

**Required Report:** Required - Public Distribution

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**Report Name:** Coffee Annual

**Country:** Nicaragua

**Post:** Managua

**Report Category:** Coffee

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**Report Highlights:**

Coffee production in marketing year (MY) 2020/2021 experienced a 15 percent drop compared to the previous year. The lack of maintenance of coffee plantations due to the limited access to credit and the impact of hurricanes ETA and IOTA during the MY 2020/2021 coffee harvest were the main drivers of the decline. For MY 2021/2022, coffee associations anticipate a moderate growth of at least five percent for a total of 2.38 million 60-kilogram (KG) bags but do not foresee a full recovery since investments on the coffee sector remain stagnant.

## **Production**

Coffee is produced mainly in the North Central Region of Nicaragua with a range of altitudes from 365 to 1,500 meters above sea level. According to the most recent agricultural census, 87 percent of the coffee plantations are located in the North Central Region of the country, in and around the cities of Jinotega, Matagalpa and Nueva Segovia. Thirteen percent of the plantations are located in other municipalities. There are approximately 140,000 hectares planted with coffee. The market year in Nicaragua starts in October and ends in September.

Common varieties include Caturra (72 percent) and Borbons, Paca, Catuai, Catimore, Maragogype and Pacamara (28 percent). More than 97 percent of coffee producers are small, with an average farm size of less than 14 hectares. In the last five years, farmers have renovated more than 20,000 hectares of coffee. In 2013, Nicaragua allowed the cultivation of Robusta coffee in non-traditional coffee regions, including the Atlantic Coast Region. There are about 2,100 hectares planted with Robusta coffee in the South Autonomous Caribbean Coast (RACS). Robusta production is approximately 80,000 60 KG bags (accounting for less than three percent of total production). Most of the Robusta production is used domestically with very little of it being exported.

Coffee production in MY 2020/2021 totaled over 2.27 million 60 KG bags, down 15 percent compared to the previous year. The lack of maintenance of coffee plantations due to the limited access to credit and the impact of hurricane ETA and IOTA during the MY 2020/2021 coffee harvest were the main drivers of the decline. Hurricanes ETA and IOTA hit the North Central Region of Nicaragua and the Caribbean Coast at the end of November and early December 2020. Producers reported significant losses due to the excessive rainfall due to the hurricanes. Some coffee companies estimate that hurricanes ETA and IOTA caused significant damage to at least five percent of the coffee plantations, several plantations suffered total losses from landslides.

For MY 2021/2022, coffee associations anticipate a moderate growth of at least five percent for a total of 2.38 million 60 KG bags but do not foresee a full recovery since investments on the coffee sector remain stagnant.

## **Yields**

Nicaragua has the lowest average yields in Central America, with approximately 15 60 KG bags per hectare. The Nicaraguan coffee sector is challenged by limited access to long term credit for the maintenance of coffee plantations, failure to adapt good agricultural practices, and the volatility of international prices. In MY 2020/2021, Hurricanes ETA and IOTA hit the North Central Region of Nicaragua and the Caribbean Coast at the end of November and early December 2020. Producers reported significant losses due to the excessive rainfall due to the hurricanes. Coffee companies estimate that Hurricanes ETA and IOTA caused significant damage of at least five percent of the coffee plantations.

## Consumption

Nicaragua's coffee per capita consumption is approximately 2 KG. The total estimated local demand in MY 2020/2021 is approximately 170,000 60 KG bags of which 50 percent was soluble and 50 percent roasted. Throughout the years there has been a shift among consumers to buy more roasted coffee.

## MY 2019/2020 Coffee Exports by country

Country	Exports (60 KG Bags)
United States	1,225,960
Belgium	277,287
Germany	190,430
Canada	111,048
Italy	108,743
Spain	79,289
Sweden	79,258
Taiwan	47,005
United Kingdom	44,559
Costa Rica	37,597
Other	328,309
Total	2,529,485

**Source: Center for Exports and Investments (CETREX)**

## Stocks

Nicaragua does not maintain large coffee stocks. Coffee exporters' stocks vary from 120,000 to 140,000 60 KG bags, which is equal to the amount of coffee that Nicaragua exports between October and December, when the coffee harvest is starting.

## Policy

Nicaragua has two main laws that regulate coffee production: Ley del Café (Law 368) or the Coffee Law, which was published in December 2000 and provides several tax exonerations for coffee growers; and the Law of Transformation and Development of the Coffee Sector (Law 853), which was passed in 2013 and aims to renovate and transform the Nicaraguan coffee sector through the creation of a fund to renovate old coffee plantations. Coffee farmers estimate the around \$23 million has been raised and have complained about the slow implementation.

In August 2013, the Government of Nicaragua issued a Ministerial Decree 012-2013 that approved the cultivation of Robusta coffee along the Caribbean Coast, where there is no Arabica production. In

December 2016, through a new Ministerial Decree 187-2016, the Government of Nicaragua extended the approved areas to six new departments in the Pacific Coast. At this time, there are around 2,100 hectares of Robusta coffee with an estimated production of 80,000 60 KG bags.

## PRODUCTION, SUPPLY, AND DISTRIBUTION

Coffee, Green Market Year Begins Nicaragua	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	140	0	140	0	140
Area Harvested (1000 HA)	0	140	0	140	0	140
Bearing Trees (MILLION TREES)	0	0	0	0	0	0
Non-Bearing Trees (MILLION TREES)	0	0	0	0	0	0
Total Tree Population (MILLION TREES)	0	0	0	0	0	0
Beginning Stocks (1000 60 KG BAGS)	147	147	67	128	0	120
Arabica Production (1000 60 KG BAGS)	2600	2600	2500	2198	0	2308
Robusta Production (1000 60 KG BAGS)	80	80	80	80	0	80
Other Production (1000 60 KG BAGS)	0	0	0	0	0	0
Total Production (1000 60 KG BAGS)	2680	2680	2580	2278	0	2388
Bean Imports (1000 60 KG BAGS)	5	0	5	0	0	0
Roast & Ground Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Soluble Imports (1000 60 KG BAGS)	25	0	25	0	0	0
Total Imports (1000 60 KG BAGS)	30	0	30	0	0	0
Total Supply (1000 60 KG BAGS)	2857	2827	2677	2406	0	2508
Bean Exports (1000 60 KG BAGS)	2525	2432	2400	2116	0	2218
Rst-Grnd Exp. (1000 60 KG BAGS)	5	0	5	0	0	0
Soluble Exports (1000 60 KG BAGS)	100	97	90	0	0	0
Total Exports (1000 60 KG BAGS)	2630	2529	2495	2116	0	2218
Rst,Ground Dom. Consum (1000 60 KG BAGS)	80	85	80	85	0	85
Soluble Dom. Cons. (1000 60 KG BAGS)	80	85	80	85	0	85
Domestic Consumption (1000 60 KG BAGS)	160	170	160	170	0	170
Ending Stocks (1000 60 KG BAGS)	67	128	22	120	0	120
Total Distribution (1000 60 KG BAGS)	2857	2827	2677	2406	0	2508
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						

### Attachments:

No Attachments