

Brazil Having a Hard Time Quenching World's Thirst for Coffee

Contributed by Isaura Daniel
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Worldwide demand for coffee is on the rise and grows 2% each year. That should favor Brazilian exports in the sector, which may reach 30 million bags, or US\$ 4 billion, by the end of the current year, according to projections by the director of the Coffee Department at the Secretariat for Production and Agroenergy of the Brazilian Ministry of Agriculture, Livestock and Supply, Lucas Tadeu Ferreira.

The sector's foreign sales totaled 12.9 million 60-kilogram (132 lb) bags in the first half of this year, resulting in revenues of US\$ 2.1 billion. From that total, US\$ 60 million, or some 381,800 bags, came from sales to the Arab countries. The figure is still small in the face of total exports, but the market demand is increasing, according to specialists. "We are investing heavily in the Middle East," claims Ferreira.

According to Lúcio Dias, the commercial superintendent at the Guaxupé Regional Cooperative of Coffee Producers (Cooxupé) - the world's largest coffee cooperative, based in the state of Minas Gerais -, coffee consumption grows wherever income rises. For that reason, as well as local tourism development, the perspective for Brazilian coffee exports to the Arab world is promising, according to him. "The Arab market is going to grow," says Dias.

Cooxupé does not export to the Arabs, as it does not produce Rio coffee, which, according to Dias, is the most sought variety in the region. However, he believes that the market there will soon call for other types of coffee, such as the hard and soft varieties, which Cooxupé produces.

From January to June this year, Brazilian coffee exports to the Arabs remained practically stable, with a 0.37% increase in value. Ferreira believes, though, that there should be expansion by the end of the year. "We are working for an increase to take place," he says.

The director at the Coffee Department explains that exports to the Eastern European, Middle Eastern and Asian markets should grow the most. Among the Arab nations, those that purchased Brazilian coffee from January to June were Lebanon, Syria, Tunisia, Jordan, Algeria, Saudi Arabia, the United Arab Emirates, Egypt, Libya, Morocco, Iraq, Kuwait and Mauritania, according to data supplied by the Ministry of Agriculture, Livestock and Supply.

The performance of the balance of trade for coffee should improve in the second half of 2008 due to product availability. The harvest begins in April and ends in October. So far, according to Dias, approximately 40% of the national production of Arabica coffee - the country's most produced variety - have been harvested, and 20% have been processed.

According to the commercial superintendent at Cooxupé, however, crop size should be lower than expected early this year. It might have been larger, according to Dias, if it had not been for the drought that hit the crops last year.

The National Food Supply Company (Conab) estimates a crop of 45.5 million bags this year, growth of 35% over last year. The Conab asserted, upon disclosing its estimate, that the expansion could have been greater, had it not been for the drought.

Coffee crops are biennial - one year's harvest is more promising than the next year's -, and this is regarded as a favorable year for the product.

In the first half this year, coffee answered to 6.3% of revenues from Brazilian agribusiness exports. The largest volume shipped to the foreign market was that of green coffee, with 11.1 million bags and revenues of US\$ 1.8 billion.

Exports of soluble coffee totaled 1.7 million bags, which answered to US\$ 284 million. Foreign sales of roasted and ground coffee amounted to 76,400 bags, and US\$ 20.4 million.

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