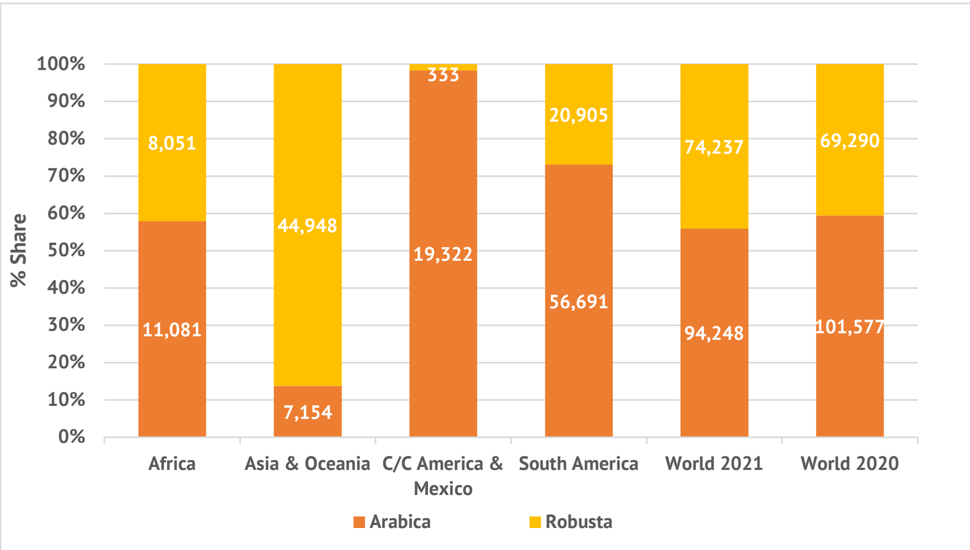
The interactions of off biennial production in Brazil and relative high prices for coffee and good weather conditions during the key stages of coffee beans development in Asia & Pacific have had a clear impact on the regional and Arabica's shares of the world coffee production:

- South America's share of the world coffee production fall by 3% to 46% in coffee year 2021/22,
- The market share was lost to Asia & Pacific, which increased its share of the world production to 31% in coffee year 2021/22,
- Total output of Arabica fell by 7% in coffee year 2021/22 to 94 million bags from 102 million bags in the previous coffee year,
- World market share of Arabica dropped 3.5% from 59.4% in coffee year 2020/21 to 57.5% in coffee year 2021/22.

Graph 4: Production of Coffee – Regions, Percent Share (%)



Graph 5: Production of Arabica/Robusta – Regions, '000 60-kg Bag, Percent Share, Coffee Year 2021/22



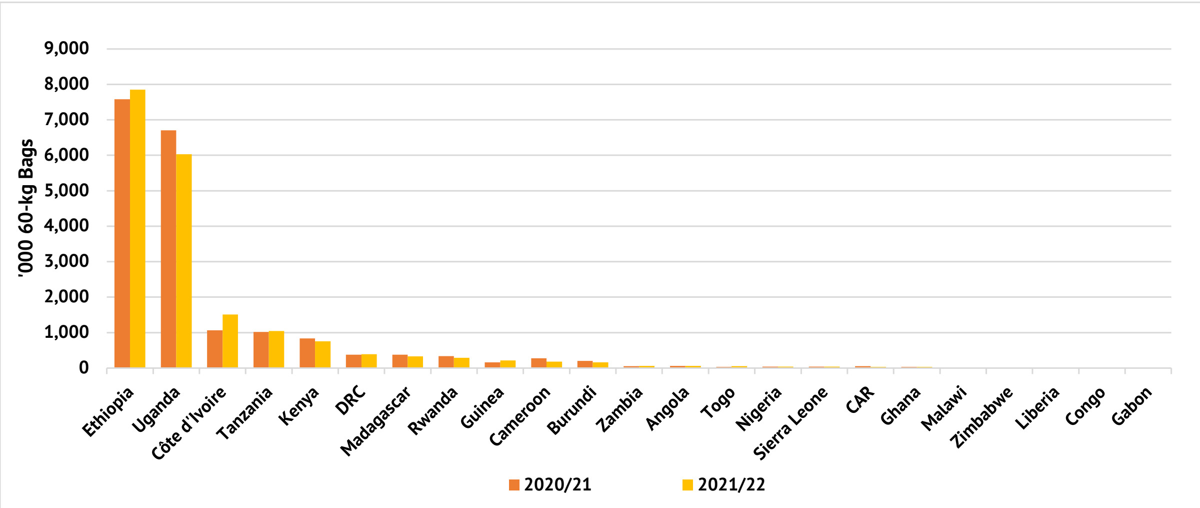
2.3 Total Coffee Production – Regions and Countries

2.3.1 Africa

Africa's production of coffee decreased by 0.8% in coffee year 2021/22 to 19.1 million bags, from 19.3 million bags in the previous coffee year, with the market share of the world's output rising slightly to 11.4% from 11.3%. These stable regional level numbers belie the significant changes at the country level:

- Uganda's production decreased by 10.0% in 2021/22 due to drought, first reported on February 2022, that affected most of the coffee growing regions, leading to a lower and shorter main harvest season in central and eastern parts of the country and hence lower output,
- Ethiopia's production reached a new record level of 7.9 million bags, a 3.6% increase over the output in coffee year 2020/21 at 7.6 million bags. Increasing area under coffee and adoption of good agricultural practice are the main reasons behind the positive growth. In five years to 2020, the area harvested had increased by 22.3% or 156,117 hectares, according official government figures[3], while TechnoServe, a non-profit organisation, has been in the country since 2012 running the "Coffee Farm College", teaching farmers how to increase productivity[4]. In 10 years, the Coffee Farm College has trained around 200,000 farmers.
- Côte d'Ivoire was the only major origin of the region with a decreasing output in coffee year 2020/21. It was due to smallholders actively choosing not to harvest coffee from trees that were deem to have insufficient number of berries, which combined with relative low price of coffee, and was deemed not economical. In coffee year 2021/22, the incentive pick the cherries returned, with the I-CIP increasing by 51.7%, rising to the highest nominal level since coffee year 2010/11.
- Zambia's coffee production had increased by 16.4% in coffee year 2021/22 to 64,000 bags, which followed a 59.4% rise in the previous coffee year. Since coffee year 2014/15, Zambia's coffee production has increased 22-folds, a recovery due to the consolidation and rejuvenation of its estate sector under the Olam Food Ingredients (OFI) and its Zambian subsidiary Northern Coffee Corporation Limited (NCCL).

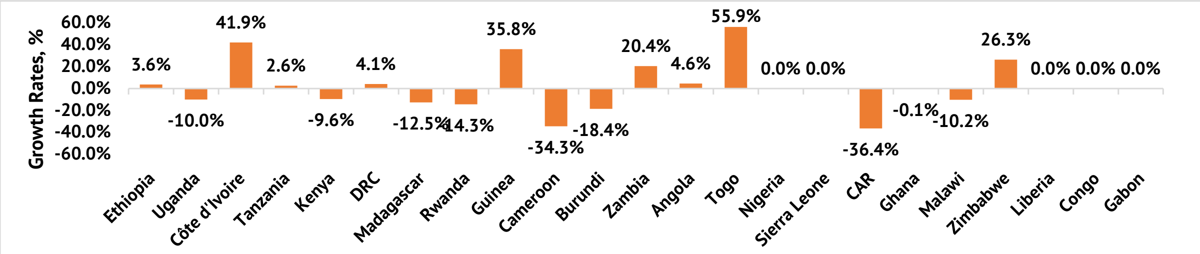
Graph 6: Coffee Production of Africa, Coffee Years 2020/21 Vs 2021/22, '000 60-kg Bags



[3] FAOSTAT

[4] World Bank, News – Feature Story "Ethiopian Farmers Triple Yields with Sustainable Tree Stumping", 20 April 2021.

Graph 7: Coffee Production of Africa, Growth Rates, Coffee Year 2020/21 Vs 2021/22



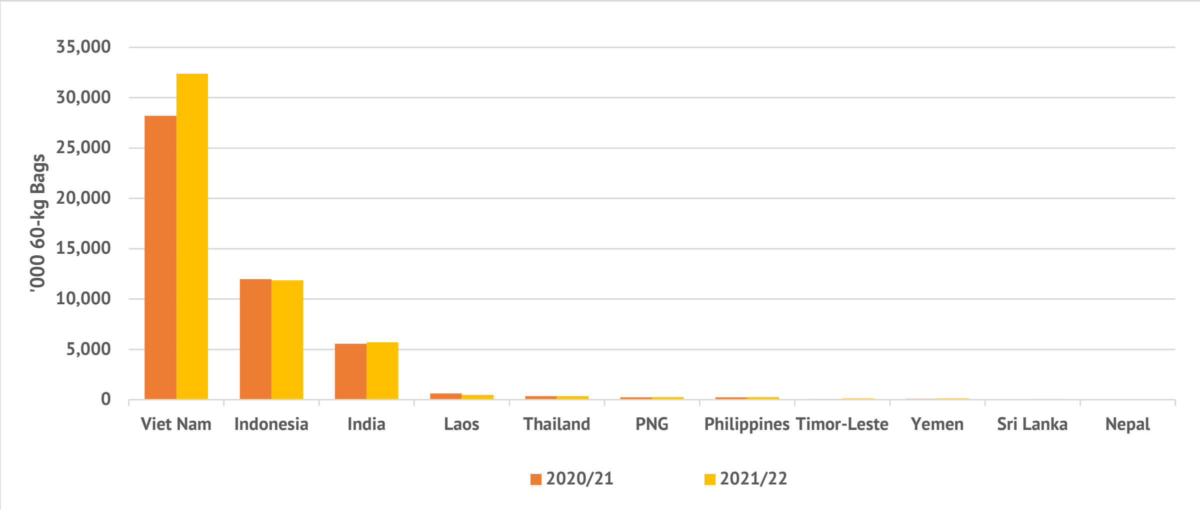
2.3.2 Asia & Pacific

Asia & Pacific's coffee production increased by 8.7% in coffee year 2021/22 to 52.1 million bags, from 47.9 million bags in the previous coffee year, increasing its market share of the world's output to 30.9% from 28.0% in coffee year 2020/21. At the individual country level:

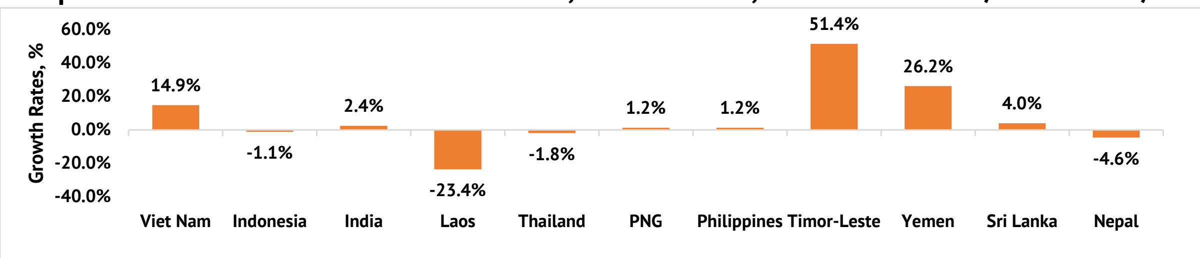
- Vietnam remains the largest origin in Asia & Pacific, producing 32.4 million bags in coffee year 2021/22, a 14.9% increase or 4.2 million bags. It is the second largest output on record, behind 33.4 million bags produced in coffee year 2017/18. Rejuvenation of trees, following a 5.2% fall in output in coffee year 2020/21, and good meteorological conditions during the dry season and timely precipitation combined to produce a bumper year in coffee year 2021/22.
- Indonesia is the second largest origin in Asia & Pacific, behind Vietnam. The origin's production has been range-bound at 10-12.3 million bags since coffee year 2014/15. This is mainly a reflection equally range-bound coffee area with the area harvested fluctuating between 1.2-1.3 million hectares since 2012, coupled with the predominance of smallholders, small plots (average 1-2 hectares) and lower good farming practice leading ultimately to lower productivity. In 2020-2022 (calendar years), total area under coffee increased by 41,400 hectares. Indonesia's average yield is 8.9 bags for coffee year 2016/17-2020/21 as compared with the world average of 15.6 bags over the same period. These factors mean that over short-term environmental factors are key in determining changes to annual coffee production of Indonesia above incremental growth. For coffee year 2021/22, the key producing region of Sumatra was subject to frequent rain and strong wind until the end of May 2021 disturbing coffee trees during the fruit's flowering stage. Indonesia has two harvest seasons, the first and main occurs between April and May, followed by the second harvest in September or October. As a result, output of coffee decreased by 1.1% in coffee year 2021/22, falling to 11.9 million bags from 12.0 million bags in coffee year 2020/21.
- Heavy rains in July and August 2021 in coffee producing states of Karnataka, Kerala and Tamil Nadu led the Coffee Board of India to reduce its post-blossom estimates of coffee output by 10% from their earlier assessment to 6.2 million bags in late August 2022, however it proved have been an optimistic outlook. The output was eventually finalised at 5.7 million bags, up 2.4% or up 134,000 bags over coffee year 2020/21. With area harvested increased by 1.5% or 6,203 hectares in coffee year 2021/22, more than half of the increment of India's output can be attributed to the expansion of area.
- Laos is an up-and-coming origin, increasing its coffee production by three-folds in coffee year 2000/01-2018/19, growing at an average 11.4% per annum. During this period, Laos had overtaken the Philippines, Thailand and Yemen to become the fifth largest producer of coffee in Asia & Pacific, and had increased its share of the region's output to 1.3% from 0.7%. In coffee year 2018/19 0.6 million bags of coffee was produced in Laos. However, since that time the output from the origin has been falling and in coffee year 2021/22 production had

fallen to 0.5 million bags, a 16.8% fall. Official statistics on area under coffee shows that the harvested areas have continually risen, increasing by 1.4% in 2018-2021 (calendar years) to 83,320 hectares from 80,890 hectares. The Lao Coffee Association had attributed the sharp fall in the production to climate change and the invasion of insects, among other factors, lowering yield per hectare.

Graph 8: Coffee Production of Asia & Pacific, '000 60-kg Bags



Graph 9: Coffee Production of Asia & Pacific, Growth Rates, Coffee Year 2020/21 Vs 2021/22



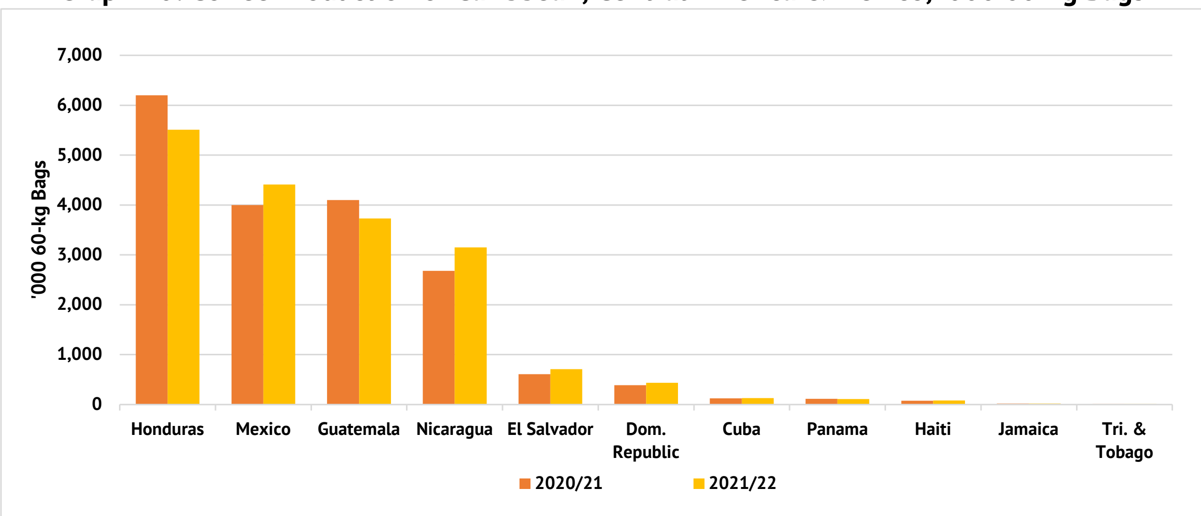
2.3.3 Caribbean, Central America & Mexico

Caribbean, Central America & Mexico's coffee production decreased by 0.5% in coffee year 2021/22 to 19.66 million bags, from 19.75 million bags in the previous coffee year, maintaining its market share of the world's output at 11.7%. These stable regional level numbers belie the significant changes at the country level:

- El Salvador's coffee production has been struggling to recover from devastation of the leaf rust disease that in 2013 had hit the origin and other origins in Central Americas. The immediate impact of the disease was a 58.5% fall in the output from 1.2 million bags in coffee year 2012/13 to 0.5 million bags in coffee year 2013/14. Over the next eight years to coffee year 2020/21 the output had been range-bound at 0.5-0.8 million bags. To rejuvenate the coffee industry the government of El Salvador launched the "Program for Strengthening the Climate Resilience of the Coffee Forests of El Salvador" in late 2021. The initiative aims to renovate 25% of the origin's coffee area (50,000 manzanas or approximately 34,900 hectares), involving making available 24 million rust-resistant plants in the next five years to farmers, which will complement an existing effort, which started in 2016 and has since renewed about 20,000 hectares. As a result of the rejuvenation programme and good weather, the output has increased 0.7 million bags in coffee year 2021/22 from 0.6 million bags in coffee 2020/21.

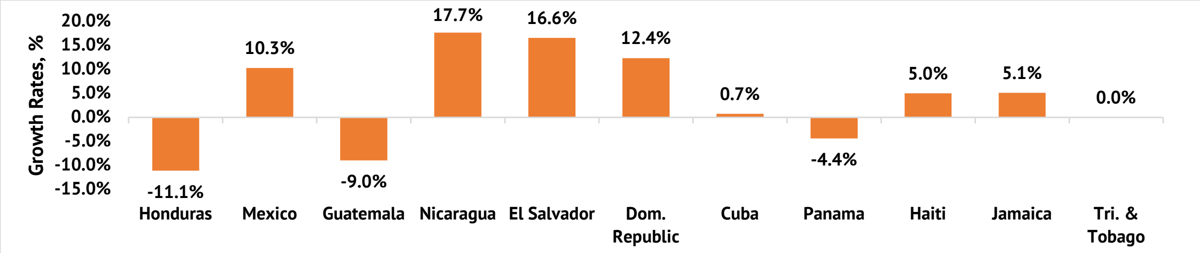
- Nicaragua's coffee output increased by 17.7% in coffee year 2021/22 to 3.2 million bags. It follows a 8.3% fall in the previous year, attributed to the country's dire economic situation that prevented proper management of the coffee trees and area under coffee, which mitigates the strength of the increase in coffee year 2021/22. Increase in productivity, buoyed by the 52.7% increase in the I-CIP, and strong on biennial production are the reasons behind the jump in the output.
- Honduras is the largest producer in the region, accounting for 31% of the total coffee output of the Caribbean, Central America & Mexico in coffee year 2020/21 with 6.2 million bags harvested. However, in coffee year 2021/22, output fell to 5.5 million, down 11.1%, with accompanying drop in the market share to 28%. Multiple factors explain the decrease and its intensity: impact of the biennial production, lower rainfall during the beans growing period in number of growing regions, high incidence of rust disease as a result of hurricanes ETA and IOTA and stumping following the rust disease led renewal in 2012 that reached their peak production between the 2018/2020 harvests which all affected the country's supply of coffee.
- The coffee production of Guatemala has been range-bound between 3.3-4.1 million bags over coffee year 2001/02-2020/21, tied largely to the equally range-bound area under coffee at 240,000-275,000 hectares over the 2001-2018 (calendar years). Since then, area under coffee has expanded significantly, increasing to 302,000 hectares in coffee year 2019/20-2020/21[5], with all other sources of information suggesting that the hectarage has been maintained into coffee year 2021/22. However, production has not accompanied this expansion, falling to 3.7 million bags in coffee year 2021/22 from 4.1 million bags in 2020/21, a fall of 9.0%. High labour cost, availability of labour and climatic reasons lie behind the fall.

Graph 10: Coffee Production of Caribbean, Central America & Mexico, '000 60-kg Bags



[5] Estadísticas Agropecuarias 2020 and 2021, Instituto Nacional de Estadística

Graph 11: Coffee Production of Caribbean, Central America & Mexico, Growth Rates, Coffee Year 2020/21 Vs 2021/22

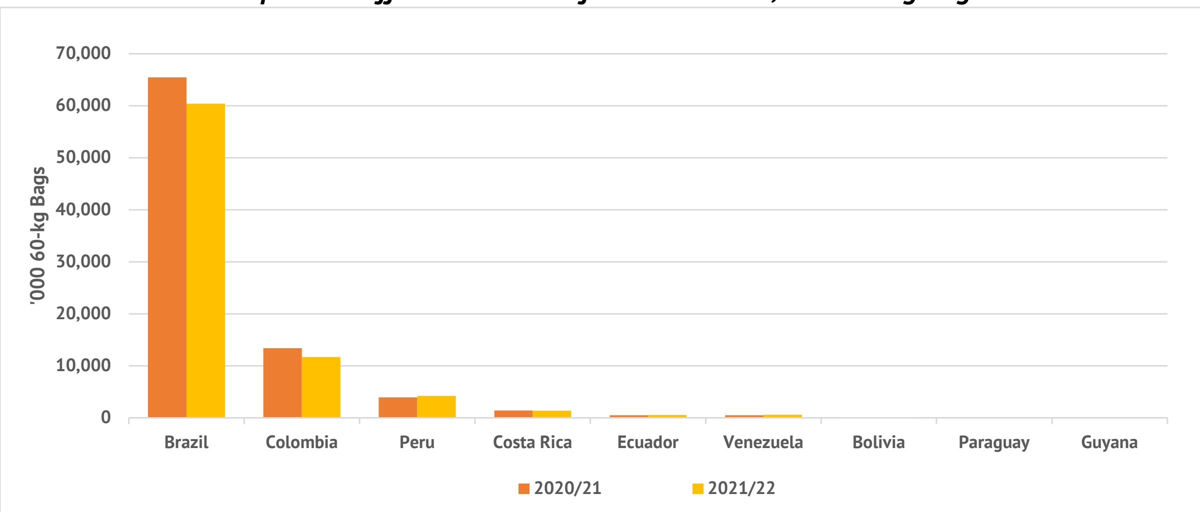


2.3.4. South America

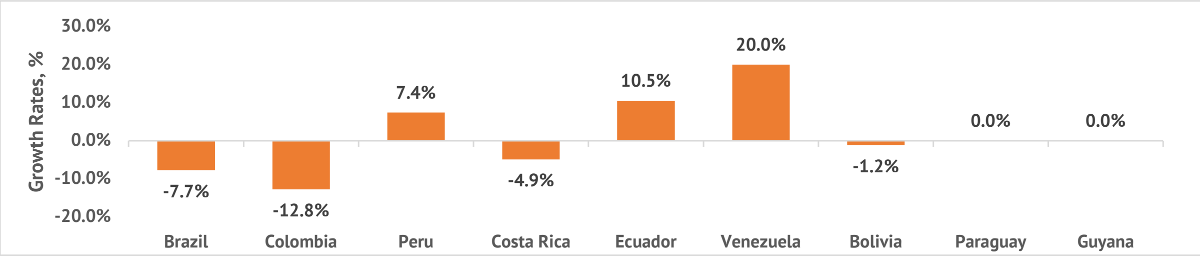
South America's coffee production decreased by 7.6% in coffee year 2021/22 to 77.6 million bags, from 83.9 million bags in the previous coffee year. This is the single largest drop in output since the 16.6% fall in coffee year 2004/05. Brazil was the main reason behind the negative growth of the region, while its magnitude was due to the downward reinforcement of Colombia:

- Following on from its on biennial production in coffee year 2020/21, Brazil's coffee output in coffee year 2021/22 was on its off biennial production, with output decreasing by 7.7% to 60.4 million bags from 65.5 million bags in the previous year. This latest seasonal downturn is the severest since coffee year 2003/04, when output fell by 21.7%. Adding to the seasonal downturn was the impact of the frost. On July 20 2021, the minimum temperature in Minas Gerais, the main coffee growing region of Brazil, was reported as minus 1.2 Celsius. At the time, Companhia Nacional de Abastecimento (CONAB), the Brazilian government's agriculture department, had stated that 70% of all coffee had already been harvested for the 2021/22 crop year. However, market analysts conjectured production losses from the frost ranging from 2.5 million bags to 10.0 million bags for coffee year 2021/22.
- Colombia was beset with persistent unfavourable weather conditions through much of the coffee year 2021/22, leading to a 12.8% decrease in output to 11.7 million bags. In term of growth rate, it was the sharpest downturn since the 30.8% drop in coffee year 2008/09. Moreover, it was the first time since coffee year 2012/13 that Colombia's coffee production had fallen below the 12.0 million bags level.
- The coffee production of Peru increased by 7.4% to 4.2 million bags in coffee year 2021/22 on the back of favourable weather, while Ecuador's coffee production increased by 10.5%.

Graph 12: Coffee Production of South America, '000 60-kg Bags



Graph 13: Coffee Production of South America, Growth Rates, Coffee Year 2020/21 Vs 2021/22

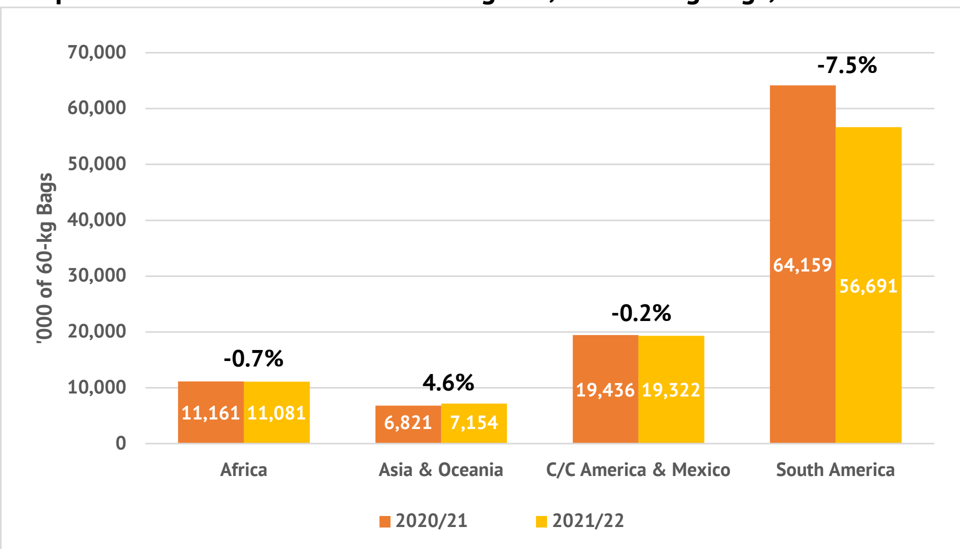


2.4 Arabica Coffee Production - Regions

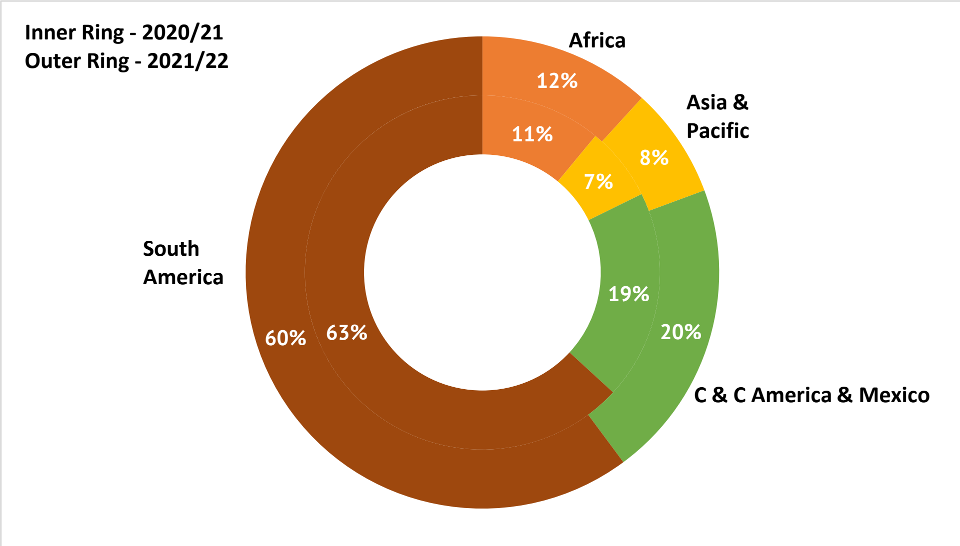
Production of Arabica decreased by 7.2% in coffee year 2021/22, falling to 94.3 million bags from 101.6 million bags. This is the sharpest fall in output in 19 years, when in coffee year 2003/04 the world Arabica production plunged by 10.5%.

- The 7.5% fall in the output from South America explains the sharp drop in the world Arabica output. The region had suffered from a relatively rare event of the top two Arabica producers, Brazil and Colombia, experiencing downturns in the same year. In the past 21 years, this had occurred only five times, and rarer still is the average double-digit downturn, occurring only twice; in coffee year 2021/22, the average Arabica growth rate of Brazil and Colombia was 13.2%, and 14.4% in coffee year 2003/04.
- The consequence of the 7.5% fall in the output from South America was loss in market share of world Arabica output, falling to 60% in coffee year 2021/22 from 63% in the previous year. Each of the three regions in turn gained 1 percentage point market share.

Graph 14: Production of Arabica – Regions, '000 60-kg Bags, Growth Rates



Graph 15: Production of Arabica – Regions, Percent Share



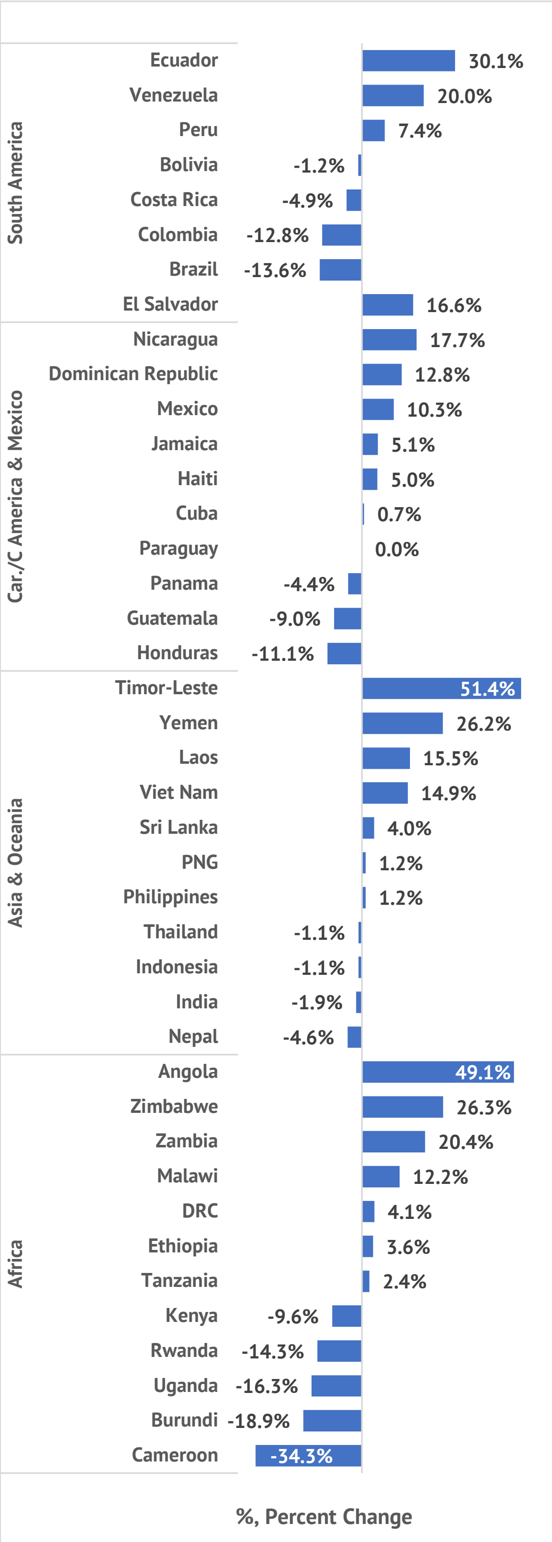
2.4.1. Total Arabica Production – Countries

Despite the sharp fall These stable regional level numbers belie the significant changes at the country level:

- Coffee year 2021/22 was Brazil off biennial production year for Arabica, and as a result saw its output fall by 13.6% to 39.7 million bags from 45.9 million bags in the previous coffee year. It is the sharpest downturn in 19 years, after the 23.2% fall in coffee year 2003/04. The intensity of the decline is a reflection of the frost suffered in Minas Gerais, the main Arabica growing region of the origin, despite CONAB's reporting that 70% of all Brazilian coffee has already been harvested for the 2021/22 crop year by that time.
- Colombia, Guatemala and Honduras all saw their production of Arabica fall, 12.8% to 11.7 million bags, 9.0% to 3.7 million bags and 11.1% to 5.5 million bags, respectively. Unfavourable weather conditions through most of the coffee year 2021/22 (Colombia), high labour cost, availability of labour and climatic reasons (Guatemala), high incidence of rust disease as a result of hurricanes ETA and IOTA and stumping following the rust disease led renewal in 2012 that reached their peak production between the 2018/2020 harvests (Honduras) were behind the decreases.
- Ethiopia is benefitting from a national programme, started in 2010, that aims to increase productivity through improved farming practices and technological adaptations, with subsidised seedlings and assistance with replanting existing plots with higher plant density. The replanted coffee trees are now being harvested, and coupled with favourable weather conditions led to production increasing to 7.9 million bags in coffee year 2021/22 from 7.6 million bags in the previous coffee year.
- Vietnam is currently reaping the reward of policy implemented ten years ago when a plan to increase the origin's Arabica production was announced, with aim to increase its production to 96,000 tonnes (1.6 million bags) by 2020 through expansion of the northern and central Arabica areas to 40,000 hectares over 2012-2020. In coffee year 2021/22, the Arabica's production increased by 14.9% to 1.6 million bags from 1.4 million bags in coffee year 2020/21. Since coffee year 2012/13, Vietnam's Arabica production have increased by 38.4%.
- Angola was the smallest producer of Arabica coffee until coffee year 2018/19 when only 4,000 bags were produced. Since then, however, the output had increased 3-folds, rising to 12,000 bags in coffee year 2021/22. This remarkable jump is due to Fazenda Vissolela's 1,000

hectares coffee estate and their decision to plant Arabica on it. The first Arabica harvest was 2019 and the 2021 (calendar year) harvest has been reported as and reaching 43,000 bags (2,600 tonnes) in 2021, all land dedicated to Arabica, rising to 90,000 bags (5,400) tonnes by 2025.

Graph 16: Production of Arabica – Countries, Growth Rates, Coffee Years 2021/22 Vs 2021/20

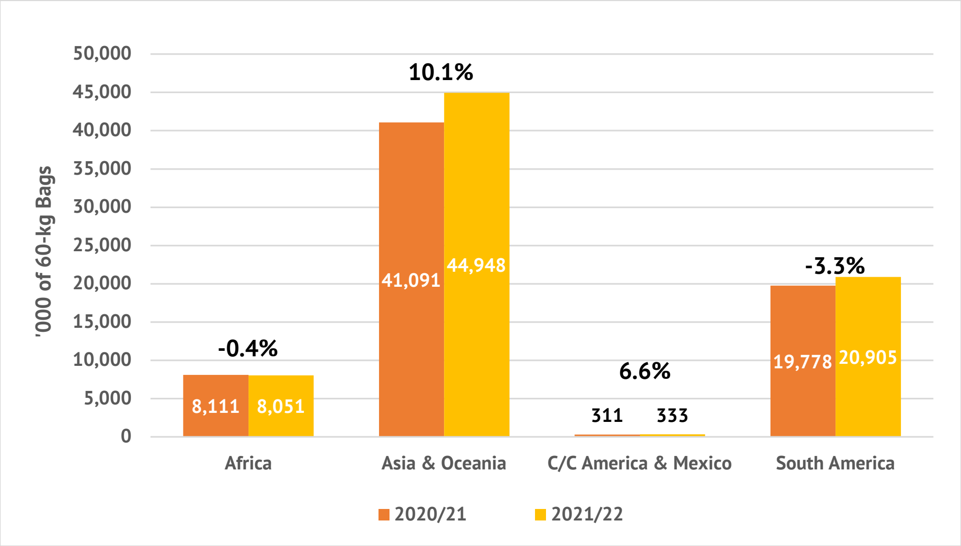


Graph 17: Production of Arabica Ranking – Countries, '000 60-kg Bags, Coffee Years 2021/22 Vs 2021/20

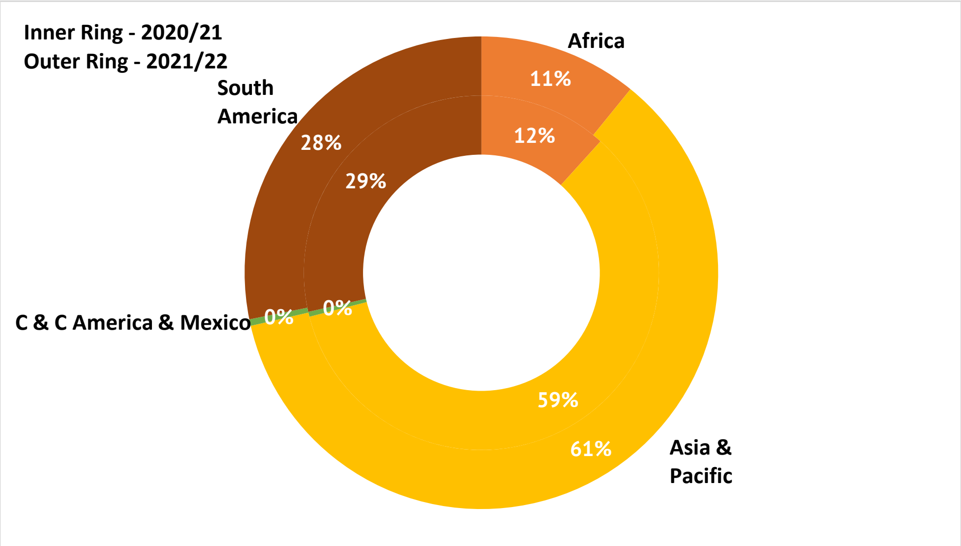
2.5 Robusta Coffee Production - Regions

In coffee year 2021/22, 74.2 million bags of Robusta were produced in the world, a 7.1% increase. Asia & Oceania, the largest producer of Robusta led the way with a 10.1 % jump in coffee year 2021/22, with the region's output rising to 45.2 million bags. As a result, Asia & Oceania increased its share of world's output of Robusta coffee to 61% in coffee year 2021/22 from 59% in the previous year.

Graph 18: Production of Robusta – Regions, '000 60-kg Bags, Growth Rates



Graph 19: Production of Robusta – Regions, Percent Share

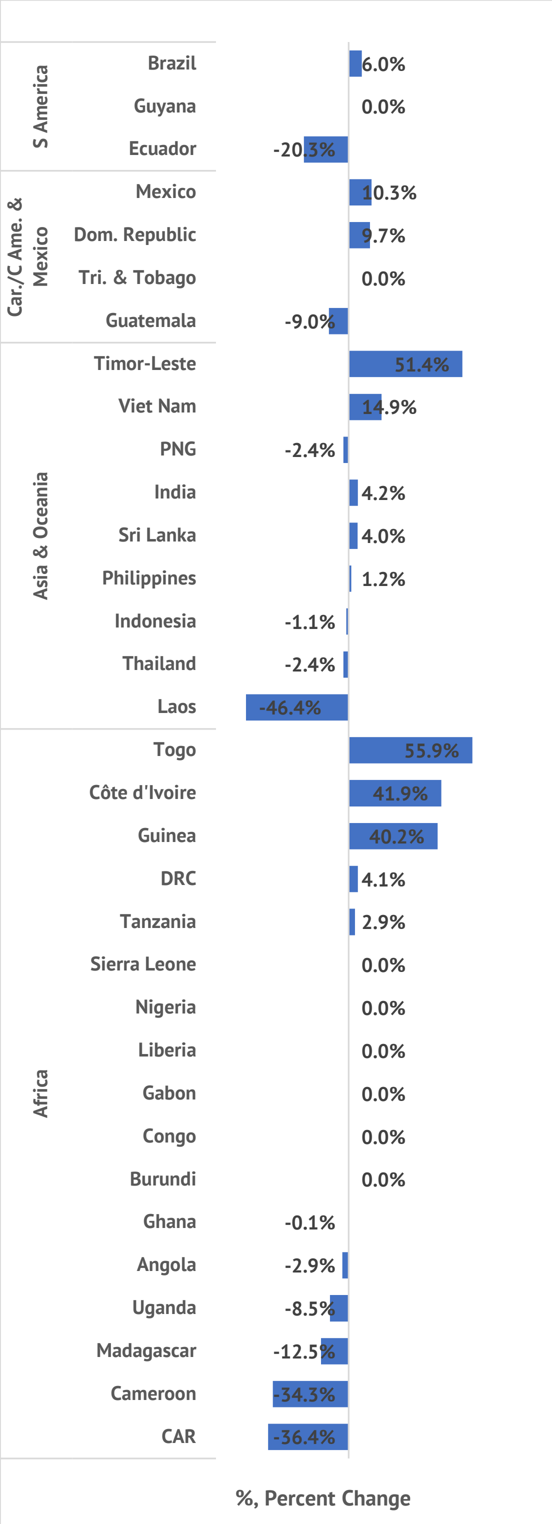


2.5.1 Total Robusta Production – Countries

At the individual country level:

- Incentivised by higher coffee prices, coffee cherry pickers of Côte d'Ivoire came back to the coffee farms to lift the origin's output by 41.9% to 1.5 million bags in coffee year 2021/22.
- Togo has been undergoing a quiet renaissance in the past few years, following almost 30 years of declining production. In coffee year 1990/91, the total coffee output was 433,000 bags, which had fallen to 34,000 bags in coffee year 2020/21. However, in coffee year 2021/22, the production increased to 53,000 bags, up 55.9%. The total area under coffee was reported as 42,691 hectares in 2019, farmed mainly by smallholder in conjunction with cocoa using old Robusta variety, is locally referred to as "Niaouli", which is believed to have been first cultivated in the 1920s. In 2011 the Private Sector Support Project was launched to support the Cocoa Coffee Technical Unit (UTCC), a branch of the Coffee and Cocoa Sector Coordinating Committee (CCFCC), a body responsible for the management of coffee production in the origin, to rejuvenate Togo's existing stock of coffee trees. To 2021, 974 hectares have been replanted, with additional 35,000 trees (both coffee and cocoa) expected to be planted in 2022. It appears that these actions are now bearing fruit.
- Cameroon continues to see its Robusta output fall, decreasing to 165,000 bags in coffee year 2021/22, down 34.3%. With area harvested holding steady around 114,000-118,000 hectares in 2015-2020, the downturn is due a combination of factors including the age and low productivity of coffee plantations, the youth's disinterest in coffee farming, the exhausting work required, and more lucrative offers in other sectors.
- The largest Robusta producer in the world, Vietnam, saw its output increase by 14.9% in coffee year 2021/22, rising to 30.8 million bags. This is the second highest level of output since 31.8 million bags produced in coffee year 2017/18. Good meteorological conditions during the dry season and timely precipitation combined to produce Vietnam's bumper year.
- For coffee year 2021/22, the key producing region of Sumatra was subject to frequent rain and strong wind until the end of May 2021 disturbing coffee trees during the fruit's flowering stage. Indonesia has two harvest seasons, the first and main occurs between April and May, Robusta season, followed by the second harvest in September or October, Arabica season. As a result, output of coffee decreased by 1.1% in coffee year 2021/22, falling to 9.4 million bags from 9.5 million bags in coffee year 2020/21.
- India, Asia & Pacific's second largest Robusta producer, increased its production by 4.2% to 4.2 million bag in coffee year 2021/22 from 4.0 million bags in coffee year 2020/21.

Graph 20: Production of Robusta – Countries, Growth Rates (%), Coffee Years 2021/22 Vs 2020/21

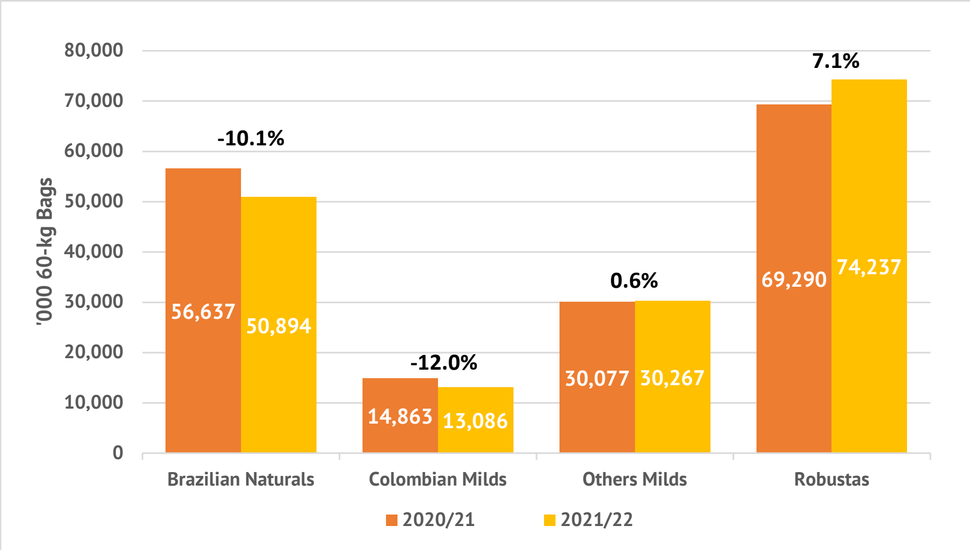


Graph 21: Production of Robusta Ranking – Countries, '000 60-kg Bags, Coffee Years 2021/22 Vs 2020/21

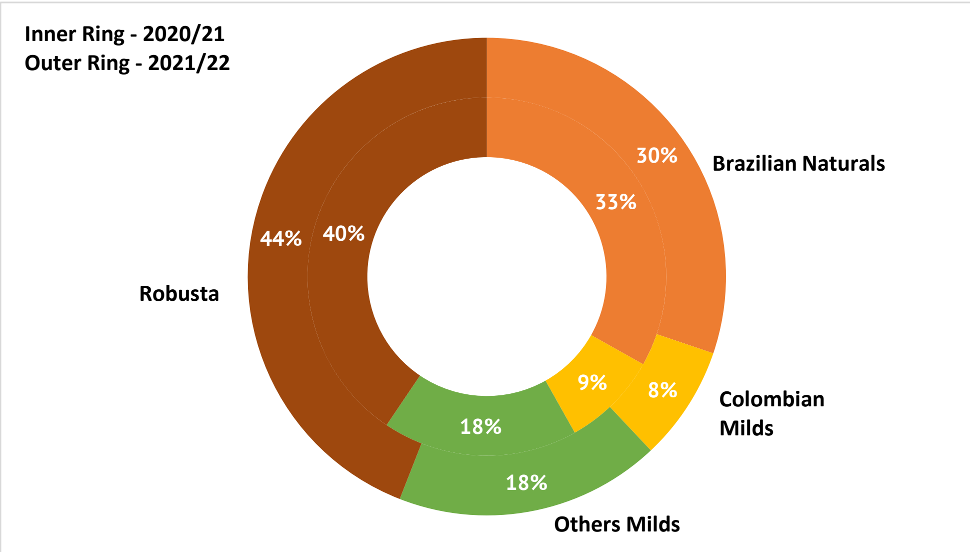
2.6 Total Coffee Production – Groups

The off biennial production in Brazil, adverse meteorological conditions in Colombia and bumper year in Vietnam greatly affected the dynamics of their respective coffee groups in coffee year 2021/22.

Graph 22: Production of Groups – '000 60-kg Bags, Growth Rates



Graph 23: Production by Groups – Percent Share (%)



3 Outlook for Coffee Year 2022/23

The outlook for coffee year 2022/23 were framed by a set of broad assumptions:

- Increased global fertiliser cost will have a negative impact,
- Adverse weather conditions, noted in coffee year 2021/22 and continuing into coffee year 2022/23 will have a negative impact, especially in the Americas and Africa,
- Biennial impact will be positive on the output of the largest producer in the world, Brazil, specifically for the Arabica, but it will have a negative impact on Vietnam's production,
- Area under coffee is continuing to expand, especially in the smaller origins, within existing agricultural land,
- Productivity is increasing due to increased adoption of good agricultural practice, including the usage of nursery raised and research institute recommended clones,
- Production from new planting of coffee trees will have their first harvest on the third year of planting, and it will steadily increase the yield annually until the national average has been reached,
- Status quo on labour and capital availabilities,
- International and local green beans prices are consummate to elicit positive response from farmers and seasonal labourers at harvest times and coffee cherries are picked.

Inherent Underestimation

There is an inherent underestimation of the world coffee production by the ICO. For calendar year 2021 the total area harvested under coffee from origins not included in the ICO's production data was estimated at 64,413 hectares, numbering 28 origins[6]. Major origins not included in the production statistics of the ICO are China and Malaysia. Moreover, there are additional origins that are not included in the list of 28 origins, such as Australia, South Africa and South Sudan.

For a number of smaller origins the lack of capabilities of the national coffee organisations, or their absence, presented a challenge obtaining reliable data. Moreover, for developing origins with porous borders, especially with other origins, means that a varying degree of domestic productions were being shipped across the borders unofficially. This phenomenon is well documented and an acknowledged issue across all regions of the world.

The result of unofficial cross-border trading and missing data for some of the lower tier origins is that the WCMRO underestimates the actual world coffee production. The world yield in 2020 is estimated as 15.6 bags/ha[7], implying that an estimated 1.0 million bags of coffee output may not have been included in this study just from the 64,413 hectares of land under coffee in the 28 origins alone. The consequence of the underestimation is that the equilibrium of the world coffee market is skewed towards consumption.

The underestimation of the world coffee production is an issue the Statistics Section is and continuing to address. A progress report will be made in the next issue of the WCMRO.

[6] Food and Agriculture Organization Statistics (FAOStat), Crops and livestock products, downloaded December 2022. For full list of 28 origin, see Annex (**number**).

[7] Using FAO harvested area data and ICO's production data.

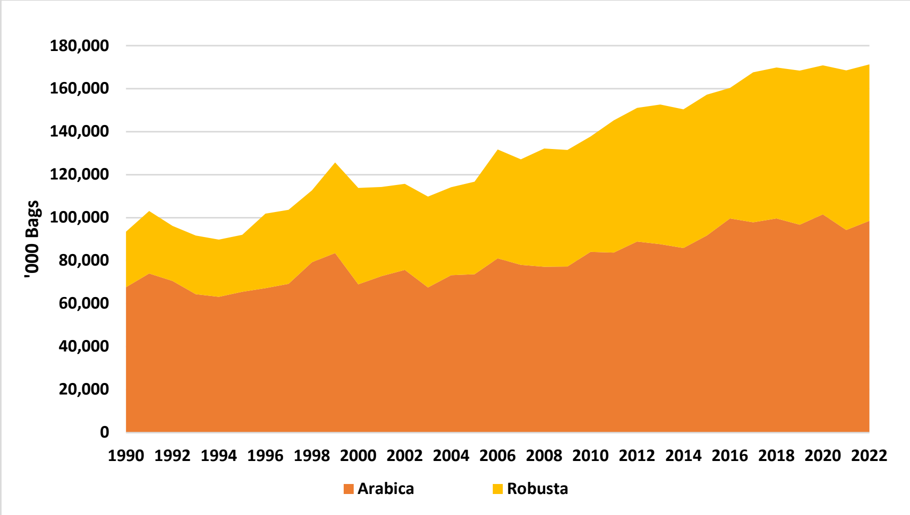
The results are the following outlooks for coffee year 2022/23:

- World coffee production is expected to increase by 1.7% to 171 million bags in coffee year 2022/23, a recovery from a 1.4% decrease in coffee year 2021/22.
- Arabica's share of total world output of coffee beans, accounting for 55.9% in coffee year 2022/23, at 94 million bags, which also holds true for 3 out of the 4 coffee producing regions.
- South America is the largest producer of Arabica with output at 64 million bags, holding 76.4% share of the region's total coffee production, while Asia & Oceania is the largest producer of Robusta, with 41.5 million bags produced in coffee year 202/21.
- Volumes and growth rates of coffee consumption of individual countries are found in Annex I-VI.

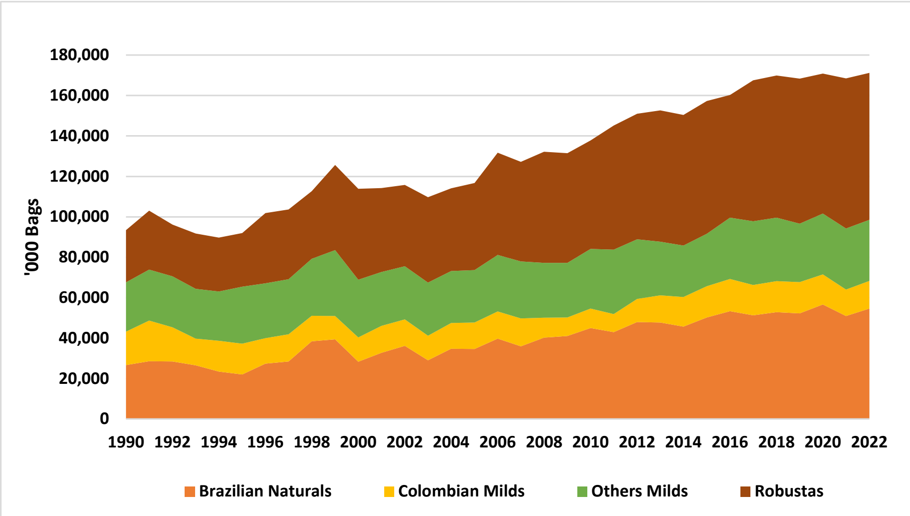
Table 5: Summary of World Coffee Production

Categories	Coffee Production, '000 60-kg Bags					
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Total	**167,569**	**169,887**	**168,390**	**170,876**	**168,485**	**171,268**
Species						
Arabica	97,862	99,615	96,670	101,577	94,248	98,559
Robusta	69,707	70,269	71,717	69,290	74,237	72,709
Groups						
Brazilian Naturals	51,247	52,810	52,219	56,637	50,894	54,622
Colombian Milds	15,088	15,424	15,460	14,863	13,086	13,729
Others Milds	31,527	31,381	28,992	30,077	30,267	30,208
Robustas	69,707	70,269	71,717	69,290	74,237	72,709
Regions						
Africa	17,428	18,523	18,698	19,281	19,132	19,405
Caribbean, Central America & Mexico	21,475	21,361	19,321	19,747	19,655	19,726
South America	76,453	81,934	81,064	83,937	77,596	82,424
Asia & Pacific	52,214	48,069	49,307	47,912	52,102	49,713
	Growth Rates, Year-on-Year					
Total	**4.5%**	**1.4%**	**-0.9%**	**1.5%**	**-1.4%**	**1.7%**
Species						
Arabica	-1.8%	1.8%	-3.0%	5.1%	-7.2%	4.6%
Robusta	14.9%	0.8%	2.1%	-3.4%	7.1%	-2.1%
Groups						
Brazilian Naturals	-4.0%	3.1%	-1.1%	8.5%	-10.1%	7.3%
Colombian Milds	-5.2%	2.2%	0.2%	-3.9%	-12.0%	4.9%
Other Milds	3.9%	-0.5%	-7.6%	3.7%	0.6%	-0.2%
Robustas	14.9%	0.8%	2.1%	-3.4%	7.1%	-2.1%
Regions						
Africa	3.6%	6.3%	0.9%	3.1%	-0.8%	1.4%
Caribbean, Central America & Mexico	7.1%	-0.5%	-9.5%	2.2%	-0.5%	0.4%
South America	1.2%	7.2%	-1.1%	3.5%	-7.6%	6.2%
Asia & Pacific	8.9%	-7.9%	2.6%	-2.8%	8.7%	-4.6%
	Share of Categories, Percent (%)					
Species						
Arabica	58.4%	58.6%	57.4%	59.4%	55.9%	57.5%
Robusta	41.6%	41.4%	42.6%	40.6%	44.1%	42.5%
Groups						
Brazilian Naturals	52.4%	53.0%	54.0%	55.8%	54.0%	55.4%
Colombian Milds	15.4%	15.5%	16.0%	14.6%	13.9%	13.9%
Other Milds	32.2%	31.5%	30.0%	29.6%	32.1%	30.6%
Regions						
Africa	10.4%	10.9%	11.1%	11.3%	11.4%	11.3%
Caribbean, Central America & Mexico	12.8%	12.6%	11.5%	11.6%	11.7%	11.5%
South America	45.6%	48.2%	48.1%	49.1%	46.1%	48.1%
Asia & Pacific	31.2%	28.3%	29.3%	28.0%	30.9%	29.0%

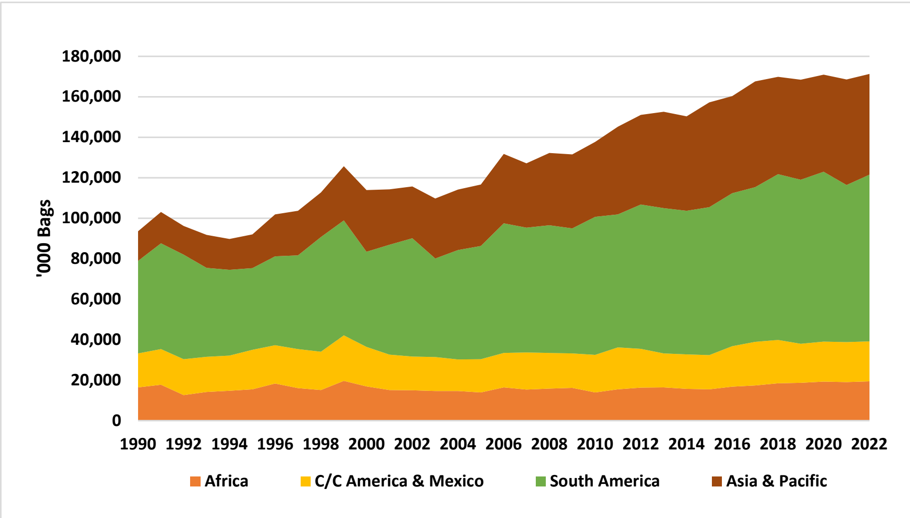
Graph 24: World Coffee Production - Species



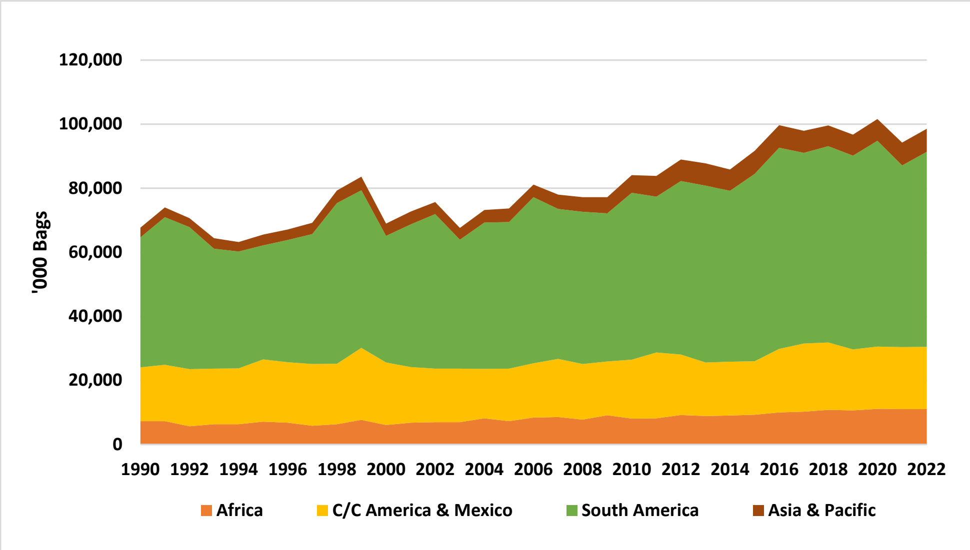
Graph 25: World Coffee Production - Groups



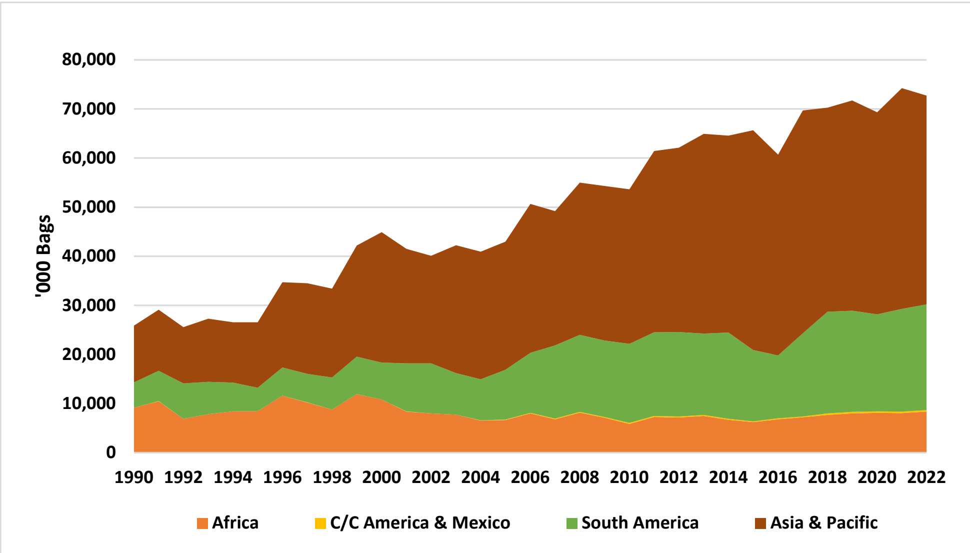
Graph 26: World Coffee Production - Regions



Graph 27: World Arabica Production - Regions



Graph 28: World Robusta Production - Regions



III Coffee Consumption

1 Executive Summary

- World coffee consumption increased by 4.2% to 175.6 million bags in coffee year 2021/22, following a 0.6% rise in the previous year. Bounce back from the removal of the COVID-19 induced travel restrictions and sharp global economic growth, increasing 6.0% in 2021, explains the growth in coffee consumption.

- Decelerating world economic growth rates for 2022 and 2023, coupled with the sharply increasing cost of living, would have an impact on the coffee consumption for coffee year 2022/23. It is expected to grow, but at a decelerating rate of 1.7% to 178.5 million bags.

- The global deceleration is expected to come from the non-producing countries, with growth rate of Europe's coffee consumption presumed to suffer from the largest deceleration among all regions, with growth rate falling to 0.1% in coffee year 2022/23 from a 6.0% expansion in coffee year 2021/22.

Table 6: Summary of World Coffee Consumption

	Coffee Consumption, '000 60-Kg Bags					
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Total	**165,637**	**170,876**	**167,593**	**168,569**	**175,605**	**178,534**
Producers	51,575	52,234	51,441	52,518	53,615	55,369
Non-Producers	114,062	118,642	116,152	116,051	121,991	123,165
Regions						
Africa	11,707	11,921	12,034	12,552	12,877	13,403
Caribbean, Central America & Mexico	5,667	5,805	5,857	5,882	5,967	6,124
South America	25,981	26,340	25,969	26,381	26,895	27,379
North America	29,939	31,789	30,581	30,228	31,679	32,078
Asia & Pacific	38,819	39,572	39,198	41,289	42,828	44,162
Europe	53,523	55,449	53,953	52,237	55,359	55,388
	Growth Rates, Year-on-Year					
	2017	2018	2019	2020	2021	2022
Total	**2.0%**	**3.2%**	**-1.9%**	**0.6%**	**4.2%**	**1.7%**
Producers	3.0%	1.3%	-1.5%	2.1%	2.1%	3.3%
Non-Producers	1.6%	4.0%	-2.1%	-0.1%	5.1%	1.0%
Regions						
Africa	6.3%	1.8%	0.9%	4.3%	2.6%	4.1%
Caribbean, Central America & Mexico	2.6%	2.4%	0.9%	0.4%	1.4%	2.6%
South America	3.1%	1.4%	-1.4%	1.6%	1.9%	1.8%
North America	1.5%	6.2%	-3.8%	-1.2%	4.8%	1.3%
Asia & Pacific	0.7%	1.9%	-0.9%	5.3%	3.7%	3.1%
Europe	1.8%	3.6%	-2.7%	-3.2%	6.0%	0.1%
	Share of Categories, Percent (%)					
	2017	2018	2019	2020	2021	2022
Producers	31.1%	30.6%	30.7%	31.2%	30.5%	31.0%
Non-Producers	68.9%	69.4%	69.3%	68.8%	69.5%	69.0%
Regions						
Africa	7.1%	7.0%	7.2%	7.4%	7.3%	7.5%
Caribbean, Central America & Mexico	3.4%	3.4%	3.5%	3.5%	3.4%	3.4%
South America	15.7%	15.4%	15.5%	15.7%	15.3%	15.3%
North America	18.1%	18.6%	18.2%	17.9%	18.0%	18.0%
Asia & Pacific	23.4%	23.2%	23.4%	24.5%	24.4%	24.7%
Europe	32.3%	32.4%	32.2%	31.0%	31.5%	31.0%

2 Legacy Methodology

World coffee consumption is a summation of individual consumptions of 194 countries. Total number of countries and territories in the world varies according different sources, but 249 is the most frequently quoted.

Consumption of non-producing countries are termed disappearance, and are calculated as formula:

Imports - Exports + △ Inventories

It is the practice of the Statistics Section to make adjustments to trade data where obvious outliers are found as it strives to provide the best quality data, and to increase market transparency and the reliability and quality of ICO data. While international trade statistics are mainly correct, but on infrequent occasions mistakes occur. The reasons for the mistakes are largely unknown, but they are mainly in the forms of:

- Mis-recording between HS Codes
- Mis-recording of values

The Statistics Section uses alternatively sourced data, as permitted under Item 3 of the Statistics Committee Report (SC-78/17), in which Members agreed that the Secretariat should supplement Member data by using other official data sources when appropriate, due to:

- Some Members failing to completely fulfil their statistical obligations;
- The statistical output/coverage of the Section being beyond that of ICO Members.

Due to these adjustments and actions taken, consumption of some of the countries do not match the official trade data, if when and such data are published.

Furthermore, for many number of smaller coffee countries availability of reliable or timely statistics are a challenge. Furthermore, for developing countries the existence of a large informal economy is an additional challenge in calculating the movement of coffee. For countries with large, open borders it is not uncommon for entities within the coffee industry to apply their trades in neighbouring countries without official recordings of movements of coffee from one country to another, which presents itself in the form of lower than expected exports. Ghana is one such country[8].

Consumption of producing countries are termed domestic consumption, and are estimated using a range of different methodologies:

- Member reported
- Production minus Exports plus changes in Stocks
- Production plus Imports minus Exports plus changes in Stocks
- Collaborative estimation – ICO/Industry guestimation
- Trend development

However, the predominant methodology used is the following formula, in conjunction with checks and balances:

---

[8] Country Coffee Profile: Ghana, ICC 122-8, 12 September 2018.

Production - Exports + ∆ in Stocks

2.1 New Methodology

For all producing countries imports of coffee, in all forms, are now an important part of their coffee industry. In coffee year 2000/21-2021/22, it is estimated that the volume of imports by the 55 producing countries have increased by over 6-folds, rising from 1.9 million bags to 12.6 million bags. There are numerous reasons behind this growth in volume of imports:

- Imports catering to the local tastes that domestic coffee industry is unable to address i.e. in many of countries in Africa and Americas soluble coffee is the main form of coffee drunk, but the local economies do not have the capacity,
- Local coffee supply is insufficient to meet the growing local demands, either for domestic consumption or exports as processed coffee, especially for soluble coffee,
- Exports orientation of the local coffee industry and the importance to the country's foreign exchange earnings dictate and leave only a limited supply for the local market.

For a number producing countries, a new methodology for calculating the domestic consumption was adopted for this April 2023 release of the WCMRO. The new methodology sought to address the glaring omission to the legacy methodology, namely the exclusion of imports, using the following formula in **conjunction with checks and balances** to estimate domestic consumptions:

Production + Imports - Exports + ∆ Stocks

The **impact of the new methodology is to increase the domestic consumption** for a large number of producing countries. The length of historic revisions carried out were varied, reflecting the individual circumstances of the origins.

The legacy methodology had excluded imports data when formulating the domestic consumptions as a result, in many cases, of imports data not being available at the time. For a large number of producing countries imports data have been become available and collected only since the middle of the 1990s. Moreover, the volume of imports were negligible for many producing countries for many years post the mid-1990s.

Checks and balances used in the new methodology are designed to develop a sense of trend and ceiling and floor volume for an origin within its internal historic hot beverage consumption trend and regional coffee consumption:

- Consumption per capita, standalone and within regional context i.e. domestic consumption in South America is assumed at a level to be in line with the region,
- Greater emphasis on consumption per capita as compared with absolute level of consumption i.e. the latter could increase with growing population but should not breach the relative consumption ceiling,
- Imports volume of consumable coffee i.e. processed coffee are ready to be drank without further industrial processing, namely roasted and soluble coffee, forming a floor for domestic consumption

3 Coffee Consumption

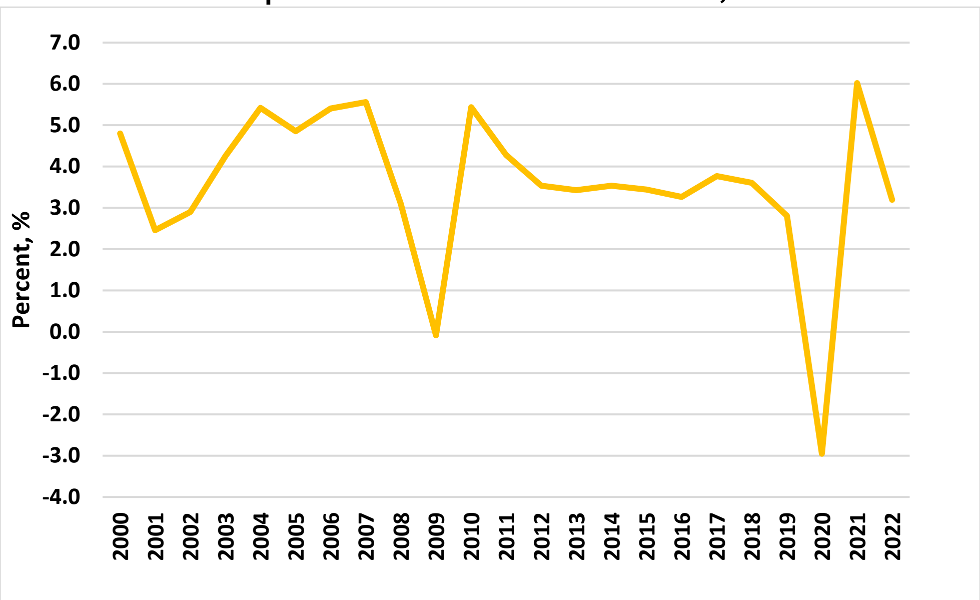
3.1 Coffee Consumption - World and Regions

World coffee consumption increased by 4.2% in coffee year 2021/22 to 175.6 million bags, the sharpest growth rate since the 4.6% in coffee year 2000/01. The magnitude of the growth rate is a reflection of two years of pent-up demand, built-up as a result of global economic and social disruptions caused by the fallout from COVID-19 and released by the near-complete removal of all social restrictions around the world and the sharp economic bounce back. The International Monetary Fund's (IMF) confirmed the world economy had expanded by 6.0% in 2021 and forecast a 3.2% increase for 2022.

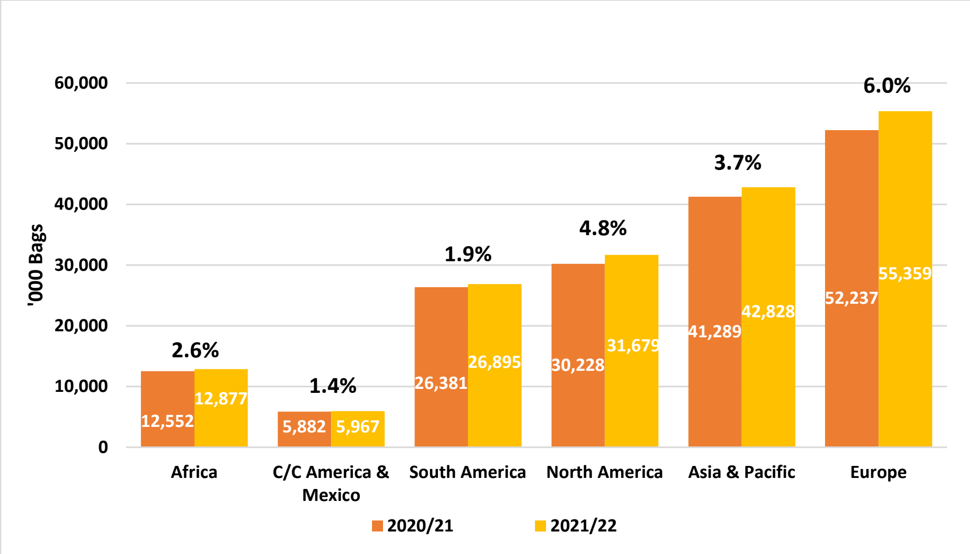
All regions saw their consumption increase in coffee year 2021/22, moreover, with the exceptions of Africa and Asia & Pacific, they increased at an accelerated growth rate.

- Europe saw the largest rate of expansion, and increased by the fastest accelerated rate at 6.0%, with coffee consumption increasing to 55.4 million bags in coffee year 2021/22. These had resulted in the region's market share of world consumption to grow by one percentage point to 32%.
- Coffee consumption of Africa had grown by 2.6% in coffee year 2021/22, increasing to 12.9 million bags, which followed a relatively sharp 4.3% jump in coffee 2020/21. Asia & Pacific's coffee consumption followed the same pattern of growth, a decelerating rate of expansion of 3.7% in coffee year 2021/22, following the highest growth rate of all regions, 5.3%, in the previous coffee year. As a result, Asia & Pacific's share of world coffee consumption fell 24% from 25%.
- North America's coffee consumption increased to 31.7 million bags in coffee year 2021/22, expanding by 4.8% from 30.2 million bags in the previous coffee year. Despite the impressive growth rate, the consumption level is still below that of the pre-covid-19 level, which stands at 31.8 million bags, the highest on record. The market share stands unchanged at 18.4%.
- Caribbean/Central America and Mexico and South America's coffee consumption increase by 1.9% and 1.4%, respectively, in coffee year 2021/22, drinking 26.9 million bags and 6.0 million bags of coffee.
- Non-producers coffee consumption had increased by 5.1% in coffee year 2021/22, rising to 120 million bags, enlarging its share of the world coffee consumption to 69.0% from 68.8% in the previous coffee year.

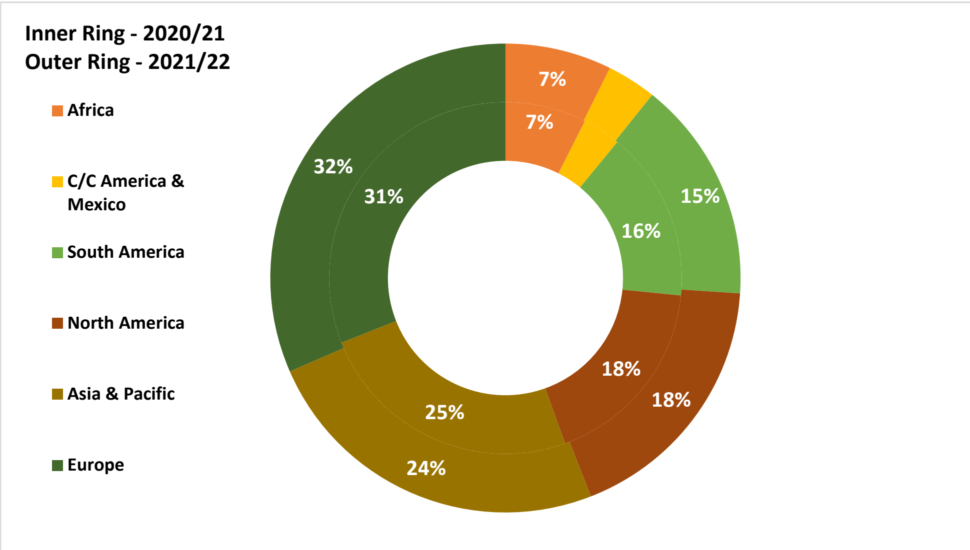
Graph 29: World Economic Growth Rate, %



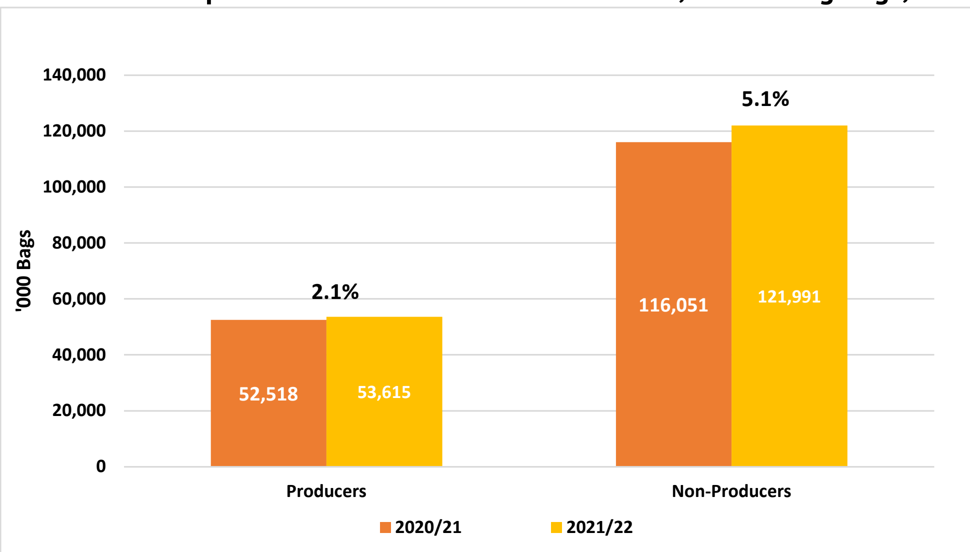
Graph 30: Consumption of Coffee – Regions, '000 60-kg Bags & Growth Rates



Graph 31: Consumption of Coffee – Regions, Percent Share



Graph 32: Coffee Consumption – Producers and Non-Producers, '000 60-Kg Bags, Growth Rates

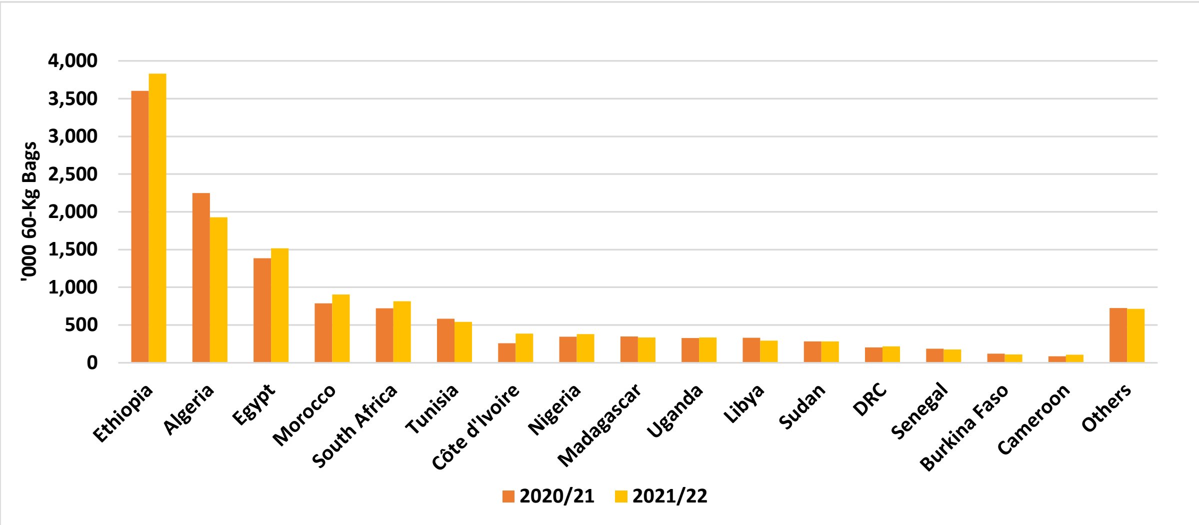


3.1.1 Coffee Consumption – Africa

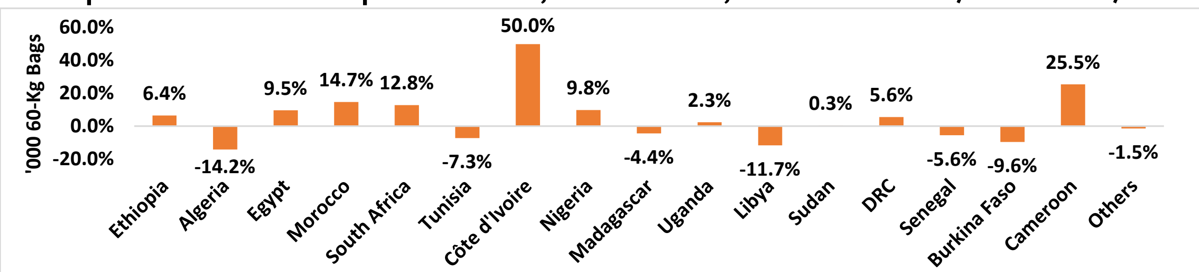
Coffee consumption of Africa is highly concentrated with the top six countries accounting for 74% of the market share, or 9.5 million bags in coffee year 2021/22 out of the total 13.6 million bags.

- The 2.6% increase in Africa's coffee consumption in coffee year 2021/22 was driven by the top six consumers, which together had accounted for 63.8% of the region's expansion of consumption.
- Algeria and Tunisia were the only countries among the top six that saw their consumption of coffee shrink in coffee year 2021/22, with the amount of coffee drank falling by 14.2% and 7.3%, respectively. High cost of living appears to have been primary reason behind the drop in coffee consumption. Since the middle of 2021, inflation has been high in Algeria, pushed mainly by its food component, which reached 17% in June 2022, while it was 10.4% in Tunisia in February 2023. In Algeria, food accounts for over half of household spending among the bottom 40% of the population.

Graph 33: Coffee Consumption of Africa and Market Shares



Graph 34: Coffee Consumption of Africa, Growth Rates, Coffee Year 2020/21 Vs 2021/22

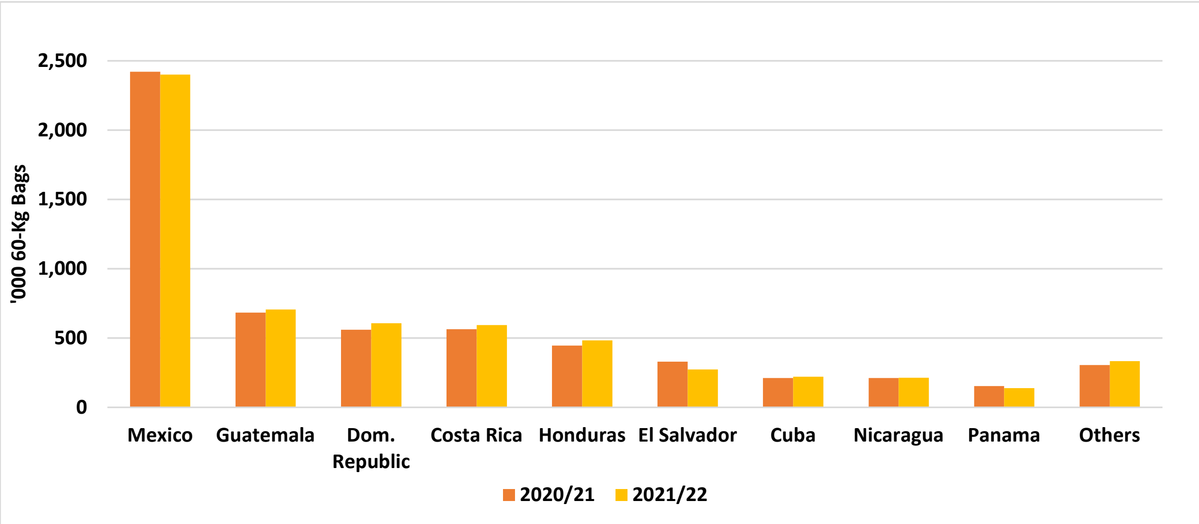


3.1.2 Coffee Consumption – Caribbean, Central America & Mexico

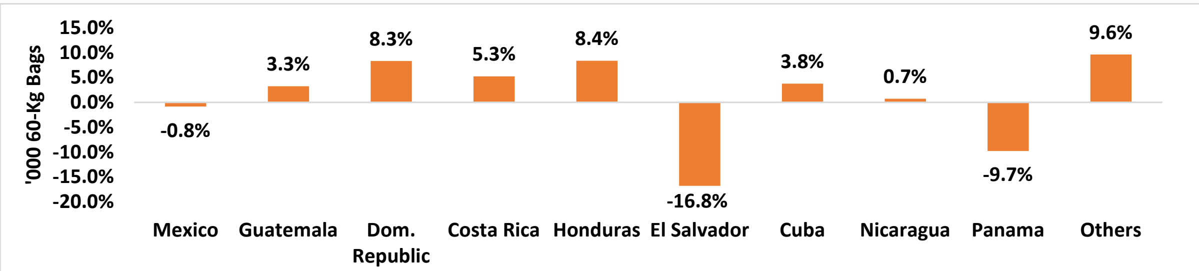
The shallow 1.4% growth rate for the coffee consumption of the region belies the dynamism of individual countries in coffee year 2021/22. The second-tier countries led the overall expansion consumption of the region, overwhelming the impact of the shrinking demand from the largest consumer of the region.

- Mexico accounted for 40.2% of the market share of the region in coffee year 2021/22, with consumption falling by 0.8% to 2.4 million bags. Weakening economic strength, with the GDP growth rate in 2022 falling significantly below that of the recent average and rising cost of living are the main reasons behind the decreased coffee consumption.
- The second-tier consumers, Costa Rica, Dominican Republic, Guatemala and Honduras, have seen their consumptions expand by 3.3-8.4% in coffee year 2021/22. Combined, the four countries accounted for 40% of the region's coffee consumption in coffee year 2021/22, with amount of coffee drank increasing to 2.4 million bags from 2.3 million bags in the previous coffee year. While the four countries are subject to the same deceleration in the GDP growth rate forecast for 2022, the magnitude of it was less severe, which explains the relative strong rate of expansion in coffee consumption.

Graph 35: Coffee Consumption of Caribbean, Central America & Mexico



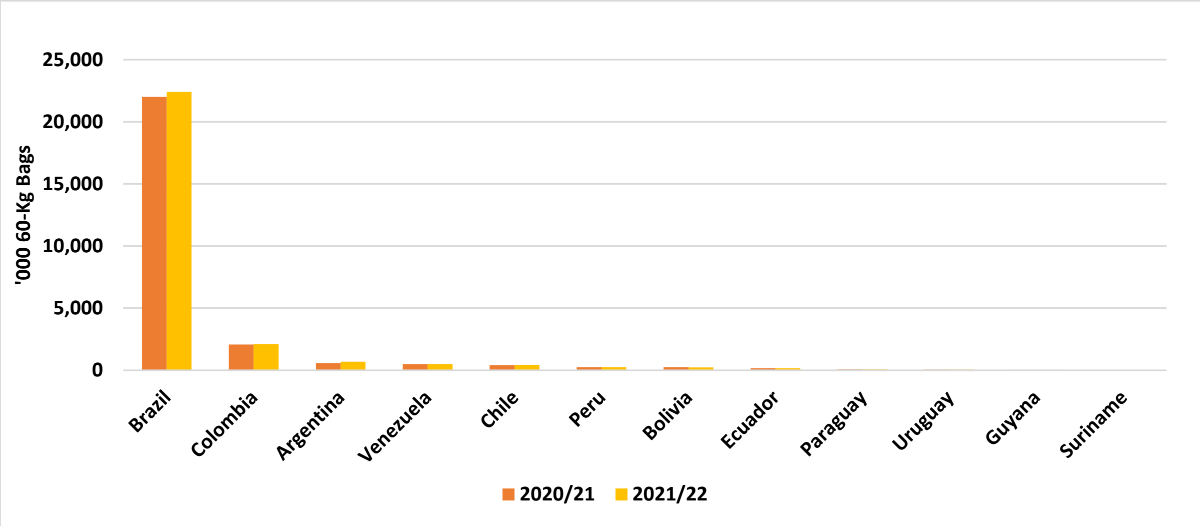
Graph 36: Coffee Consumption of Caribbean, Central America & Mexico, Growth Rates, Coffee Year 2020/21 Vs 2021/22



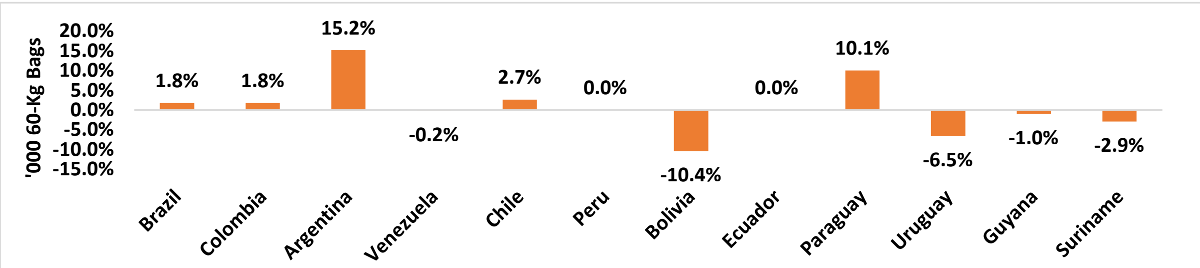
3.1.3 Coffee Consumption – South America

Brazil is the overwhelming market leader in South America, accounting for 83.3% of the region's coffee consumption in coffee year 2021/22. Expanding by 1.8%, Brazil also accounted almost all of the region's 1.9% growth in consumption coffee year 2021/22. Argentina's coffee consumption increased by the fastest rate, expanding by 15.2% to 0.7 million bags in 2021/22.

Graph 37: Coffee Consumption of South America



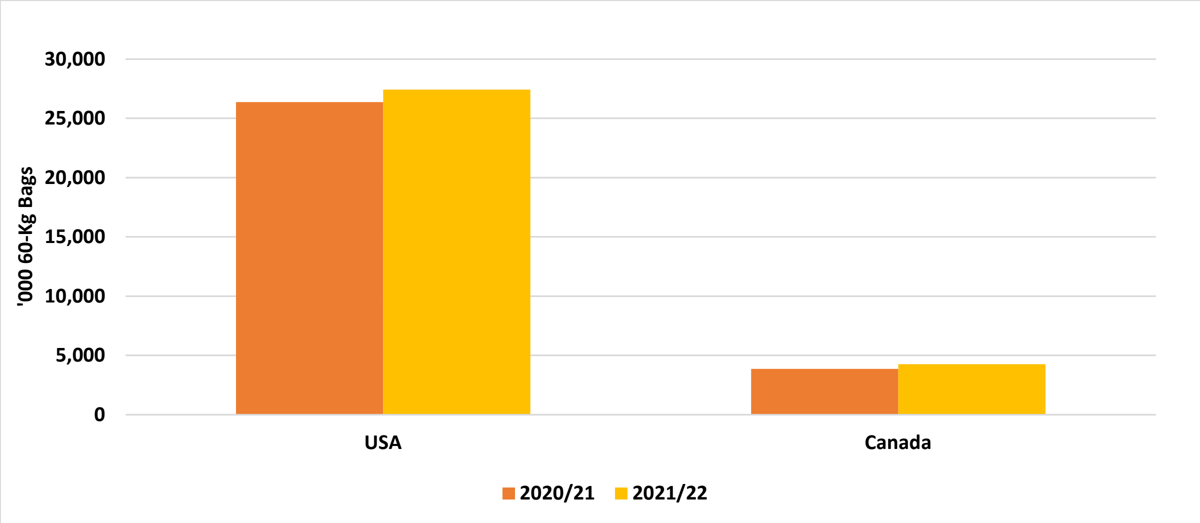
Graph 38: Coffee Consumption of South America, Growth Rates, Coffee Year 2020/21 Vs 2021/22



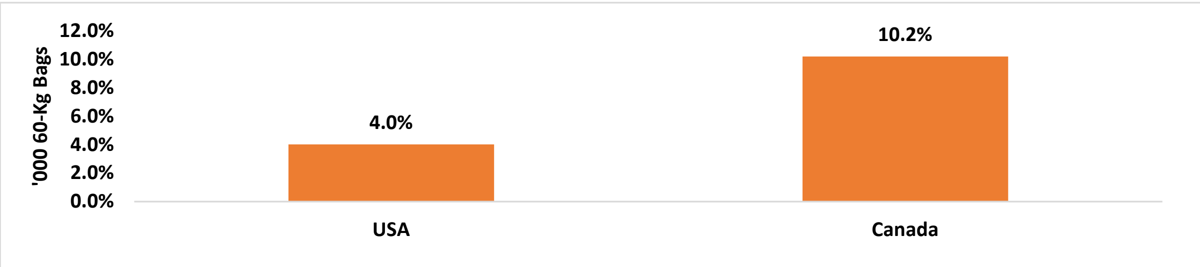
3.1.4 Coffee Consumption – North America

Coffee consumption of the USA increased to 27.4 million bags in coffee year 2021/22, while Canada's consumption increased by 10.2% to 4.3 million bags in the same period. The magnitude of the rate of expansion is a reflection of the size of the pent-up demand built-up during the covid-19 restriction years. For both countries, coffee consumption had shrink through coffee years 2019/20-2020/21, by 4.2% and 5.0% for Canada and USA, respectively.

Graph 39: Coffee Consumption of North America



Graph 40: Coffee Consumption of North America, Growth Rates, Coffee Year 2020/21 Vs 2021/22

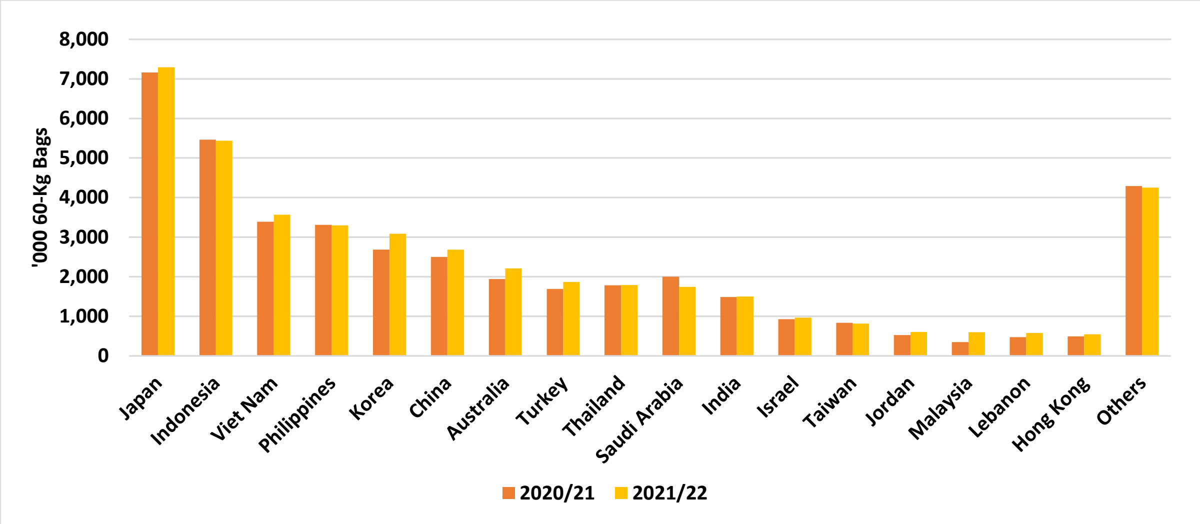


3.1.5 Coffee Consumption – Asia & Pacific

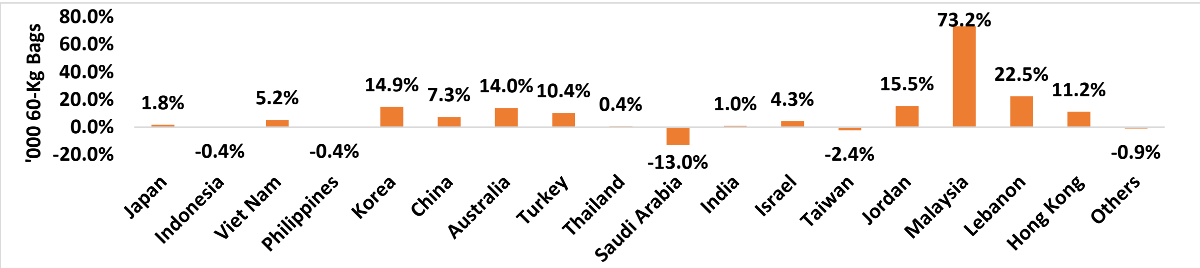
Asia & Pacific is a region without a dominant market, but has a situation more akin to first among equals, with Japan leading the field. This is partially a reflection of the coffee market development-population matrix, with those with large populations (China and India) at a lower coffee development scale, while those with smaller populations are at a higher coffee development scale, usually coupled with a higher income per capita (Japan, Korea and Australia).

- Korea, Australia and Malaysia were the top three drivers of the region's 3.7%, 1.5 million bags, increase in coffee consumption in coffee year 2021/22. Together, the three countries added an extra 0.9 million bags of coffee consumption, increasing its total to 5.9 million bags in coffee year 2021/22.
- Other notable increases in coffee consumption in coffee year 2021/22 were by China, Japan, Turkey and Vietnam. The combined coffee consumption increased to 15.4 million bags as compared with 14.7 million bags in the previous coffee year.

Graph 41: Coffee Consumption of Asia & Pacific



Graph 42: Coffee Consumption of Asia & Pacific, Growth Rates, Coffee Year 2020/21 Vs 2021/22

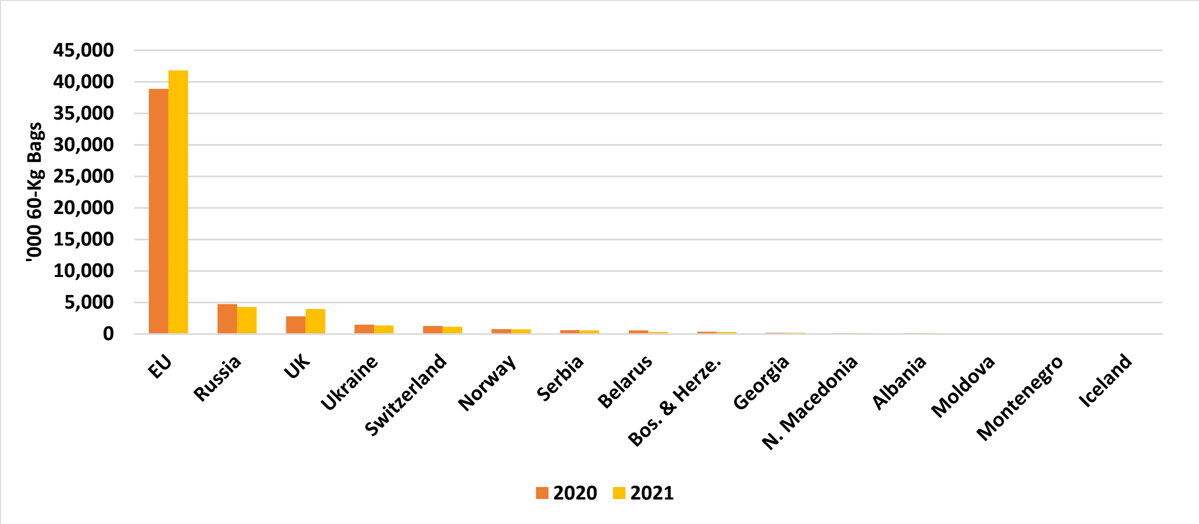


3.1.6 Coffee Consumption – Europe

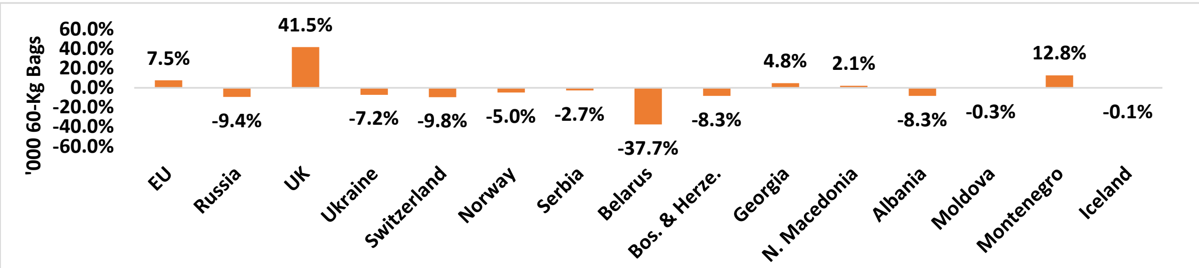
Coffee consumption of the European Union's 27 (EU27) countries dictates the overall trend of Europe's coffee market, accounting for 75.5% of the region's coffee consumption in coffee year 2021/22. Increasing by 7.5%, the EU27's coffee consumption jumped to 41.8 million bags in coffee year 2021/22.

- The fact that Europe's consumption growth rate is below that of the EU27 is mainly due to the fallout from conflict in Ukraine: Russia's coffee consumption fell by 9.4% to 4.3 million bags, by 7.2% to 1.4 million bags for Ukraine and by 37.7% to 0.4 million bags for Belarus in coffee year 2021/22.
- The UK's coffee consumption increased by 41.5% to 4.0 million bags in coffee year 2021/22 from 2.8 million bags in the previous coffee year. The leap in the consumption is a reflection of the two consecutive years of shrinking consumption, totalling 27.2% over coffee years 2019/20-2020/21 or 1.1 million bags. Once again, this a reflection of the pent-up demand being released. Placing the 41.5% growth rate into perspective, it represents only a 3.0% increase when measuring the growth rates between coffee year 2021/22 and 2018/19.

Graph 43: Coffee Consumption of Europe



Graph 44: Coffee Consumption of Europe, Growth Rates, Coffee Year 2020/21 Vs 2021/22

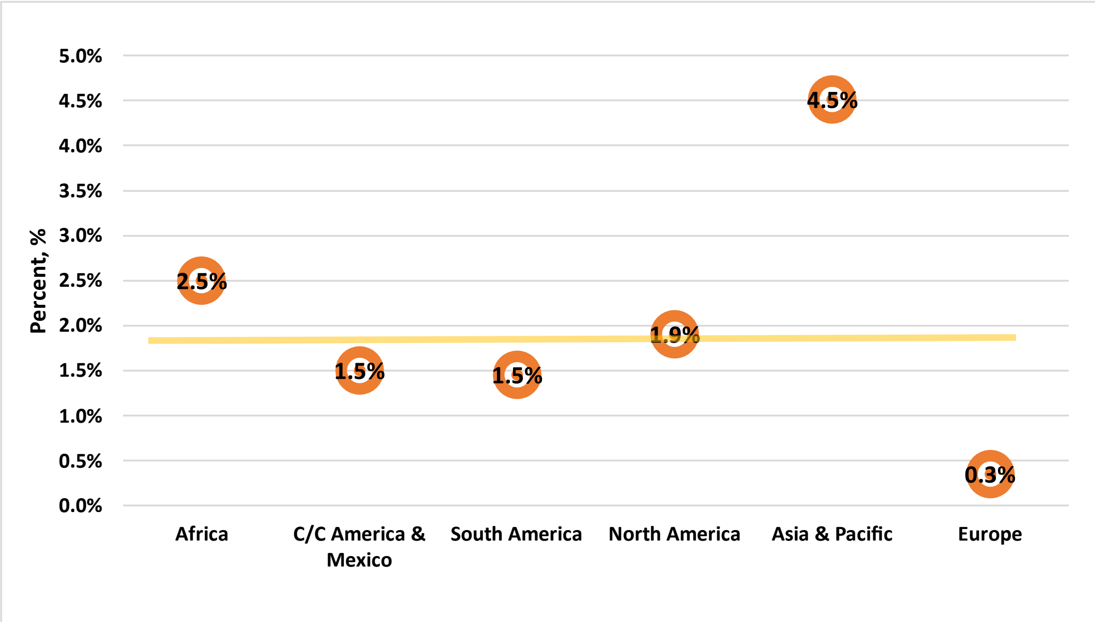


3.2 Coffee Consumption Potential – World and Regions

Europe and North America are mature markets in coffee consumption, with relatively stable population, especially in Europe, limiting the potential for expansion of coffee consumption. The long-term growth rates for the two regions are below that of the world, while the coffee consumption per capita in coffee year 2021/22 is 4.5 kg and 5.1 kg, respectively for Europe and North America, significantly higher than that of the world at 1.4 kg.

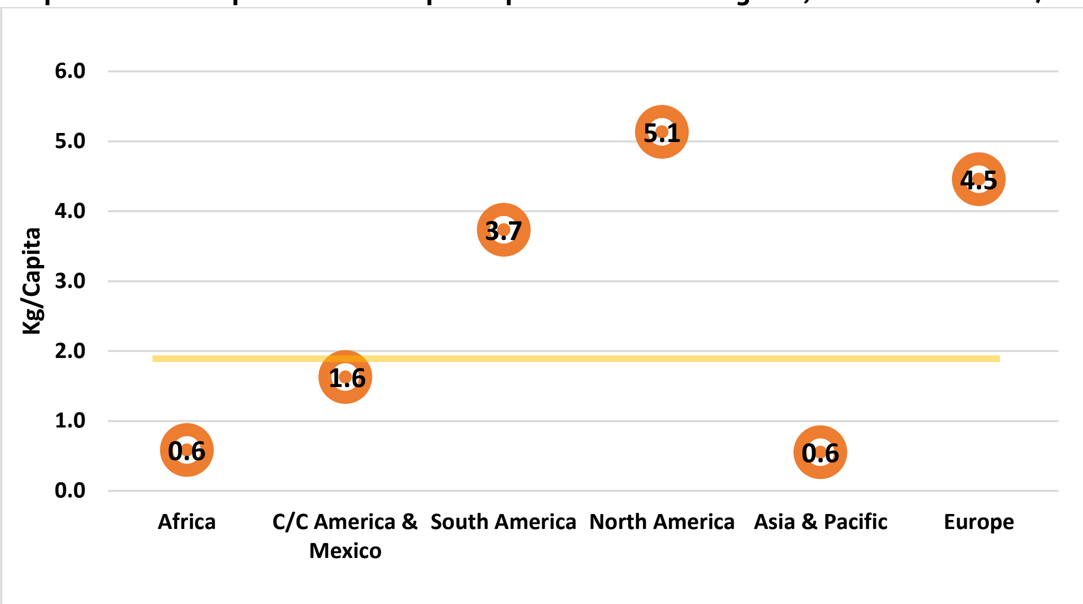
Africa and Asia & Oceania, on the other-hand are two are immature markets, with expanding population and thus potentials for growth in coffee consumption through increased market penetration and through growing base. These two regions have long-term growth rate significantly above that of the world, while the consumption per capita is 0.6kg each for Africa and Asia & Oceania in coffee year 2021/22.

Graph 45: Consumption of Coffee – World & Regions, Growth Rates (%)*



**Long-term growth rate measured as average for coffee year 1990/91-2020/21*

Graph 46: Consumption of Coffee per Capita – World & Regions, Coffee Year 2021/22



4 Outlook for Coffee Year 2022/23

The outlook for coffee year 2022/23 were framed by a set of broad assumptions:

- Release of the pent-up demand in coffee year 2021/22 will have a knock-on effect on the world coffee consumption for 2022/23, slowing downing its rate of positive expansion,
- At the regional level, the relative size of the released pent-up demand will have a large influence upon the respective demand for coffee,
- The underlying strengths, the long-term growth rates and consumption per capita, of each regions will become apparent,
- Deceleration of the growth of the world economy in 2023, based on the October 2022 economic outlook by the IMF, will inform growth in coffee consumption,

- Impact of the high cost of living on coffee consumption will be mitigated through changes in consumption patterns, with consumers exchanging from the most costly down to the most economical forms of coffee,
- Over the short term, individual marketing efforts to raise coffee consumption will not become apparent.

The results are the following outlooks for coffee year 2022/23:

- Coffee consumption would grow by 1.7% to 178.5 million, with the producing countries making the bigger contribution to the overall increase as compared with non-producing countries, with the coffee consumption in the former group of countries expected to expand by 3.3%. As a result, the share of the producing countries of the world coffee consumption would increase to 31.0% from 30.5% in the previous coffee year.

- Africa and Asia & Pacific's consumption would expand by the most, increasing by 4.1% and 3.1% to 13.4 million bags and 44.2 million bags. The two regions' shares of the world coffee consumption would, as a result, grow to 7.5% and 24.7%, respectively.

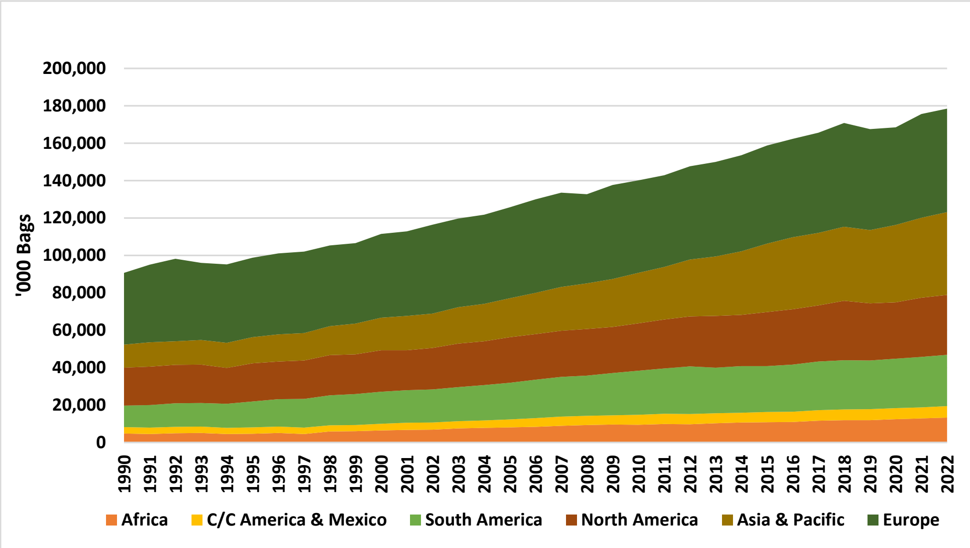
- Coffee consumptions of North America and Europe are expected to feel the knock-on effect of having had the fastest rates of expansion in coffee year 2021/22, with the respective growth rates sharply decelerating to 1.3% and 0.1%. Coffee consumption would rise to 44.2 million bags and to 55.4 million bags for North America and Europe, with their respective market shares of world coffee consumption stationary at 18% and down to 31%, respective.

- Caribbean and Central America & Mexico and South America would see their coffee consumption increase by 2.6% and 1.8%, respectively, to 6.1 million bags and 32.1 million bags. Their market shares of world coffee consumption would remain the same at 3.4% and 15.3%, respectively.

Table 7: Summary of World Coffee Consumption

	Coffee Consumption, '000 60-Kg Bags					
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Total	**165,637**	**170,876**	**167,593**	**168,569**	**175,605**	**178,534**
Producers	51,575	52,234	51,441	52,518	53,615	55,369
Non-Producers	114,062	118,642	116,152	116,051	121,991	123,165
Regions						
Africa	11,707	11,921	12,034	12,552	12,877	13,403
Caribbean, Central America & Mexico	5,667	5,805	5,857	5,882	5,967	6,124
South America	25,981	26,340	25,969	26,381	26,895	27,379
North America	29,939	31,789	30,581	30,228	31,679	32,078
Asia & Pacific	38,819	39,572	39,198	41,289	42,828	44,162
Europe	53,523	55,449	53,953	52,237	55,359	55,388
	Growth Rates, Year-on-Year					
	2017	2018	2019	2020	2021	2022
Total	**2.0%**	**3.2%**	**-1.9%**	**0.6%**	**4.2%**	**1.7%**
Producers	3.0%	1.3%	-1.5%	2.1%	2.1%	3.3%
Non-Producers	1.6%	4.0%	-2.1%	-0.1%	5.1%	1.0%
Regions						
Africa	6.3%	1.8%	0.9%	4.3%	2.6%	4.1%
Caribbean, Central America & Mexico	2.6%	2.4%	0.9%	0.4%	1.4%	2.6%
South America	3.1%	1.4%	-1.4%	1.6%	1.9%	1.8%
North America	1.5%	6.2%	-3.8%	-1.2%	4.8%	1.3%
Asia & Pacific	0.7%	1.9%	-0.9%	5.3%	3.7%	3.1%
Europe	1.8%	3.6%	-2.7%	-3.2%	6.0%	0.1%
	Share of Categories, Percent (%)					
	2017	2018	2019	2020	2021	2022
Producers	31.1%	30.6%	30.7%	31.2%	30.5%	31.0%
Non-Producers	68.9%	69.4%	69.3%	68.8%	69.5%	69.0%
Regions						
Africa	7.1%	7.0%	7.2%	7.4%	7.3%	7.5%
Caribbean, Central America & Mexico	3.4%	3.4%	3.5%	3.5%	3.4%	3.4%
South America	15.7%	15.4%	15.5%	15.7%	15.3%	15.3%
North America	18.1%	18.6%	18.2%	17.9%	18.0%	18.0%
Asia & Pacific	23.4%	23.2%	23.4%	24.5%	24.4%	24.7%
Europe	32.3%	32.4%	32.2%	31.0%	31.5%	31.0%

Graph 47: Consumption of Coffee by Regions



Graph 48: Consumption of Coffee – Producers Vs Non-Producers