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Government to Allocate Emergency Assistance to Confront Coffee Crisis In Chiapas

by LADB Staff

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On Jan. 31, the Mexican Coffee Council (Consejo Mexicano del Cafe, CMC) announced that the government has allocated about US\$11 million in emergency assistance to coffee producers in eight districts in Chiapas. According to a document released by the CMC, the funds will be used to support harvesting and marketing activities. Coffee production activities in parts of Chiapas have come to a standstill since the conflict between the Mexican army and the Zapatista National Liberation Army (Ejercito Zapatista de Liberacion Nacional, EZLN) erupted on Jan. 1.

The CMC said the area directly affected by the conflict comprises more than 58,000 hectares, producing about 31% of the total coffee output in Chiapas. The affected area is more than one-tenth of Mexico's total coffee area of about 500,000 ha. Most of the coffee growers in the region affected by the conflict are small-scale producers with 2 ha. or less of land. The assistance announced by the CMC follows a Jan. 25 report by the Agriculture Secretariat (Secretaria de Agricultura y Recursos Hidraulicos, SARH) warning that 60% of the coffee crop in Chiapas could be lost if the harvest is delayed much longer.

Zapatista conflict could affect output

According to the SARH, coffee production in Chiapas for this season had been estimated at about 139,478 metric tons, but only about 50,964 MT had been harvested as of mid-January. Almost 80% of the coffee grown in Chiapas is destined for export. Beyond this year's crop, SARH warned that the conflict could have negative repercussions on future production, since many peasants have been unable to properly maintain and prepare their coffee trees for next season's crop. Rafael Ceballos, director of the National Coffee Producers Union (Union Nacional de Productores del Cafe, UNPC), noted that the conflict in Chiapas has been concentrated in regions such as Los Altos, where coffee is the principal crop.

For his part, Fernando Celis, an official with the National Confederation of Coffee Organizations (Confederacion Nacional de Organizaciones de Cafetaleras, CNOC) told La Jornada newspaper that overdue loans in Los Altos alone amount to nearly 45 million nuevo pesos (US\$13.5 million), a relatively high percentage of the 800 million nuevo pesos (US\$239 million) in overdue debts owed by all of Mexico's coffee producers. About 300 million nuevo pesos (US\$89.6 million) of the total debt is owed to the government's National Solidarity Program (Programa Nacional de Solidaridad, PRONASOL), another 200 million nuevo pesos (US\$59.9 million) to the National Coffee Trust (Fideicomiso del Cafe, Fidecafe) and the rest to either private banks or the government's agricultural credit institution (Banco Nacional de Credito Rural, Banrural).

In addition to the outstanding debt problem, many coffee producers have been hit hard by low prices for coffee on the world market and by several other factors which have contributed to drops in production. Output has been reduced as a result of factors such as a lack of funds for

fertilizers and the presence in the region of a coffee tree insect. For its part, the CNOC is urging the government to continue to participate in global efforts to boost international coffee prices to at least US\$100 per quintal (100-pound bag). In addition, the CNOC wants the government to diversify the customer base for Mexican coffee exports, since 90% of the country's production currently goes to the US.

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