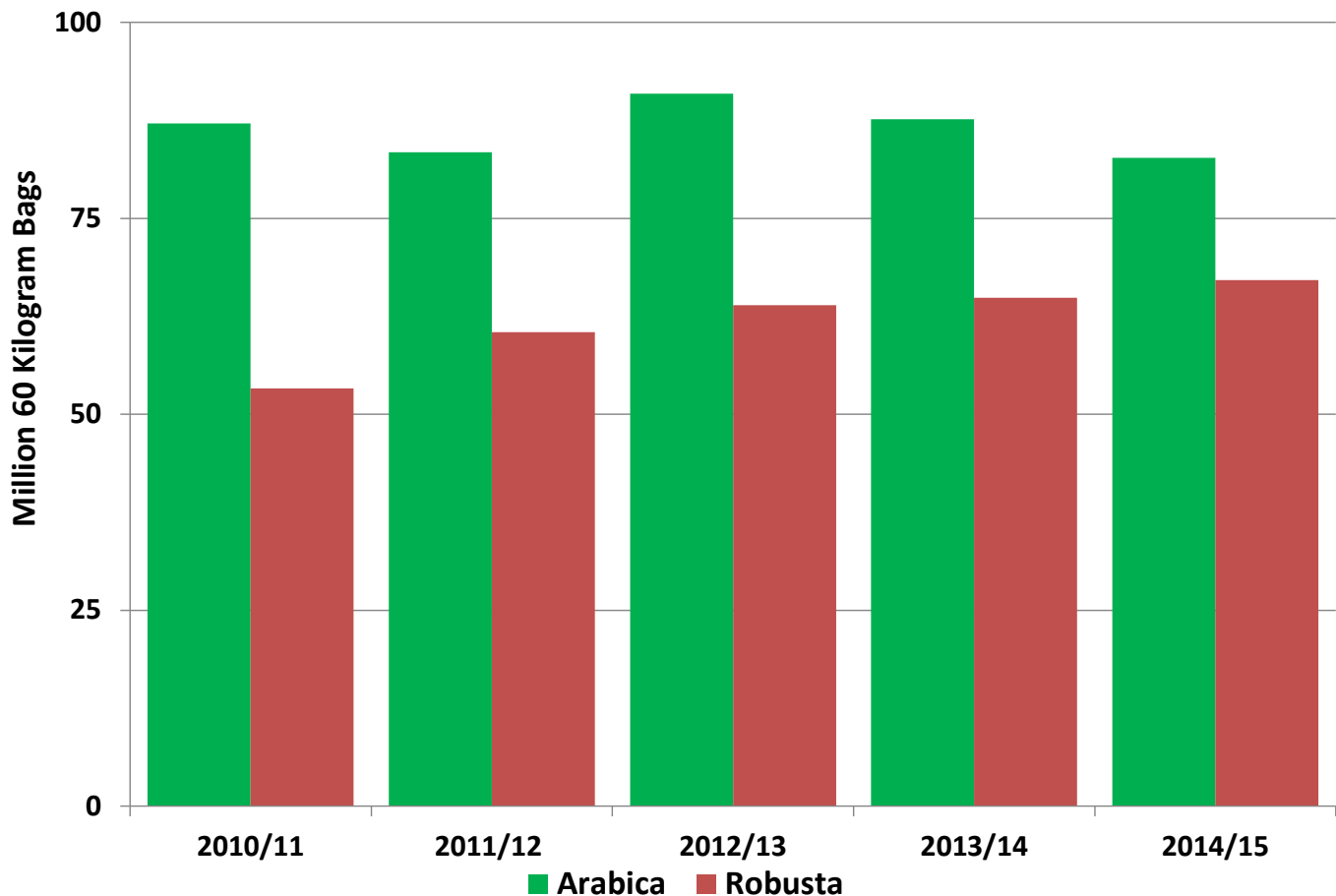




Coffee: World Markets and Trade

World Arabica and Robusta Coffee Production Converging



Global production for 2014/15 is now forecast at 149.8 million bags, down 2.7 million from the previous year as lower output in Brazil, Peru, Indonesia, and Vietnam more than offsets gains in Central America and Colombia. World Arabica production is expected to decline a second consecutive year while Robusta continues to rise, narrowing Arabica's dominance from 62 percent 4 years earlier to an estimated 55 percent. With global consumption forecast to rise, inventories are expected to fall. World bean exports are forecast nearly unchanged.

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2014/15 Forecast Overview

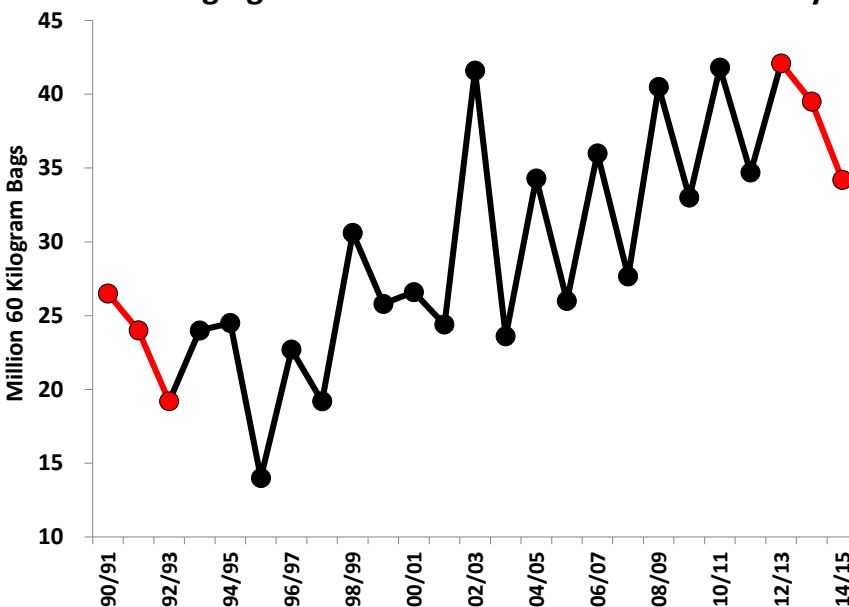
Brazil's Arabica output is forecast to drop a second consecutive year, to 34.2 million bags, breaking the biennial cycle for the first time in over two decades with a harvest 19 percent lower than the last "on-year." Prolonged drought as well as high temperatures in Minas Gerais and Sao Paulo (about 80 percent of Arabica production) adversely affected the size of the beans. Also, Parana's Arabica output is forecast 800,000 bags lower following extensive tree removal due to last year's frost damage. The Robusta harvest is forecast at a record 17.0 million bags as output rebounds from last

year's weather related shortfall in Espirito Santo, where the vast majority is grown. The combined Arabica and Robusta harvest is forecast at 51.2 million bags, down 3.3 million from last year. Lower available supplies are expected to drop ending stocks to 6.9 million bags and reduce green bean exports slightly to 30.0 million. Consumption remains flat after two decades of steady expansion.

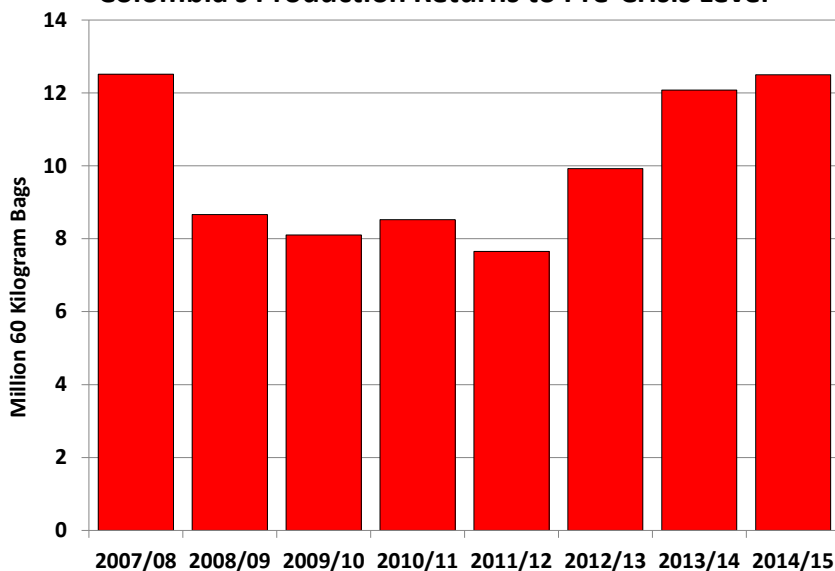
Vietnam's production is forecast to decline 480,000 bags to 29.4 million. Although yields are expected slightly lower due to trees being stressed by last year's record output, these losses are almost fully offset by continued area expansion. In the last 5 years, farmers increased area over 20 percent and yield 30 percent in response to elevated prices. Bean exports are expected to ease nearly 300,000 bags to 25.5 million due to increased competition from Brazil and India's larger Robusta harvest.

Colombia's production is forecast up 425,000 bags to 12.5 million on higher yields. Continued growth is expected following 5 years of below-average output due to the spread of coffee rust and coffee cherry borer. The rust initially affected as much as 40 percent of the planted area, but has since declined to less than 5 percent following an aggressive tree renovation program. Colombia is expected to rely on imported beans from Ecuador and Peru for just 20 percent of consumption, down from nearly 90 percent a few years ago. Bean exports are forecast to gain 700,000 bags to 11.0 million on increased shipments to the United States and Europe.

Brazil's Plunging Arabica Production Breaks Biennial Cycle



Colombia's Production Returns to Pre-Crisis Level

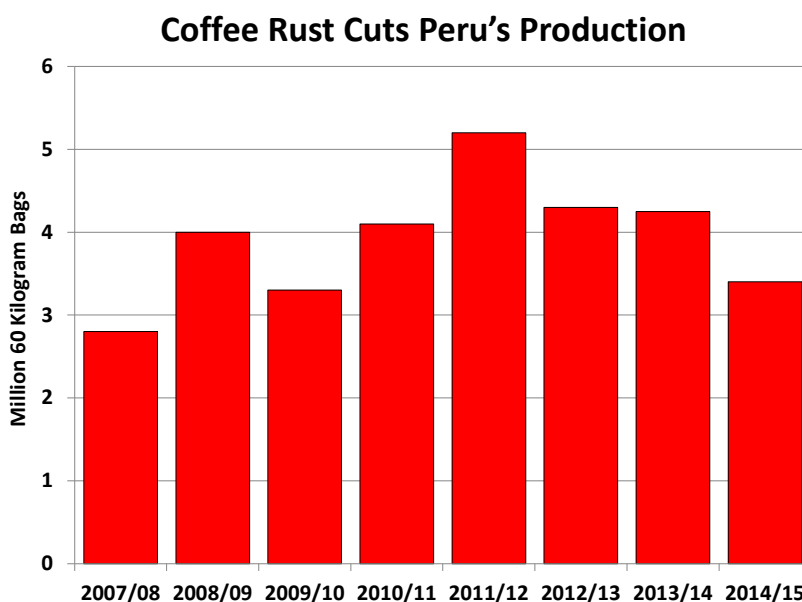


Central America and Mexico account for one-fifth of the world's Arabica production. After two years of declining output caused by coffee rust, the region is forecast to increase 1.1 million bags to 16.7 million. Honduras is expected to add 600,000 bags to 5.0 million as rust-resistant trees from recently renovated land reach maturity. Guatemala is forecast to rebound 200,000 bags to 3.6 million on improving yields. El Salvador, where production plunged 700,000 bags last year, is forecast to rebound 125,000 bags to 675,000 as more growers implement control measures. The region's bean exports are forecast to gain 1.4 million bags to 13.7 million as a result of more exportable supplies. Typically, 40 percent of the region's exports are destined for the United States, followed by 35 percent to the European Union.

Indonesia's production is forecast to drop 700,000 bags to 8.8 million. For the second consecutive year, excessive rain during cherry development lowered yields. Coffee area has stabilized, but is down from its recent peak due to substitution of higher priced commodities. Bean exports are forecast to decline 900,000 bags to 5.1 million on less available supplies. Consumption is expected to continue rising and reach 3.1 million bags. The ready-to-drink (bottled) category has grown significantly in recent years and accounts for as much as 25 percent of total consumption. While originally introduced as an imported product, demand is increasingly met by domestic companies.

Peru's production is forecast to decline 850,000 bags to 3.4 million on widespread losses due to coffee rust. Bean exports are forecast to decline 900,000 bags to 3.2 million on lower output.

The **European Union** accounts for nearly half of the world's bean imports and is forecast to increase 400,000 bags to 45.0 million. Top suppliers include Brazil (29 percent), Vietnam (24 percent) and Indonesia (6 percent). Consumption is expected to rebound 3.1 million bags to 45.7 million, drawing inventories down.



The **United States** is the second largest importer of coffee beans and is forecast to increase slightly to 24.5 million bags as consumption continues to rise. Top suppliers include Brazil (25 percent), Vietnam (18 percent) and Colombia (13 percent). Ending stocks are forecast 200,000 bags lower to 5.8 million bags.

2013/14 Revised

World production is revised up from the June estimate by 2.4 million bags to 152.5 million.

- **Colombia** is raised 1.1 million bags to 12.1 million on unexpected strong deliveries in the second half of the season.
- **Brazil** is revised up 800,000 bags to 54.5 million due to higher-than-anticipated Robusta yield in Espirito Santo.
- **Vietnam** is nearly 900,000 bags higher at 29.8 million on higher-than-anticipated area expansion.

World bean exports are raised 700,000 bags to 104.8 million.

- **Vietnam** is raised 800,000 bags to 25.8 million following larger available exportable supplies.
- **Brazil** is revised up 600,000 bags to 30.6 million on strong U.S. and European demand.
- **Honduras** is lowered 400,000 bags to 3.9 million on less available exportable supplies.

World consumption is lowered 3.1 million bags to 142.4 million.

- **European Union** is revised down 3.2 million bags to 42.6 million.

World ending stocks are raised 4.1 million bags to 40.1 million.

- **European Union** is revised up 1.9 million bags to 12.4 million due to declining consumption.
- **Colombia** is raised 700,000 bags to 1.0 million due to increased supplies.
- **Vietnam** is up 500,000 bags on higher output.

For additional information, please contact Tony Halstead at 202-720-4620, or Tony.Halstead@fas.usda.gov

To download additional data tables, go to Production, Supply and Distribution Database (PSD Online): (<http://apps.fas.usda.gov/psdonline/psdHome.aspx>), scroll down to Reports, and Click the plus sign [+] next to Coffee

FAS Reports and Databases:

Current *World Markets and Trade* Reports:

<http://apps.fas.usda.gov/psdonline/psdDataPublications.aspx>

Archives *World Markets and Trade* Reports:

<http://usda.mannlib.cornell.edu/MannUsda/viewTaxonomy.do?taxonomyID=7>

Production, Supply and Distribution Database (PSD Online):

<http://apps.fas.usda.gov/psdonline/psdHome.aspx>

Global Agricultural Information Network (Agricultural Attaché Reports):

<http://gain.fas.usda.gov/Pages/Default.aspx>

Global Agricultural Trade System (U.S. Exports and Imports):

<http://apps.fas.usda.gov/gats/default.aspx>

Click on Standard Query and select FAS in the Product Group and scroll down to Coffee and Products. To view volume data in Green Bean Equivalent (GBE), select quantity and choose FAS Converted.

Marketing Years for Producing Countries

April-March

Angola
Bolivia
Burundi
Ecuador
Indonesia
Madagascar
Papua New Guinea
Peru
Rwanda

July-June

Brazil
Cuba
Dominican Republic
Haiti
Philippines
Tanzania

October-September

Cameroon
Central African Republic
Colombia
Congo (Kinshasa)
Costa Rica
Cote d'Ivoire
El Salvador
Ethiopia
Ghana
Guatemala
Guinea
Honduras
India
Jamaica
Kenya
Laos
Liberia
Malawi
Malaysia
Mexico
Nicaragua
Nigeria
Panama
Sierra Leone
Thailand
Togo
Uganda
United States
Venezuela
Vietnam
Yemen

Non-Producing Countries are on an October-September Marketing Year

Coffee Summary
Thousand 60-Kilogram Bags

	2010/11	2011/12	2012/13	2013/14	Jun 2014/15	Dec 2014/15
Production						
Brazil	54,500	49,200	57,600	54,500	49,500	51,200
Vietnam	19,415	26,000	26,500	29,833	29,250	29,350
Colombia	8,525	7,655	9,927	12,075	12,000	12,500
Indonesia	9,325	8,300	10,500	9,500	8,900	8,800
Ethiopia	6,125	6,320	6,325	6,345	6,350	6,350
India	5,035	5,230	5,303	5,075	5,125	5,100
Honduras	3,975	5,600	4,725	4,400	5,000	5,000
Uganda	3,212	3,075	3,600	3,850	4,000	4,000
Mexico	4,000	4,300	4,650	3,800	3,900	3,900
Guatemala	3,960	4,410	4,010	3,415	3,615	3,615
Peru	4,100	5,200	4,300	4,250	4,500	3,400
Nicaragua	1,740	2,100	1,925	1,850	1,400	1,850
Cote d'Ivoire	1,600	1,600	1,750	1,575	1,900	1,600
Malaysia	1,100	1,450	1,400	1,500	1,600	1,600
Costa Rica	1,575	1,775	1,675	1,425	1,525	1,525
Tanzania	1,050	565	1,180	800	1,150	1,150
Kenya	710	750	660	850	900	900
Papua New Guinea	865	1,400	825	855	900	900
Thailand	850	850	850	850	900	900
El Salvador	1,860	1,200	1,250	550	675	675
Other	6,895	6,917	5,861	5,214	5,581	5,486
Total	140,417	143,897	154,816	152,512	148,671	149,801
Domestic Consumption						
European Union	42,220	46,210	44,250	42,560	45,700	45,650
United States	22,833	23,351	23,392	24,381	25,436	25,161
Brazil	19,420	20,025	20,110	20,100	20,100	20,100
Japan	6,900	6,925	7,370	7,610	7,800	7,850
Russia	4,190	3,700	4,070	4,145	4,400	4,400
Philippines	2,825	3,660	4,405	3,760	3,920	3,920
Canada	3,375	3,390	3,555	3,875	3,750	3,900
Ethiopia	2,860	3,050	3,055	3,120	3,125	3,125
Indonesia	1,690	2,380	2,670	2,790	2,700	3,050
Switzerland	2,180	2,175	2,340	2,325	2,400	2,350
Algeria	1,815	2,260	1,945	2,325	2,280	2,280
Mexico	2,470	2,212	2,180	2,250	2,187	2,220
Vietnam	1,337	1,665	1,825	2,008	2,080	2,080
Korea, South	1,930	1,725	1,725	2,040	2,000	2,000
China	930	1,025	1,545	1,700	1,800	1,750
Australia	1,390	1,450	1,500	1,450	1,600	1,425
Colombia	1,120	1,250	1,200	1,300	1,200	1,400
Thailand	775	1,100	1,130	1,130	1,400	1,400
Venezuela	1,305	1,305	1,290	1,170	1,295	1,295
India	1,231	1,168	1,100	1,249	1,180	1,200
Other	11,291	11,578	11,316	11,128	11,357	11,072
Total	134,087	141,604	141,973	142,416	147,710	147,628
Ending Stocks						
European Union	12,900	10,400	10,845	12,400	10,500	11,250
Brazil	2,906	2,238	9,068	9,338	6,318	6,908
United States	4,580	5,100	5,450	6,025	5,700	5,800
Vietnam	800	1,090	1,946	3,631	2,600	4,891
Japan	2,510	2,140	2,980	3,100	2,700	2,800
India	1,742	1,473	1,982	2,157	1,641	2,077
Colombia	99	249	771	961	346	536
Uganda	613	538	363	393	363	363
Tanzania	50	45	255	202	322	322
Honduras	30	90	140	300	200	200
Other	2,725	2,610	1,835	1,603	1,426	1,348
Total	28,955	25,973	35,635	40,110	32,116	36,495

Coffee Summary
Thousand 60-Kilogram Bags

	2010/11	2011/12	2012/13	2013/14	Jun 2014/15	Dec 2014/15
Bean Exports						
Brazil	31,810	26,556	27,143	30,593	29,000	30,000
Vietnam	18,215	23,950	23,783	25,768	27,000	25,500
Colombia	7,400	6,675	8,100	10,300	10,500	11,000
Indonesia	7,415	4,950	6,900	6,000	5,400	5,100
Honduras	3,900	5,290	4,480	3,940	4,800	4,800
Uganda	3,150	3,000	3,575	3,600	3,800	3,800
India	4,160	3,735	3,420	3,250	3,660	3,421
Ethiopia	3,235	3,140	3,280	3,285	3,300	3,300
Guatemala	3,650	3,800	3,750	3,150	3,300	3,300
Peru	3,880	5,140	4,100	4,100	4,300	3,200
Mexico	1,735	2,525	2,575	1,690	2,000	2,000
Nicaragua	1,525	1,675	1,950	1,750	1,300	1,750
Costa Rica	1,255	1,455	1,400	1,225	1,200	1,200
Cote d'Ivoire	725	1,290	1,340	1,150	1,400	1,200
Tanzania	1,000	520	915	800	970	970
Kenya	650	800	825	800	860	860
Papua New Guinea	850	1,350	775	815	850	850
El Salvador	1,770	1,130	1,150	500	600	600
Cameroon	650	670	470	350	450	400
Laos	400	350	360	375	350	400
Ecuador	425	575	450	160	315	315
Rwanda	317	245	260	250	250	250
Togo	615	560	200	180	200	200
Burundi	235	205	240	180	200	160
Madagascar	105	105	100	165	125	150
Other	829	951	582	422	568	493
Total	99,901	100,642	102,123	104,798	106,698	105,219
Bean Imports						
European Union	44,600	43,950	44,980	44,560	46,000	45,000
United States	22,460	23,700	23,360	24,550	25,000	24,500
Japan	6,900	5,965	7,460	6,890	7,000	6,700
Canada	2,305	2,225	2,330	2,525	2,500	2,500
Russia	1,540	1,720	2,025	2,270	2,400	2,400
Switzerland	2,180	2,175	2,340	2,325	2,400	2,350
Algeria	1,770	2,230	1,915	2,300	2,250	2,250
Korea, South	1,930	1,725	1,725	2,040	2,000	2,000
Malaysia	1,030	1,125	1,375	1,300	1,300	1,300
Australia	1,115	1,140	1,190	1,200	1,250	1,150
Ecuador	820	1,150	1,350	1,100	1,150	1,150
India	820	879	1,130	1,100	1,000	1,000
China	680	625	930	910	1,000	950
Mexico	725	1,050	860	870	880	880
Venezuela	620	570	600	500	685	685
Morocco	540	700	690	605	700	625
Norway	620	570	560	580	600	575
Thailand	620	410	490	630	550	550
Serbia	520	570	515	515	525	500
Turkey	315	350	460	475	450	450
Vietnam	175	200	642	476	150	450
Argentina	510	500	565	415	550	400
Philippines	360	510	480	160	400	400
Jordan	200	240	320	375	400	375
Indonesia	190	930	300	310	200	350
Other	1,620	1,786	1,310	1,165	1,205	1,035
Total	95,165	96,995	99,902	100,146	102,545	100,525

Arabica Coffee Production

Thousand 60-Kilogram Bags

	2010/11	2011/12	2012/13	2013/14	Jun 2014/15	Dec 2014/15
Arabica Production						
Bolivia	125	140	115	128	110	110
Brazil	41,800	34,700	42,100	39,500	33,100	34,200
Burundi	235	210	235	185	200	160
Cameroon	90	90	50	50	50	50
Colombia	8,525	7,655	9,927	12,075	12,000	12,500
Congo (Kinshasa)	100	90	80	70	70	75
Costa Rica	1,575	1,775	1,675	1,425	1,525	1,525
Cuba	120	125	125	100	100	100
Dominican Republic	500	500	475	450	400	425
Ecuador	400	400	315	135	250	275
El Salvador	1,860	1,200	1,250	550	675	675
Ethiopia	6,125	6,320	6,325	6,345	6,350	6,350
Guatemala	3,950	4,400	4,000	3,400	3,600	3,600
Haiti	350	350	325	325	325	325
Honduras	3,975	5,600	4,725	4,400	5,000	5,000
India	1,570	1,690	1,643	1,703	1,625	1,400
Indonesia	1,375	1,300	1,700	1,650	1,550	1,450
Jamaica	23	20	25	31	20	25
Kenya	710	750	660	850	900	900
Madagascar	25	25	25	25	25	25
Malawi	24	21	25	25	25	25
Mexico	3,800	4,100	4,450	3,600	3,700	3,700
Nicaragua	1,740	2,100	1,925	1,850	1,400	1,850
Panama	110	100	100	85	85	85
Papua New Guinea	825	1,350	775	815	850	850
Paraguay	0	0	0	0	0	0
Peru	4,100	5,200	4,300	4,250	4,500	3,400
Tanzania	600	365	610	450	600	600
Uganda	644	875	800	850	800	800
United States	53	46	42	41	36	36
Venezuela	625	700	730	700	660	660
Vietnam	650	800	900	1,175	1,250	1,100
Yemen	145	150	200	150	150	150
Zambia	0	0	0	0	0	0
Total	87,101	83,422	90,922	87,663	82,206	82,701

Robusta Coffee Production
Thousand 60-Kilogram Bags

	2010/11	2011/12	2012/13	2013/14	Jun 2014/15	Dec 2014/15
Robusta Production						
Angola	25	35	29	31	30	30
Brazil	12,700	14,500	15,500	15,000	16,400	17,000
Cameroon	625	645	485	375	475	425
Central African Republic	27	10	10	10	15	10
Congo (Kinshasa)	165	165	150	170	160	175
Cote d'Ivoire	1,600	1,600	1,750	1,575	1,900	1,600
Ecuador	250	230	150	85	160	125
Ghana	57	70	25	5	25	10
Guatemala	10	10	10	15	15	15
Guinea	325	425	165	75	200	125
India	3,465	3,540	3,660	3,372	3,500	3,700
Indonesia	7,950	7,000	8,800	7,850	7,350	7,350
Laos	500	450	460	475	450	500
Liberia	4	5	5	3	5	5
Madagascar	525	525	500	525	525	525
Malaysia	1,100	1,450	1,400	1,500	1,600	1,600
Mexico	200	200	200	200	200	200
Nigeria	30	40	30	35	35	35
Papua New Guinea	40	50	50	40	50	50
Sierra Leone	45	90	70	45	70	70
Sri Lanka	0	0	0	0	0	0
Tanzania	450	200	570	350	550	550
Thailand	850	850	850	850	900	900
Togo	615	560	200	180	200	200
Uganda	2,568	2,200	2,800	3,000	3,200	3,200
Vietnam	18,765	25,200	25,600	28,658	28,000	28,250
Total	53,316	60,475	63,894	64,849	66,465	67,100