

Mexico Sees Coffee Output Quadrupling in 15 Years Amid Massive Investment

CoffeeNetwork (Medellin)-Mexico's coffee output is expected to quadruple in 15 years to 15 million 60-kg bags driven in part by growing local coffee consumption amid a robust investment in the renovation of thousands of hectares, Mexico's Vice Minister of Agriculture Jorge Armando Narváez told CoffeeNetwork.

Mexico is investing US\$300 million in the 2016-2018 period to renovate 300,000 hectares during the three-year period as the administration of President Enrique Peña Nieto approved the so-called "Internal Coffee Plan," that is disbursing US\$100 million per year to replace old coffee trees with new coffee bushes, Narvaez told CoffeeNetwork.

"We are providing 150 million plants to growers each year. The renovation plan is costing around \$80 million per year including technical assistance, and an additional \$20 million per year is oriented to foster more business-oriented growers," he said on the sidelines of the World Coffee Producers Forum.

"We are consistent to produce 15 million (60-kg bags) over the next 15 years. One thing is say it in a forum and not accomplish goals, but we are determined to reach that level because we are taking into consideration the strong consumption growth," Narváez added.

Mexico is expected to produce 3.8 million (60kg) bags for the coffee year 2017-2018, according to USDA. But the government pegs production to 4.3-4.5 million (60kg) bags for 2017-2018 year as weather conditions have been favorable. For the 2018-2019 coffee year, production is expected to total 5 million bags as hectares renovated begin to bear fruits.

Productivity on the existing 600,000 hectares will be boosted to 20 quintals (46kg) per hectare thanks to the renovation plan, sharply higher from the existing 4 quintal per hectare.

Mexicans are currently drinking 1.5 kilograms of coffee per capita, or 0.44 cups per day, and that trend is expected to keep on rising amid an explosion of coffee shops and a growing trend to drink coffee, Narváez noted.

Mexico is scheduled to reduce the imports of Robusta beans for local consumption as production keeps on rising. Imports are expected to drop to 1 million 60-kg bags this year, down from the 1.5 million bags imported last year, Santiago Arguello, Mexico's director of agriculture promotion, noted.

Mexico is one of the large majority Central American nations that have experienced a sharp drop of production in recent years hit by an outbreak of a roya fungus, prompting the abandonment of farms and the migration of coffee farmers to cities and to the US. Guatemala's Coffee Producers Association ANACAFE said coffee production has been declining 3% each year for the past ten years, except from Honduras, which is experiencing a strong output growth, driven by the renovation of thousands of hectares in the past years and fertilization initiatives carried out by growers.

Mexico mainly produces coffee in the south eastern provinces of Chiapas and Mexico is known for producing organic coffee. Of its total output, 80% is washed Arabica beans and the balance is Robusta.

In 2013, Mexico produced 2.3 million (60 kg) bags hit by a roya outbreak that shook an already vulnerable and aging coffee plantations.

Mexico is targeting growing export markets such as Australia, New Zealand and South Korea to increase shipments there. Those countries pay high premiums on high-quality Arabica beans.

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