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## Mexican Coffee Growers in Crisis Due to Outbreak of Coffee Leaf Rust, Other Factors

by Carlos Navarro

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The Mexican coffee industry is facing its greatest crisis in modern history because of an outbreak of a fungal disease, a pest infestation, aging trees in many of the largest producing states, and the impact of global climate change. In its most recent forecast, the coffee producers' union, Unión Nacional de Productores de Café (UNPC), said the total production for 2015-2016 would amount to about 1.5 million 60-kg sacks, compared with about 3 million bags the previous year. "Just five years ago, we were producing 5 million sacks per season," said UNPC president Gabriel Barreda.

With the decline in production, Mexico now accounts for roughly 1.5% of all the coffee produced in the world, compared with Brazil, which produces about 49.4 million sacks, or 33% of the total global output. Vietnam is the second-largest producer, with slightly more than 29 million sacks.

The forecast of 1.5 million sacks is even lower than the production recorded during the crisis coffee producers faced in 2004-2005, when output fell to as low as 3 million sacks ([SourceMex, Oct. 27, 2004](#)), a decline from 5 million sacks in 2000-2001 ([SourceMex, Feb. 16, 2000](#)).

The forecast from the UNPC, which is affiliated with the Confederación Nacional Campesina (CNC), is more pessimistic than the most recent estimate from the agricultural ministry, the Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (SAGARPA), which estimates output at 2.3 million sacks. Another coffee-industry group, the Asociación Mexicana de la Cadena Productiva del Café (AMECAFÉ), had forecast production for 2015-2016 at 2.2 million sacks, while the US Department of Agriculture (USDA) recently estimated output at 3.3 million sacks.

Regardless, production has fallen steadily over the past seven years from a high of 6 million sacks in 2009, said SAGARPA. The coffee growing year runs from October through September.

The leaf rust, an orange-colored fungus (*Hemileia vastatrix*) known as roya, which has affected large areas where coffee is produced, arrived in Mexico four years ago. The rust has also appeared in some coffee producing areas in Central America, including Nicaragua ([NotiCen, Sept. 18, 2014](#)).

UNPC officials said roya arrived in Mexico during the time of the season when coffee trees were most vulnerable. Even though coffee is a major source of revenue for many of the southern states in Mexico, authorities did not begin to take any actions to address the problem until 2015, when the fungus had already spread widely, resulting in "three lost years" for coffee producers, Barreda said.

In addition to roya, an infestation of the broca, a species of beetle that is also known as the coffee berry borer, has damaged coffee trees in many areas. The female beetles attack the coffee berries during a crucial stage of development, sometime between eight and 32 weeks after the trees have flowered. According to scientists, a warming of the climate has encouraged the development of the broca in the coffee producing areas of Mexico. In addition to the increase in pests in Mexico, global climate change has wreaked havoc with rainfall patterns in Mexico's coffee-producing areas.

Because of the prevalence of roya and broca, Mexico's coffee farmers must now replace about 70% of their trees over the next four years, an ambitious but necessary plan.

### *Slow government response*

Federal authorities, which were slow to respond to the problems, now acknowledge that Mexican producers are in trouble. "More than 500,000 coffee producers throughout the country are facing a crisis because of drops in the harvest and in exports caused by an outbreak of leaf rust and an infestation of the broca pest," deputy agriculture secretary Jorge Narváez said in mid-March to participants at an international coffee conference sponsored by the global agribusiness organization Syngenta in Mexico City.

The situation has greatly reduced the amount of coffee available for the domestic market and for export. In a typical year, when 5 million sacks are produced, roughly half of the total is destined for export and the other half is processed for sale in Mexico. Over the last four years, Mexican exports of coffee beans have declined by 50%, according to SAGARPA statistics.

Early this year, SAGARPA allocated about 750 million pesos (US\$42 million) in direct assistance for coffee producers affected by roya in the states of Oaxaca, Veracruz, and Chiapas, which are three of the four largest coffee producing states. Puebla is the fourth.

SAGARPA took emergency actions in response to pressure from producers. In November 2015, coffee growers from 29 municipalities in Chiapas blocked highways to demand that the federal government declare an agricultural health emergency because 70% of the coffee trees in the state had been infected with roya. In an interview with the daily business newspaper *El Financiero*, Ismael Rodríguez Coronel, a leader with an organization of agricultural cooperatives (Confederación de Cooperativas Unidas Para Estar Bien) said the emergency situation had hurt some 175,000 families in Chiapas who make a living from growing coffee.

SAGARPA also announced plans this year to spend an additional 1.2 billion pesos (US\$67 million) for a special campaign to help coffee producers emerge from the crisis. The campaign—known as the *Coordinación Integral para la Protección al Café*—aims to help producers replace trees with varieties that are resistant to roya. The disease-resistant seeds will come primarily from Central America. The objective of the program is to help production recover to about 4.5 million sacks within a two-year period, SAGARPA said.

According to Rosalío López, a researcher at SAGARPA's Instituto Nacional de Investigaciones Forestales, Agrícolas y Pecuarias (INIFAP), authorities plan to import a total of 35 tons of seed. The Marsellesa seed variety will come from Nicaragua and Costa Rica, while the Sarchimor variety will come from Guatemala.

Under a timetable set up by SAGARPA, the imports will occur in May, with the possibility of transplanting the seed to coffee plantations in October. "By 2019, the plants that emerge could start to produce small amounts of coffee berries," López said.

Barreda said some producers have doubts about this plan, but added, "I believe that we have no other alternative. The decision to acquire these seeds is an important and decisive step toward promoting production that is resistant to roya."

Even with the emergency steps taken by the government, there is concern that authorities are not doing enough. "The situation is worsening in the coffee-growing regions," Fernando Celis, an

official with the umbrella group Coordinadora Nacional de Organizaciones Cafetaleras (CNOOC), said in an interview in February with the online news site Sinembargo.mx. "Many families have seen a sharp drop in income, and we might soon face a food and social crisis."

Coffee beans are grown in 15 states in Mexico, but the lion's share is produced in four states: Chiapas, Veracruz, Puebla, and Oaxaca. Under normal conditions, Chiapas produces about 402,000 tons of coffee beans a year, followed by Veracruz, with 353,000 tons. Guerrero ranks fifth, with an output of 48,000 tons; Hidalgo is the sixth largest producer, with 35,000 tons. San Luis Potosí, Nayarit, Jalisco, Querétaro, Colima, Michoacán, México state, Morelos, and Tabasco produce small amounts of coffee in their mountainous regions. Roughly 96% of the coffee beans grown in Mexico are of the arabica variety, while the other 4% of the beans are robusta.

"More than 70% of the coffee plantations in Mexico are located above 600 meters (2,000 feet), which along with unique microclimates, allows a high quality," said the daily business newspaper *El Economista*. "High-altitude coffee, grown above 900 meters (3,000 feet) above sea level, is in greater demand."

### *Illegal imports spike*

The shortage of coffee in Mexico has resulted in a spike of illegal imports of coffee beans, with many of the imports of lower quality. In many cases, lower quality beans are imported from Honduras. According to Celis, producers have had to deal with imports of Central American coffee in the past, but the recent drop in production in Mexico has greatly increased the totals coming into the country.

"We had seen [illegal imports] in previous years, but not at current levels," Celis said. "There is no official count of the totals, but producers in Chiapas, the coffee processors, and the government itself, acknowledge the situation."

While Honduras supplies the lion's share of the illegal imports, the Central American country also competes with Mexico for export business. Honduras has recovered from an outbreak of roya in 2014, which reduced that country's production by about 25%. According to Sinembargo.mx, Honduran exports this year are projected at 7 million sacks, mostly arabica beans. In a good year, Mexico exports about 4 to 5 million sacks, but coffee shipments overseas are projected at only 2.1 million sacks in 2015-2016 because of the roya outbreak.

Beyond the competition on the export market, the CNOOC is concerned about losing the domestic market. "We need to intensify our efforts to promote consumption of coffee here in Mexico," Celis said. "When production does recover, we run the risk of overproducing coffee, which will result in lower prices."

Despite the CNOOC's concerns, there are signs that demand for coffee is increasing in Mexico. Per-capita coffee consumption in Mexico rose by 20% during 2015, to 2 kg a year. According to León Reffreger, owner of the Jalisco-based business La Borra del Café, the increase is due in large part to a shift in consumer preferences, from instant coffee to fresh beans.

Other analysts agree that the consumer market for coffee is bright in Mexico. "[Mexico] being a consumer country opens great opportunities for entrepreneurs... Strong brands like Nestlé, Coca-Cola and Starbucks have their eyes set on coffee... The challenge now is to have enough domestic production and avoid importing," said Euromonitor International consultant Mark Strobel.

Despite the potential recovery of the Mexican coffee market in the coming years, some analysts believe that producers should take a longer-term view, particularly given the uncertainty about climate conditions. "The only way to avert a disaster, or at least minimize its impact, is to diversify crops," analyst Eugenio Fernández Vázquez wrote in Revista Emeequis.

As an example, Fernández Vázquez cited the communities of Chinantla Alta, in the sierras of northern Oaxaca: "[These communities] suffered a major blow from roya. In some areas, producers have lost about 80% of their crop. However, they have been able to survive because they have kept up their plantings of corn, improved their cultivation of vanilla beans, reintroduced cocoa plants, and are turning to production of honey. Now that coffee is providing so little income, they can support themselves with those other agricultural products."

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