

Agricultural agency hopes coffee programme will continue after election

Now entering its third year, the Plan for the Care of Coffee (PIAC) implemented by Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) has benefitted thousands of coffee farmers in the country.

In the first year of the initiative, 150,000 coffee farmers were helped by the programme; by the end of the second year, 200,000 had been reached, so it is no surprise that SAGARPA and the other organisations involved in the programme are keen that it should continue after the Mexican general election, which takes place on 1 July 2018.

Speaking exclusively to *C&CI* in early February, Vera Espindola, who works for SAGARPA, explained that all of the feedback from the programme had been extremely good, and she and her colleagues are hopeful that whichever party forms the next Mexican government will continue with it. "We've had fantastic feedback from the farmers who have been through the programme," she told *C&CI*. "We're sure that feedback will help inform the next administration's decision."

SAGARPA's programme of work in the coffee sector in Mexico promotes the sustainable use of resources, employment and measures to ensure the continued competitiveness of agricultural products.

Significantly improving production

The Plan for the Care of Coffee's mission is to increase coffee production to 4.5 million bags by focusing on improving production and farmers' incomes from coffee in a sustainable manner.

Coffee is a key product in Mexico with a current estimated production of around 2.35 million bags annually. As in most coffee producing regions around the world, the vast majority of our coffee is grown by smallholder farmers – nearly 500,000 – who rely on the industry for their economic livelihoods.

Efforts led by Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food to help coffee farmers and boost production have so far yielded excellent results



Millions of high-yielding, disease-resistant seedlings are being distributed to Mexican coffee farmers

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The programme has a number of elements to it, including the distribution to farmers of new, high yielding, disease resistant coffee seedlings, and the establishment of nurseries in which to produce seedlings, along with technical assistance and training in good agricultural practices.

Technical inputs provided under the programme include fungicides to help combat coffee leaf rust, which had a profound effect on production in the country.



Working with partners, SAGARPA has established coffee nurseries for new varieties

Ms Espindola said 2018 will also see SAGARPA focus on infrastructure that farmers need to process the coffee that they harvest and on new wet and dry mills.

Wet and dry mills planned

Working with the Instituto Nacional de Investigaciones Forestales, Agrícolas y Pecuarias (INIFAP) early work under the programme focused on obtaining coffee seedlings that were resistant to leaf rust. INIFAP developed a variety that is resistant (Oro Azteca) which is being used in several places and other seedlings are being raised from varieties imported from Costa Rica, Guatemala, Nicaragua and from Brazil. The plan is to renovate coffee plantations around Mexico, with particular emphasis on the states of Veracruz, Puebla, Chiapas, Oaxaca and Guerrero, which represent more than 90 per cent of production and were hit hardest by coffee rust.

Counting on COSA

More recently, Ms Espindola and her colleagues have begun working with the Committee on Sustainability Assessment (COSA) to establish science-based metrics that will allow for a faster and better understanding of the effects of the sustainability programme.

“They know that they need to measure the actual impacts of their efforts and

together we are establishing the initial stages of simple systems that offer clear perspectives of the realtime performance of hundreds of millions of dollars of public investments across crops as diverse as maize, palm oil, and coffee,” Daniele Giovannucci, president of COSA told *C&CI*.

Consumption growing

According to the latest figures produced by the US Department of Agriculture’s Global Agricultural Information Network (GAIN) domestic coffee use (both roasted and soluble coffee) in MY 2017/18 is forecast at 2.3 million bags, assuming relatively stable domestic prices.

Coffee prices have increased as have many other products because of the exchange rate fluctuations of the Mexican peso and US dollar. Official sources say they believe consumption could grow to 3.0 million bags, however a study on this issue is underway and consumption data is not certain yet.

According to sources, average annual consumption is typically between 1.3 kg/per capita to 1.5 kg/per capita. Consumption has been driven by promotions and the growing number of coffee shops in Mexico. Ground coffee consumption has increased and is the second largest share of domestic use. Soluble coffee is still very important and has about 65-70 percent share of consumption.

Consumption demand has been met since 2015/16 by imported coffee due to

lower supplies from domestic production. However, the government believes this situation will improve if production goals can be met.

Instant coffee dominates

Data from Euromonitor suggest that in 2017 instant coffee continued to dominate retail volume and value sales in Mexico, but premiumisation is stimulating growth in retail value sales.

There have also been some important product launches recently, including a new instant coffee by Nestlé, made with coffee beans from Chiapas, Oaxaca and Veracruz, which are well known for their production of high-quality coffee. In 2017, the company went further, offering instant coffee products, including Xiapan and Verarica, produced with coffee grown in specific reserves within these states.

Nestlé México remains a leader in terms of retail volume and value sales. Widely known for its coffee brands, the company remains the undisputed leader in instant coffee, where it offers brands like Nescafé and Taster’s Choice.

The entrance of new brands contributed to sales growth in the single-serve market with new coffee pod products. Initially, there were only two brands present in this category, Nespresso and Nescafé Dolce Gusto, but others are now entering it.

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