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Dominican Republic

Coffee

Production Update

2003

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Report Highlights:

The devastating effects of Hurricane George on coffee plantations in late 1998, coupled with the collapse of international coffee prices in 1999, has led to a sharp drop in coffee production to less than 400,000 60 kg bags per year. Exports have declined and are anticipated to reach approximately 54,000 bags in MY 2003.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Santo Domingo [DR1]
[DR]

For many years Dominican coffee production averaged slightly over 700,000 bags (60 kilogram) annually, with an all-time low of 450,000 bags in the 2000 production year (July-June 1999-2000 Marketing Year), resulting from damage to production areas by Hurricane George in late 1998. The dramatic collapse of world coffee prices in late 1999 caught the industry at a very vulnerable point, when considerable investment was already needed to restore production to previous levels. In addition, in the wake of the price collapse, financial problems in the government have made it difficult to provide any type of financial support to coffee farmers, as has been the case in some other traditional producing countries. Production levels for 2002 will barely surpass 385,000 bags, which is even smaller than the 2000 and 2001 harvest. With little incentive to maintain and replant coffee trees and no money for inputs, such as insecticides and fertilizer; production will remain at current levels for the foreseeable future.

There is no government source for data on domestic consumption; however, market contacts indicate that domestic consumption has been relatively stable at 320,000 bags, and have remained near that level in MY 2003. Although a recent financial crisis has caused the Dominican peso to drop from RD\$ 23=US\$1 in January to RD\$35=US\$1 in July CY 2003, local retail prices have remained at pre-devaluation levels of RD\$40 per pound. Price increases are likely in coming months, however, which, along with the general loss in purchasing power of the peso, will restrict consumption.

As a foreign exchange earner, overall total coffee exports (green and roasted) generated approximately US\$10 million in MY 2002, just twelve percent of the US\$84 million generated in MY 1998. During 2002, returns per bag from coffee exports have averaged US\$0.92 per pound, a slight improvement over the previous year. At this time MY 2003 exports are projected to reach 54,000 bags, lower than in MY 2002.

Tariff levels for imports of coffee and coffee products range from 15 to 30 percent CIF, plus an additional 12 percent value-added tax. The Dominican Republic does not restrict the trade of raw or processed coffee. The DR imports minimal quantities of specialty varieties and soluble coffee. On the export side, for many years most shipments went to the United States, because of geographic proximity and price. Currently, however, more than half of exports are to the European Union, Canada and Japan.

PSD Table

Country Commodity	Dominican Republic Coffee, Green						UOM
	2001 USDA Official	Revised [Estimate]	2002 DA Official	Estimate [Estimate]	2003 Forecast	Forecast [Estimate]	
Market Year Begin	07/2000		07/2001		07/2002	MM/YYYY	
Area Planted	153	153	153	153	0	153 (1000 HA)	
Area Harvested	135	125	135	115	0	105 (1000 HA)	
Bearing Trees	300	280	300	275	0	270 (MILLION TREES)	
Non-Bearing Trees	18	18	18	15	0	14 (MILLION TREES)	
TOTAL Tree Population	318	298	318	290	0	284 (MILLION TREES)	
Beginning Stocks	360	49	350	47	355	49 (1000 60 KG BAGS)	
Arabica Production	437	437	432	385	500	375 (1000 60 KG BAGS)	
Robusta Production	0	0	0	0	0	0 (1000 60 KG BAGS)	
Other Production	0	0	0	0	0	0 (1000 60 KG BAGS)	
TOTAL Production	437	437	432	385	500	375 (1000 60 KG BAGS)	
Bean Imports	0	0	0	0	0	0 (1000 60 KG BAGS)	
Roast & Ground Imports	0	0	0	0	0	0 (1000 60 KG BAGS)	
Soluble Imports	0	0	0	0	0	0 (1000 60 KG BAGS)	
TOTAL Imports	0	0	0	0	0	0 (1000 60 KG BAGS)	
TOTAL SUPPLY	797	486	782	432	855	424 (1000 60 KG BAGS)	
Bean Exports	72	121	57	57	100	48 (1000 60 KG BAGS)	
Roast & Ground Exports	50	0	30	5	50	6 (1000 60 KG BAGS)	
Soluble Exports	0	0	0	0	0	0 (1000 60 KG BAGS)	
TOTAL Exports	122	121	87	62	150	54 (1000 60 KG BAGS)	
Rst,Ground Dom. Consum	325	318	340	321	340	320 (1000 60 KG BAGS)	
Soluble Dom. Consum.	0	0	0	0	0	0 (1000 60 KG BAGS)	
TOTAL Dom. Consumption	325	318	340	321	340	320 (1000 60 KG BAGS)	
Ending Stocks	350	47	355	49	365	50 (1000 60 KG BAGS)	
TOTAL DISTRIBUTION	797	486	782	432	855	424 (1000 60 KG BAGS)	