National Agricultural Statistics Service
Hawaii Agricultural Statistics Service
Hawaii Department of Agriculture

Hawaii Coffee

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Production and farm price down 8 percent

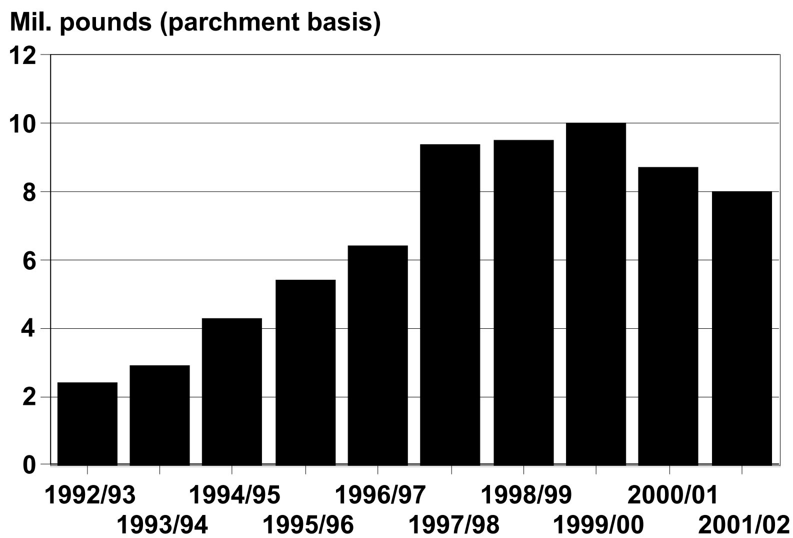
The Hawaii Agricultural Statistics Service (HASS) estimates coffee production at 8.0 million pounds (parchment basis) for the 2001/02 season, down 8 percent from last season's harvest of 8.7 million pounds. Coffee farmers received an average of $2.45 per pound (parchment equivalent) during the 2001/02 season, down 8 percent from last season. Total farm revenues are estimated at $19.6 million, down 15 percent from the 2000/01 season.

Numerous factors adversely affect production

A combination of factors resulted in lower coffee production during the 2001/02 season. On the Big Island, weather conditions played a major role as uneven rainfall produced an early and relatively short harvest. Heavy pruning of trees by some farmers following last season's large harvest also contributed to the downturn in this season's output. Coffee production on the other islands was hampered by dry weather, but more significantly by changes in operation. One relatively large company closed its coffee growing operations in 2001, while two other major growers either saw a change in ownership or management of its coffee fields.

Harvested acreage totaled 6,300 acres during the 2001/02 season, down 7 percent or 500 acres from the 2000/01 season - the largest drop in harvested acreage in 26 years.

Hawaii Coffee Production
Parchment Basis, 1992/93 - 2001/02



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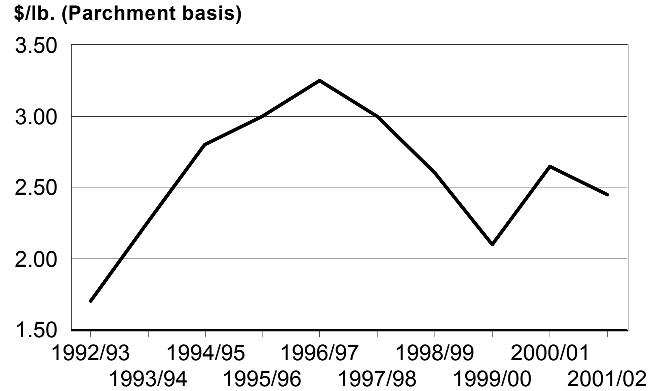
Farm price declines

Coffee farmers are anticipated to receive an average of $2.45 per pound (parchment basis) during the 2001/02 season, down 8 percent from the previous season. Coupled with an 8 percent drop in production, farm revenues for the 2001/02 season are estimated at $19.6 million (parchment basis), down 15 percent from the 2000/01 season.

Upcoming season forecast

Projections by growers and millers across the State on the 2002/03 season varied from a larger crop to a slightly smaller harvest. The dominant growers and millers, however, are anticipating a similar-sized harvest for the upcoming season. ■

Hawaii Coffee
Average Farm Price (Parchment basis)



Hawaii Coffee Statistics

Number of farms, acreage, yield, marketings, price, and value by county,
1997/98 through 2001/02, State of Hawaii

County and crop year [1]	Farms	Acreage		Yield [2]	Marketings [3]	Farm prices			Value of sales	Green production
		In crop	Harvested			Cherry	Parchment	All [4]		
	Number	*Acres*		*1,000 pounds*		*Cents per pound*			*$1,000*	*1,000 pounds*
State										
1997-98	585	7,000	5,800	1.6	9,400			300.0	28,200	7,720
1998-99	610	7,400	6,100	1.6	9,500			260.0	24,700	7,600
1999/00	650	7,700	6,400	1.6	10,000			210.0	21,000	8,100
2000/01	670	7,900	6,800	1.3	8,700			265.0	23,055	7,000
2001/02	**700**	**8,000**	**6,300**	**1.3**	**8,000**			**245.0**	**19,600**	**6,400**
Hawaii										
1997-98	575	2,490	1,900	1.5	2,850	135.0	700.0	570.0	16,245	2,300
1998-99	600	2,800	2,170	1.6	3,500	130.0	500.0	460.0	16,100	2,800
1999/00	635	3,200	2,400	1.2	3,000	70.0	360.0	310.0	9,300	2,400
2000/01	650	3,350	2,700	1.4	3,800	85.0	425.0	400.0	15,200	3,000
2001/02	**675**	**3,430**	**2,850**	**1.1**	**3,100**	**85.0**	**425.0**	[5]	[5]	**2,500**
Kauai/Maui/Honolulu [6]										
1997-98	10	4,510	3,900	1.7	6,550			183.0	11,955	5,420
1998-99	10	4,600	3,930	1.5	6,000			143.0	8,600	4,800
1999/00	15	4,500	4,000	1.8	7,000			167.0	11,700	5,700
2000/01	20	4,550	4,100	1.1	4,900			160.0	7,855	4,000
2001/02	**25**	**4,570**	**3,450**	**1.4**	**4,900**			[5]	[5]	**3,900**

1/ Coffee harvesting occurs throughout the year in Hawaii. The main harvest normally begins in late summer and extends to the early part of the following year.
2/ Average yields based on parchment equivalent marketings and harvested acreage.
3/ Expressed in parchment equivalent pounds. Coffee marketed in cherry form was converted to an equivalent parchment weight and added to parchment marketings.
4/ Represents an average farm price for parchment equivalent sales. Obtained by dividing farm revenues from the sale of cherry and parchment coffee by total marketings (parchment equivalent basis).
5/ Not published to avoid disclosure of individual operations.
6/ Kauai, Maui, and Honolulu counties combined to avoid disclosure of individual operations.

World Coffee Update

Record production forecast

World coffee production in 2002/03 is forecast at a record 122.1 million bags (60 kilograms or 132.276 pounds), up 10 percent from the previous year's level. Brazil's crop in 2002/03 is forecast at a record 46.9 million bags, up 39 percent, or 13.2 million bags from the previous year. Mainly as a result of the large Brazil crop, total supply in 2002/03 is forecast to reach 143.6 million bags, up nearly 6 percent over the 2001/02 level. Total supplies of coffee have not reach this level since 1991/92 when they were 149.5 million bags. Brazil is expected to account for about 37 percent of total supplies in 2002/03, with Colombia's and Vietnam's share each forecast at 8 percent. In comparison, during 1991/92, Brazil's share of total supply was 34 percent; Colombia's, 16 percent; and Vietnam's share, only 1.5 percent.

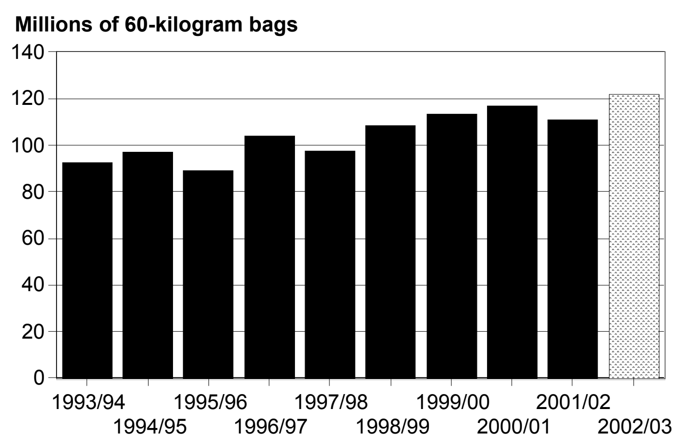
Effects of low global prices

Low global coffee prices for a sustained period of time have led many farmers to abandon trees and, in some cases, use less fertilizer. Not surprisingly, this reduced tree maintenance had led to lower yields. Countries where production is forecast to decline in 2002/03 include (in 60-kilogram bags): Vietnam, down 1.75 million bags; Honduras, down 150,000 bags; India, fown150,000 bags; Costa Rice, down 114,000 bags; and Columbia, down 100,000 bags.

Coffee exports to increase

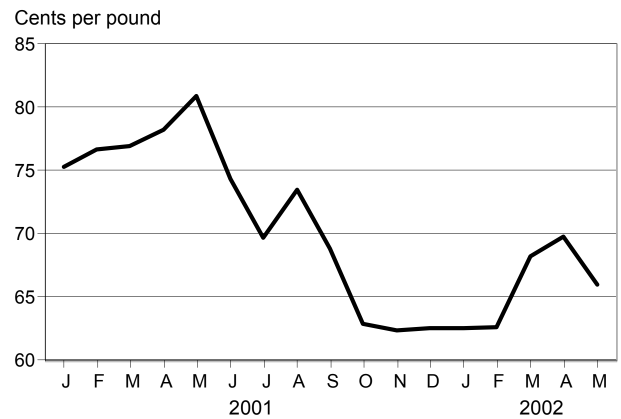
Total coffee exports in 2002/03 are forecast at 92.0 million bags, up nearly 4 percent over 2001/02. Brazil accounts for most of the increase. Brazil's exports in 2002/03 are forecast at 28.6 million bags, up 15 percent or 3.7 million bags from the previous year. ■

World Coffee Production
1993/94 - Forecast 2002/03



Source: *Tropical Products: World Markets and Trade*, June 2002, Foreign Agricultural Serivce, USDA.

Colombian (Mild Arabicas): ICO Monthly
Prices on the New York Market



World Coffee Production
(1,000 60-kilogram bags)

Region and Country	2000/01	2001/02	Forecast 2002/03
North America			
Mexico	4,800	4,700	5,200
Guatemala	4,494	3,827	3,802
Honduras	2,876	2,600	2,450
Costa Rica	2,502	2,414	2,300
Others	4,940	4,731	4,872
South America			
Brazil	34,100	33,700	46,850
Columbia	10,520	11,000	10,900
Others	5,070	4,798	4,645
Africa			
Cote d'Ivoire	4,333	3,300	3,300
Uganda	3,205	3,250	3,215
Ethiopia	3,683	3,767	3,800
Others	5,617	6,058	6,226
Asia and Oceania			
Indonesia	6,495	5,980	5,780
Vietnam	15,333	12,250	10,500
India	5,020	4,650	4,500
Others	4,061	3,708	3,766
Grand Total	117,049	110,733	122,106

Other world coffee news:

China's Expanding Coffee Market

Production steadily increasing

China in 1997 harvested 3,573 tons of coffee and by 2000 the harvested amount had grown to 11,568 tons. Along with production, acreage has grown too. Both existing and harvested coffee acreage has continuously risen from 1997 to 2000. China's existing coffee acreage in 1997 was 7,400 hectares, but rose to 23,709 hectares by 2000. Most of the development of new acreage has been occurring in Yunnan province in the southwestern part of China.

Most of the annual coffee crop appears to be raised by individual growers and private commercial farms, but state farms also contribute to production. In 2000, state farms accounted for 12 percent of the crop. However, the trend appears to be reduced involvement of state farms in coffee production, because their contribution to the crop was 25 percent in 1997.

China's coffee growing region is located in the southern provinces of Yunnan, Hainan, Guangxi, and Fujian. As for varieties, no single one seems to dominate. According to various reports both arabica and robusta varieties are grown.

Main drink of choice is tea, but coffee consumption is growing

Instant coffee is the dominant product. The International Coffee Organization reports that Nescafe and Maxwell House instant coffees occupy at least 70 percent of the market and that these brands are well known among China's urban households. Most of the instant coffee sold in China is produced domestically and nearly all of this production occurs in Guangdong province.

According to published research reports from the year 2000, annual roasted coffee consumption for all of China is only around 1,200 metric tons and majority of this coffee is consumed in the major cities of Beijing, Guangzhou, and Shanghai. The main buyers of roasted coffee are the institutional sector. Some roasted coffee is sold in the retail sector, but usually in processed, pre-package form.

Price a major hurdle

A retail cup of freshly ground coffee still is relatively expensive for most Chinese consumers, including urban residents. In Guangzhou, for example at a coffee stand located in the city's China Hotel, one cup of plain freshly ground coffee retails at eight Yuan ($0.97). While at a Starbucks in Beijing, a similar cup of coffee costs a consumer 12 Yuan ($1.45). The least expensive cup of brewed coffee in China can be found at McDonalds restaurants. Diners pay four Yuan ($0.48) per cup and also receive free re-fills.

Coffee drinking in China during the recent past also had to overcome some negative publicity. Stories and rumors circulated in cities about how coffee drinking harmed one's health. In much of this negative publicity, tea was extolled as a superior drink relative to coffee. However, not all of the circulated stores and rumors about coffee were bad. One story which made the rounds at least in south China several years ago was that all of the female employees who became pregnant while working at Nestle's instant coffee plant had male babies, the desired result for many tradition-minded couples in China. Data on coffee consumption growth by gender is not available, so it is not possible to ascertain the impact of this anecdote. Nor is it certain whether after the circulation of this story Nestle experienced a rise in female applicants to work at the instant coffee plant.

Even the Chinese medical community has taken notice of the trend towards greater coffee drinking and some doctors have made recommendations on how to drink coffee. The doctors usually warn about the problems associated with in taking too much caffeine and suggest to drink coffee with milk instead of drinking the coffee black.

To help promote coffee consumption in China, the International Coffee Organization last year organized coffee festivals in both Beijing and Shanghai. ■

Source: Foreign Agricultural Service GAIN Report #CH2618, 6/26/2002, U.S. Department of Agriculture.