



Organización Internacional del Café
Organização Internacional do Café
Organisation Internationale du Café

EB 3869/04

14 September 2004
Original: French

E

Study

Executive Board
256th Meeting
21 – 24 September 2004
London, England

**Coffee production in countries
which are not Members of the
International Coffee Organization**

Background

1. Given that the supply situation is a determining factor in the behaviour of prices, it is one of the major concerns of the world coffee market. A study of fundamental market factors over the last five years indicates that the negative pressure on prices is attributable mainly to the excess of supply in relation to demand.
2. This report aims to examine the performance and prospects of coffee production in countries which historically have never been Members of the International Coffee Organization in each of the major producing regions (Africa, Asia & Oceania, North & Central America, and South America) and to analyse the extent to which their production can contribute to an increase in world production in the medium and long terms.

Action

The Executive Board is requested to note this document.

I. General survey

1. According to the available data, the total production of non-member countries in crop year 2003/04 is estimated at 2.32 million bags compared to 2.28 million bags in crop year 2002/03. In 1990/91 total production of these countries was 875,900 bags. Graph 1 shows total production of non-member countries for the period 1990/91 – 2003/04 (see Annex).

II. Situation in Africa

A. Development of production

2. Almost all coffee producing countries in Africa are Members of the International Coffee Organization, the exceptions being the Comoros, Mozambique and Sao Tome and Principe. These three countries produced only 12,000 bags in crop year 2003/04, representing 0.08% of total African production. In terms of world production, these three non-member countries accounted for a mere 0.01% of the total. Graph 2 shows production of African non-member countries.

B. Production prospects

3. The potential for the development of coffee growing in these three non-member countries is negligible. In fact, their production fell from 18,782 bags in 1990/91 to 12,000 bags in 2003/04. The area planted to coffee has not grown since 1990/91 and has even decreased (Table 1).

Table 1: Coffee production and area under production in non-member African countries

	Production (60 kg bags)		Area (ha)	
	1990/91	2003/04	1990/91	2003/04
Total	18 782	12 000	2 310	1 840
Comoros	1 500	1 667	610	660
Mozambique	16 666	10 000	1 400	1 000
Sao Tome and Principe	616	333	300	180

Estimates based on various sources (FAO, USDA)

4. In Mozambique, the area under coffee is estimated at 1,000 hectares in 2003/04 compared to 1,400 in 1990/91. Production has fallen to 10,000 bags in 2003/04 compared to 16,666 bags in 1990/91. In the Comoros, coffee is one of the country's agricultural export products but total production does not exceed 1,700 bags for an area of around 660 hectares. In Sao Tome and Principe, coffee growing covers around 180 hectares with a production of only 333 bags. The country's main agricultural export products are coffee, cocoa, copra and

palm oil, with cocoa accounting for 90% of export earnings. It should be noted that the Island of Réunion (a French Overseas Department), which supplied Europe with high quality Arabica coffee (Bourbon) during the first half of the seventeenth century, ceased to produce and export coffee in 1959.

III. Asia & Oceania

A. Production

5. The Asia & Oceania region has the largest number of coffee producing countries which are not Members of the ICO. The estimated total production of these countries in crop year 2003/04 was 2.01 million bags compared to 613,163 bags in 1990/91. This represents 7.52% of total production in Asia & Oceania and 1.95% of world production in 2003/04. Graph 3 shows production in non-member countries in this region since 1990/91.

6. The share of this region's coffee producers in the total production of non-member countries is 86.77%. The main producers are China, Democratic Republic of East Timor, Lao People's Democratic Republic, Malaysia, Myanmar and Yemen (Table 2).

Table 2: Coffee production and area under production in the non-member countries of Asia & Oceania

	Production (60 kg bags)		Area (ha)	
	1990/91	2003/04	1990/91	2003/04
Total	613 163	2 018 130	126 152	191 883
Cambodia	2 666	5 000	210	370
China	105 000	350 000	12 000	23 709
Cook Islands	33	50	8	5
Dem. Rep. of East Timor	133 333	233 333	53 000	60 000
Fiji	11 000	250	192	30
French Polynesia*	100	300	40	90
Lao People's Dem. Rep.	88 333	536 666	17 300	44 076
Malaysia	120 250	653 333	13 100	25 000
Myanmar	22 966	43 333	3 346	4 055
Nepal	0	2 333	0	600
New Caledonia*	5 000	666	2 000	300
Samoa	300	133	120	35
Tonga	416	250	7	8
Vanuatu	250	833	25	60
Yemen	123 516	191 650	24 804	33 545

Source: FAO

*French Overseas Territory

B. Prospects

Malaysia

7. Coffee is not an important crop in Malaysia, even though yields are high (around 900 kg/ha). The variety grown is Arabica covering an area of around 25,000 hectares, the coffee trees being intercropped mainly with coconut palms. Robusta and Liberica are also produced but in very small quantities. The country's entire coffee output is destined to domestic consumption. Malaysia also imports coffee to meet its local consumption requirements.

Lao People's Democratic Republic

8. There is no doubt that the Lao People's Democratic Republic is the emerging coffee producing country in the region which could follow in the footsteps of Vietnam. Its total production in crop year 2003/04 was 536,666 bags. According to recent information provided by the Lao Coffee Association, the area planted to coffee is 44,076 hectares, with 39,578 ha under Robusta and 4,498 ha under Arabica. The average yield is 400 kg/ha but yields are higher in some areas, notably in the Sekong province which produces Robusta (930 kg/ha) and the Champassak province which produces Arabica (1,530 kg/ha). Given that coffee exports account for more than 30% of foreign exchange earnings, the Lao People's Democratic Republic is continuing to make efforts to increase production and improve coffee quality. There are more than 50,000 hectares of land suitable for coffee growing. The Government has introduced a plan for expanding coffee farming and hopes to establish the country as a stable producer. There has been significant socioeconomic development in coffee producing areas compared to the rest of the country. In 1991 the World Bank carried out a US\$17 million project for the expansion of coffee production. The country continues to benefit from technical aid for the development of coffee growing provided by France and Australia.

Democratic Republic of East Timor

9. The coffee production of the Democratic Republic of East Timor, which became independent in 2002, is of minor significance in terms of world production but plays a vital role in the country's economy. Coffee is not only a source of income for nearly a quarter of the population but a significant source of foreign exchange earnings. Average annual production, which was 700,000 bags for many decades, fell dramatically in the mid-1970s. Production for crop year 2003/04 is estimated at 233,333 bags. The country produces both Arabica and Robusta, with 80% for Arabica and 20% for Robusta. The area under coffee is around 60,000 hectares. Many of the country's coffee farms are old, most of them dating back to the Portuguese colonial period.

Yemen

10. Although it is known world-wide for the quality of its Moka coffee, Yemen is a small producer. Production was around 191,650 bags in 2003/04 compared to 123,516 in 1990/91 and the total area under coffee was 33,545 hectares. Production is limited by the restricted amount of arable land, which accounts for only 2.6% of the country's total area, only 0.21% of which is under perennial crops (coffee, cotton, fruit). Prospects for increasing coffee production are practically non-existent.

China

11. Coffee growing in China has developed in spectacular fashion over the last few years. In the 1980s a significant amount of coffee was imported to meet domestic consumption requirements. An increase in the number of coffee farms and improvements in productivity enabled the country to reverse this situation. Production increased from 105,000 bags in 1990/91 to 350,000 bags in 2003/04. The area under coffee is 23,709 hectares divided among four provinces: Yunnan, Hainan, Guangxi and Fujian. New farms are being established in the province of Yunnan in South-West China. Hainan produces Robusta while Yunnan produces Arabica. Investments have been made to increase productivity and expand the area under coffee. The Nestlé company has invested nearly US\$6 million to provide technical assistance designed to enable coffee producers in the Yunnan province to produce high-quality Arabica. Nestlé also buys a significant amount of Yunnan coffee for its Guangdong factory. There is considerable potential for increasing coffee production in China. Yunnan province covers an area of 81,100 km², of which 26,700 hectares can be used for coffee growing. The United Nations Development Programme (UNDP) is supporting the coffee growing development project. It should be noted that China is a major potential coffee consumer even though the annual per capita consumption is less than 3 grammes at present. The development of the coffee industry, which has already begun in the Yunnan province, and the continuation of the International Coffee Organization's generic promotion campaign should contribute towards an increase in per capita consumption.

Myanmar

12. The Republic of Myanmar does not have a tradition as a significant coffee producing country. For many years coffee was grown in the backyard gardens of the inhabitants. Total production in 2003/04 was estimated at 43,333 bags compared to 22,966 bags in 1990/91. The area under coffee is around 5,700 hectares, of which 4,055 are in production with an average yield of less than 500 kg/ha. Programmes are being carried out with a view to increasing the area planted to coffee and the country's total production. The Government is becoming increasingly interested in coffee growing and has established relations for technical cooperation with South Korea in order to develop tropical crops, including tea and coffee. It has also established an agreement with the FAO for technical training and research activities.

However, it is unlikely that this country's production will increase significantly in the near future.

13. In the other countries of the region, coffee growing is a marginal activity. Cambodia produces an average of 5,000 bags of coffee annually while Nepal produces slightly over 2,000 bags (Table 2). The total area under coffee does not exceed 600 hectares in any of these countries.

IV. North & Central America

A. Production

14. The total production of the non-member countries in this region was estimated at 293,197 bags in 2003/04, representing 1.75% of the region's total production and 0.28% of world production.

Table 3: Coffee production in non-member countries in North & Central America

	Production (60 kg bags)		Area (ha)	
	1990/91	2003/04	1990/91	2003/04
Total	238 182	293 197	31 550	33 849
Belize	0	3 816	0	43
Dominique	2 966	6 333	400	420
Guadeloupe*	333	383	20	100
Martinique*	0	666	0	16
Puerto Rico	215 450	213 333	29 750	30 450
Saint Vincent and the Grenadines	2 500	2 833	410	430
United States (Hawaii)	16 933	65 833	970	2 390

Estimates from various sources (FAO, USDA)

* French Overseas Department

15. Graph 4 shows production by non-member countries in this region.

B. Prospects

16. Production in the region's non-member countries is low and does not constitute a threat in terms of any substantial increase in world production. Puerto Rico is the region's major producer, with production totalling 213,333 bags and a producing area of 30,450 hectares. It may be noted, however, that in the state of Hawaii, U.S.A., there has been a marked increase in production and the area planted to coffee.

V. Situation in South America

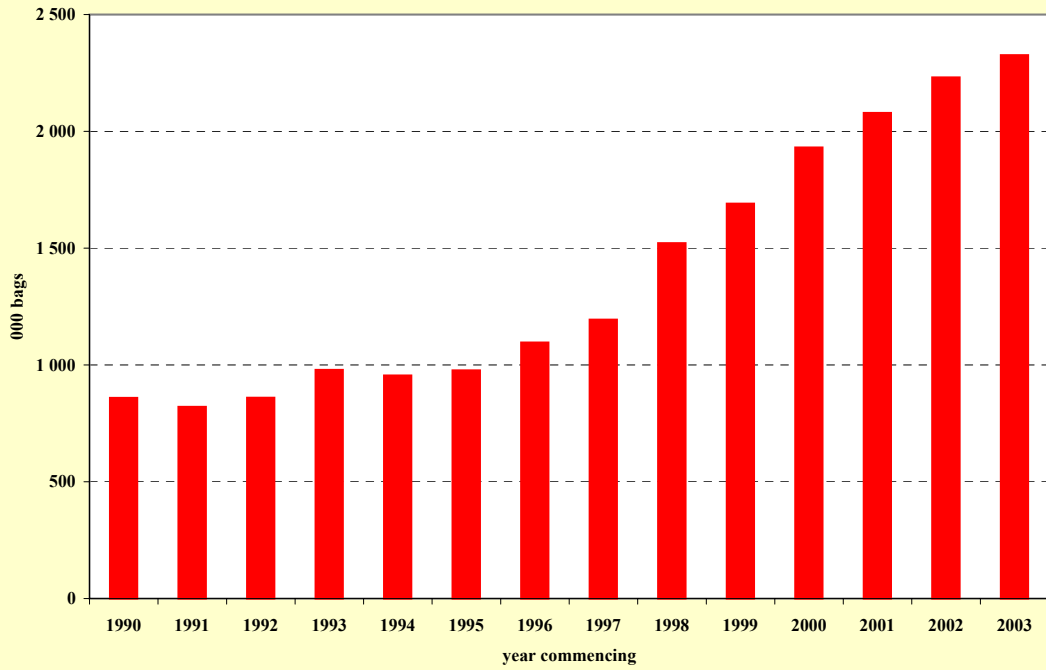
17. The only countries in this region which are not Members of the International Coffee Organization are Surinam and French Guiana. Production in these two countries has fallen, totalling 2,567 bags in 2003/04 compared to 5,766 bags in 1990/91. In French Guiana, the area planted to coffee decreased from 500 hectares in 1990/91 to 350 hectares in 2003/04. In Surinam it decreased from 239 to 210 hectares over the same period. Graph 5 shows production in these two countries since 1990/91.

18. It should be noted that coffee growing in this region's non-member countries is a very marginal activity. Cutbacks in the coffee areas and production could be attributable to the very low price levels that have characterized the coffee market for the last five years.

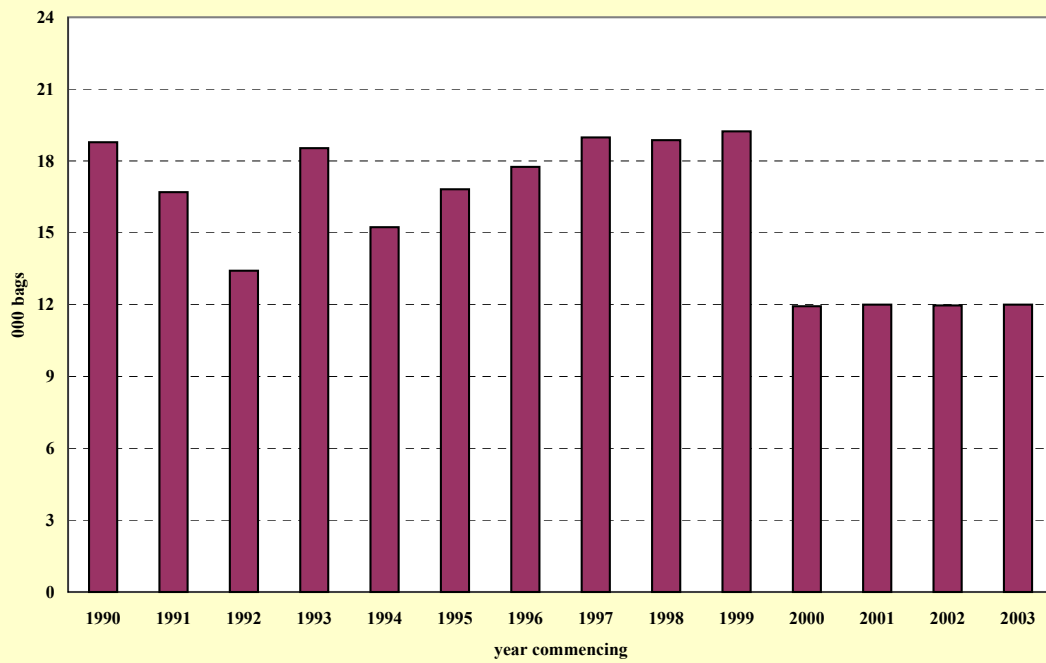
VI. Conclusion

19. Analysis of the production structure in coffee producing countries which are not Members of the International Coffee Organization indicates that only Asia could contribute to a substantial increase in world production. Even though its production level is still low and the quality of its coffee is unstable, the Lao People's Democratic Republic has entered the world market as an emerging producing country in the last few years. It may be noted that Vietnam took the market by surprise with the rapid growth of its production which was barely 100,000 bags in the 1970s. Lao production, however, is concentrated in the Bolaven highlands which has fertile soils and 50,000 hectares of suitable land available for coffee growing. Developments in the Lao People's Democratic Republic should be followed closely since its coffee production potential is considerable. For the time being, the country's coffee authorities are planning to produce around 1.66 million bags by 2010. China is also an emerging coffee producing country whose coffee industry could contribute to a growth in domestic consumption. However, China's production potential is limited by the availability of suitable land for coffee growing. The Province of Yunnan, which is the main coffee growing area, only has a total capacity of 26,700 hectares of land suitable for coffee growing.

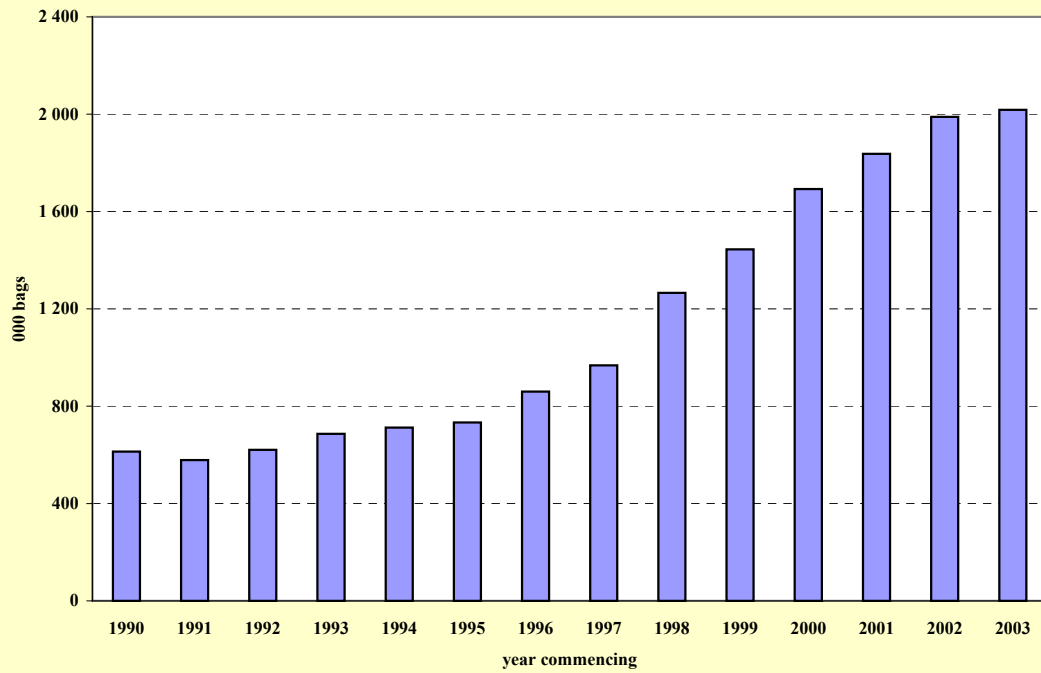
GRAPH 1
Total production by all non-member countries
1990 to 2003



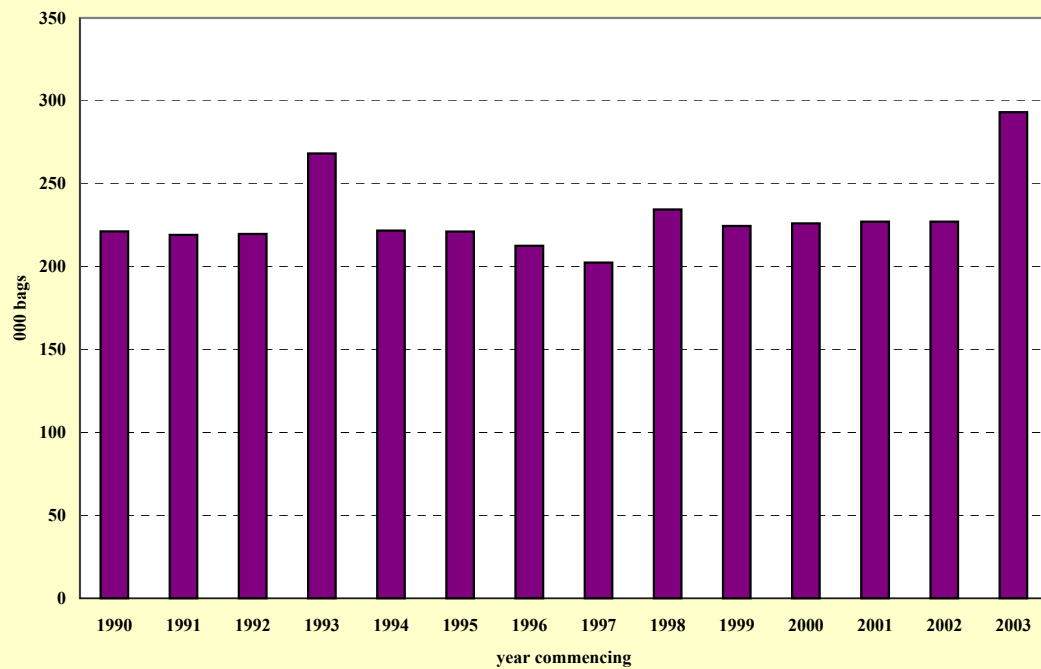
GRAPH 2
Production by non-member countries in Africa
1990 to 2003



GRAPH 3
Production by non-member countries in Asia & Oceania
1990 to 2003



GRAPH 4
Production by non-member countries in North & Central America
1990 to 2003



GRAPH 5
Production by non-member countries in South America
1990 to 2003

