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Cote d'Ivoire

Coffee

Coffee Annual

2004

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Report Highlights:
Post forecasts 2004/2005 coffee production to continue to be down due to persistent producer price deterioration, a lingering unstable political situation and increasing farm neglect. The marketing of the 2003/2004 crop started in the first week of February, 2004 and has been lackluster due to low prices and the absence of buyers. In 2003, green coffee and product exports accounted for 2.6 percent Cote d'Ivoire's total export earnings. Green coffee exports were down in 2003 and are expected to continue to fall in 2004 due to low world market prices and reduced domestic supply.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
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Executive Summary

Post forecasts 2004/2005 coffee production to continue to decline due to persistent producer price deterioration, a lingering unstable political situation and increasing farm neglect. World market prices remain depressed and this is reflected in low producer prices. Farmers consider the current producer price too low to make it worth their while to increase production. Several Successive years of prevailing low prices have led to general farmers' despair. Coffee production is gradually declining as farms have been left unattended for years; they are being overrun by bushes and many trees are being left unharvested. Agricultural Specialist field travels in the producing areas in late April 2004 indicate that tree flowering and cherry formation were less than the same period in 2003. Many trees were unharvested with their cherries found dried on the branches. With a few exceptions, bushes covered all the farms visited. Interviews with farmers revealed that some have started intercropping coffee trees with either cocoa or rubber or oil palm.

The marketing of the 2003/2004 crop started in the first week of February 2004. Marketing activities have been lackluster due to low prices and absence of buyers. Marketing activities have been intermittent as farmers have only sold their coffee when there is an urgent family need or an occasional good buyer.

The BCC (Bourse du Café et du Cacao) set the indicative minimum producer price of green coffee at 225 F CFA/kg in January 2004 up from 200 F CFA/kg in 2003. However, with the exception of Capral/Nestle (soluble coffee processing company) that has been buying green coffee at 235 F CFA/kg, farm prices have been ranging between 115 F CFA/kg and 190 F CFA/kg.

Domestic coffee processing fell in 2002/2003 and is expected to continue to be down in 2003/2004 due to the unfavorable political situation.

Green coffee and product exports accounted for 2.6 percent of Cote d'Ivoire's total export earnings in 2003, about the same level of 2.4 percent in 2002. Green coffee exports were down in 2003 and are expected to continue to fall in 2004 due to low world market prices and drying up of domestic supply. Green coffee exports for the first three months of 2004 were 431,467 bags compared to 519,567 bags in 2003.

The ending stocks level is expected to fall in 2003/2004 because the depressed market and political instability discourage exporters from maintaining stocks. However, for several years, farmers have been maintaining large on-farm stocks in the form of cherries in anticipation of price recovery.

Exchange Rate: U.S. $1 = 553 F CFA on May 11, 2004.

PSD Table

Country					(1000 HA)(MILLION TREES)(1000 60 KG BAGS)	
Commodity	Coffee, Green					
	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		10/2002		10/2003		10/2004
Area Planted	1492	1492	1490	1490	0	1485
Area Harvested	950	950	850	850	0	750
Bearing Trees	1630	1630	1657	1657	0	1675
Non-Bearing Trees	243	243	215	215	0	197
TOTAL Tree Population	1873	1873	1872	1872	0	1872
Beginning Stocks	1484	2786	779	2283	45	1526
Arabica Production	0	0	0	0	0	0
Robusta Production	1817	2019	1300	1444	0	1350
Other Production	0	0	0	0	0	0
TOTAL Production	1817	2019	1300	1444	0	1350
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	3301	4805	2079	3727	45	2876
Bean Exports	2025	2025	1600	1750	0	1600
Roast & Ground Exports	4	4	4	4	0	4
Soluble Exports	428	428	430	380	0	360
TOTAL Exports	2457	2457	2034	2134	0	1964
Rst,Ground Dom. Consum	32	32	0	33	0	34
Soluble Dom. Consum.	33	33	0	34	0	35
TOTAL Dom. Consumption	65	65	0	67	0	69
Ending Stocks	779	2283	45	1526	0	843
TOTAL DISTRIBUTION	3301	4805	2079	3727	0	2876

Production

Post forecasts 2004/2005 coffee production to continue to decline due to persistent producer price deterioration, a lingering unstable political situation and increasing farm neglect. World market prices remain depressed and this is reflected in low producer prices. Farmers consider the current producer price too low to make it worth their while to increase production. Several successive years of prevailing low prices have led to general farmers' despair. Coffee production is gradually declining as farms have been left unattended for years; they are being overrun by bushes and many trees are being left unharvested. Increasing numbers of unharvested trees have also adversely affected crop flowering. The lingering unstable political situation has created insecurity in the West, the leading producing area. Most farmers who fled their farms at the onset of the hostilities are yet to return to their farms. The political crisis which has engendered ill-feelings towards migrant populations has sparked a mass exodus of migrant farm labor to their countries of origin. This situation has resulted in farm labor scarcity with attendant high costs detrimental to coffee production. A greater proportion of the producing areas in the West are still under rebel control, with most of the crop marketed in neighboring countries. However, resumption of transport and trade between government and rebel-held zones has slightly eased informal exports to neighboring countries. Elsewhere, in the Center-West, occasional flare-ups in insecurity as witnessed in early 2004 in the Ouragahio district negatively impacted production activities. Similar factors have contributed to low production in 2003/2004.

Post has revised upwards its 2002/2003 and 2003/2004 production estimates. Previous Post production estimates were really marketed production. This is the portion of farmers' harvest, which was sold to the various buying agencies. This represented over 98 percent of total harvest before the advent of the price crisis, which started about five years ago. Since then, farmers' sales to buying agencies are estimated to have dropped by 10-15 percent due to rising on-farm storage. In 2002/2003, sales to agencies represented about 90 percent of the total harvest, and is estimated to increase to about 92 percent in 2003/2004 due to declining storage space, farmers' despondency and continued gloomy price perspectives.

Field travels in the producing areas in late April 2004 indicate that tree flowering and cherry formation were less than the same period in 2003. Many trees were unharvested with their cherries found dried on the branches. With a few exceptions, bushes covered all the farms visited. Interviews with farmers revealed that some have started intercropping coffee trees with either cocoa or rubber or oil palm. This method is intended to ensure farmers' livelihood in the future, should the gloomy situation persist and they eventually decide to cut down the coffee trees.

The marketing of the 2003/2004 crop started in the first week of February 2004. Marketing activities have been lackluster due to low prices and an absence of buyers. Marketing activities have been intermittent as farmers only sold their coffee when there was an urgent family need or occasional good buyer. Many farmers continue to hold on to their previous harvest and awaiting improvement in prices. SIFCA-COOP (the marketing wing of the main national farmers cooperative group – ANAPROCI) is the leading coffee buyer upcountry for the current season. The buying activities of CAPRAL/NESTLE, the soluble coffee processing firm, have declined in the current marketing period due to the large carry-over stocks from the 2002/2003 harvest. Its purchases in 2003/2004 were expected to be about 167,000 bags, down from 500,000 bags in 2002/2003.

The BCC (Bourse du Café et du Cacao) set the indicative minimum producer price of green coffee at 225 F CFA/kg in January 2004 up from 200 F CFA/kg in 2003. In the 2003/2004 marketing year, with the exception of Capral/Nestle which has been buying green coffee at

235 F CFA/kg, with a 10 percent increase or decrease for quality, farm prices generally ranged between 115 and 190 F CFA/kg. With this farm price range, producers have been receiving between 30-60 percent of world market price depending on green coffee quality.

The quality of green coffee has fallen considerably with farmers' nonchalant attitude towards production. Farmers are reluctant to spend efforts on quality and usually deliver unsorted green coffee to the buying centers. These centers hire assistants to sort out defective and black beans at a rate of 20-25 F CFA/kg. The acceptable quality level of green coffee is a maximum of 10 percent foreign materials (black and broken beans). Some purchasing agents insist on green coffee free of foreign materials and discount for the presence of any defective material.

Consumption

Domestic coffee processing fell in 2002/2003 and is expected to continue to be down in 2003/2004 due to the unfavorable political situation. Soluble coffee accounts for 95 percent domestic coffee processing. It is undertaken by one firm, CAPRAL/NESTLE, that processes about 460,000 bags of coffee annually. The remaining 5 percent of domestic green coffee processing goes into the production of roasted and ground coffee and is undertaken by five firms.

Trade

Green coffee and product exports accounted for 2.6 percent of Cote d'Ivoire's total export earnings in 2003, about the same level of 2.4 percent in 2002. Green coffee exports were down in 2003 due to lower world market prices and the drying up of domestic supply. Similar reasons will account for the expected fall in the 2004 exports. Green coffee exports for the first three months of 2004 were 431,467 bags compared to 519,567 bags in 2003.

Soluble coffee exports fell in 2003 and are expected to continue fall in 2004 due to the downturn in industrial supply. Exports in CY 2003 were 400,140 bags (in green coffee equivalent) compared to 458,900 bags in CY 2002. Exports for the first three months of 2004 were 86,667 bags compared to 120,120 bags for the same period in 2003.

Cote d'Ivoire: Soluble Coffee Exports in CY 2002 and CY 2003
(Green Coffee equivalent in 60 kg bags)

	2002	2003
Greece	312,910	192,660
Senegal	37,050	52,520
Mali	54,288	19,673
Nigeria	13,910	50,743
Burkina Faso	13,867	23,313
Others	26,875	61,231
Total	458,900	400,140

Source: Statistiques du Commerce Exterieur de la Cote d'Ivoire - 2003 (Provisional Report)

Export Trade Matrix

Country

Commodity Coffee, Green

Time Period	Jan-Dec	Units:	60 kg bags
Exports for:	2002		**2003**
U.S.	24283	U.S.	21833
Others		Others	
France	43500	France	383033
Belgium	469100	Belgium	143550
Italy	198717	Italy	176083
Poland	47833	Poland	12117
Algeria	873333	Algeria	929067
Spain	108600	Spain	139883
Germany	30050	Germany	14017
Morocco	71371	Morocco	56900
Portugal	71067	Portugal	56083
Tunisia	33600	Tunisia	11733
Total for Others	1947171		1922466
Others not Listed	470983		67984
Grand Total	2442437		2012283

Source: Statistiques du Commerce Exterieur de la Cote d'Ivoire – 2003 (Provisional Report).

Stocks

The ending stocks level is expected to fall in 2003/2004. This is because the depressed market and political instability discouraged exporters from maintaining stocks, while declining harvested crop and continued low prices are reducing holdings of on-farm stocks. Stocks indicated in the PS&D represented mainly on-farm stocks. For several years, farmers have been maintaining large on-farm stocks in the form of cherries in anticipation of price recovery.