



# foreign trade

**VOL. 13**

**OTTAWA, JUNE 13, 1953**

**NO. 337**

✓ Coffee for Canadians .....	2
<b>Reports from Coffee Countries:</b>	
Brazil .....	5
Colombia .....	8
Ecuador .....	10
Venezuela .....	11
Central America .....	13
Costa Rica .....	17
Jamaica .....	19
Trinidad .....	21
Haiti .....	22
Dominican Republic .....	24
Mexico .....	25
British East Africa .....	27
Trade Commissioners on Tour .....	30
Trade and Tariff Regulations .....	31
Foreign Exchange Rates .....	32

**COVER . . .** Coffee berries, almost ready for picking, stand out against the glossy, lance-shaped foliage of a mature tree. Soon these berries will be picked by hand and go through various processes, before they are transformed into the ground coffee that finally appears on the Canadian breakfast table.

Published weekly by the Department of Trade and Commerce under the authority of the Right Hon. C. D. Howe, Minister, and WM. FREDERICK BULL, Deputy Minister.

Please forward all subscriptions and orders to: The Queen's Printer, Government Printing Bureau, Ottawa.  
Price: \$2.00 a year in Canada; \$3.50 abroad. Single copies: 10 cents each,

Material appearing in this magazine may be freely reprinted, preferably giving credit to "Foreign Trade."

## Coffee for Canadians

*The last fifteen years have seen Canadian imports of coffee soar, the price rise, and importers turn to Latin America as the major source of supply.*

IN THE LAST TWENTY YEARS coffee has been—to use descriptive slang—a “comer”. Higher incomes, the growing popularity of the “coffee break”, the introduction of new devices for brewing coffee, and the impact of American advertising—all these have combined to boost coffee sales.

At the turn of the century (1900-01), Canadians imported 3·8 million pounds of raw coffee, at a cost of \$405,443. In 1952, the import bill read \$50½ million, for nearly 98 million pounds. This works out at about seven pounds per person. Just before the war, we were drinking up only about 3½ pounds per person each year, though the price was far easier on the consumer’s budget. For 1945-49, the annual consumption rate averaged 5·6 pounds per person, at a time when our coffee-conscious neighbours in the United States were using it at the rate of 19·4 pounds each.

### Where We Buy Coffee

Where does the money go that we pay out for green coffee beans every year? What countries reap the benefit of our increasing fondness for this brew? The average consumer, remembering that coffee is a tropical or semi-tropical crop, answers “Latin America”—and he is partly right. Altogether coffee grows in some forty countries but ¾ or more of the world’s supply come from Latin America. In fact, Brazil and Colombia, the two giants in the coffee picture, together produce about ⅔ of world needs. Out of the 98 million pounds of green coffee Canada imported last year, 72 million came from these two countries. But we bought from other sources too, as the table below shows:

**Green Coffee Imports, 1952**

From	Quantity (lb.)	Value \$
Brazil .....	41,976,293	21,288,354
Colombia .....	29,446,464	16,293,681
British East Africa .....	7,699,682	3,950,140
Mexico .....	3,346,842	1,607,074
Guatemala .....	2,298,844	1,179,440
Venezuela .....	1,587,636	868,565
Costa Rica .....	1,452,171	816,939
El Salvador .....	1,552,048	737,074
Ecuador .....	1,277,253	658,215
Dominican Republic .....	1,343,478	626,944
Other Countries (18) .....	5,707,264	2,748,401
<b>Total .....</b>	<b>97,597,975</b>	<b>50,774,827</b>

Canada has not always turned to Latin America for the bulk of her coffee. Before the war the import pattern looked rather different and we used large quantities grown in parts of the Commonwealth such as

Kenya, Tanganyika and Jamaica. In 1937, 1938, and 1939, when coffee imports from all sources averaged 41·8 million pounds a year, 26 million pounds (or over 62 per cent) came from Commonwealth countries. The year before war broke out, imports from British East Africa alone topped those from Brazil and Colombia combined. Here is the 1938 picture:

#### Green Coffee Imports, 1938

From	Quantity (lb.)	Value \$
British East Africa .....	15,383,491	1,311,443
Jamaica .....	9,043,691	677,254
Colombia .....	7,041,169	663,520
Brazil .....	5,627,713	346,634
United Kingdom .....	1,932,642	247,917
Other countries (14) .....	2,932,016	279,202
<b>Total .....</b>	<b>41,960,722</b>	<b>3,525,970</b>

#### Wartime Influences

The swing away from Commonwealth and towards Latin American sources was set in motion and then accelerated by the war. The hazards of shipping in wartime and the shortage of vessels largely cut off British East African supplies. In addition, the British Ministry of Food embarked on a policy of buying, in bulk and under long-term contracts, the larger part of the crop from sterling-area countries. This system of purchasing continued into the postwar years. As late as 1949 the U.K. Ministry of Food made long-term contracts with British West Africa, British East Africa, Jamaica, and the Belgian Congo for part of their crop. Most of these contracts expired during 1952 and some of them have been renewed until 1954. But the amount available for sale on the free market is increasing, as signs multiply that in coffee, as in other commodities, the British are working towards restoring the trade to private channels. (See the report from Jamaica on page 19 and on British East Africa on page 27.)

#### Sources and Prices

The war was not the only factor in turning the eyes of coffee buyers towards Latin America. The one word "price" also goes far to explain the change. Anyone who has bought coffee regularly over the past ten years knows how the price has climbed. The rise shows up graphically (and has to be kept in mind) in looking at the statistics.

#### Green Coffee Imports

Year	Quantity	Value
1937 .....	37·4 million lb.	\$ 3·7 million
1946 .....	84·2 " "	\$15·4 "
1949 .....	98·1 " "	\$25·9 "
1950 .....	82·7 " "	\$41·6 "
1951 .....	88·4 " "	\$48·4 "
1952 .....	97·6 " "	\$50·7 "

The table points up the fact that 98·1 million pounds of coffee cost \$25·9 million in 1949; three years later, approximately the same quantity cost the importers nearly double. This spectacular jump drove some consumers out of the market or forced them to cut their purchases. This was demonstrated in 1950, when imports slumped by 15 million pounds compared with 1949.

The price rise had its effect upon the source of our coffee. Coffee from Commonwealth countries enters Canada free of duty; coffee from most-favoured-nation countries pays a duty of two cents a pound. When the price of coffee was low, the two-cent-a-pound duty bulked large. As the price of green coffee rose—to as high as 55 cents a pound—the two cents made progressively less difference.

### **Why Higher Prices?**

“Why has the price of coffee risen?” It is difficult to answer that question without going into the complicated economics of the coffee business. Green coffee beans, stored under the proper conditions, will keep for several years. During the thirties Brazil, by far the dominant coffee producer, had large crops and surpluses accumulated. World prices went down. In 1935, green coffee landed in New York cost importers nine cents a pound on the average; by 1940 it had slipped to 7·2 cents. During these years, the Brazilians were limiting production and burning up coffee; in 1937, 17·2 million bags were destroyed. (See report on Brazil on page 5.) And the coming of the war cut Latin America off from its continental European markets.

By 1946, the New York price had gone up to 18·7 cents and, as the surplus began to disappear, the price kept on rising. In 1950 it averaged 50·9 cents. In February of the next year, the United States imposed price ceilings of 55·5 cents for Santos coffee and 60·5 cents for Colombian. Last March these price ceilings were removed. The price at first shot up and then dropped back nearly to the ceiling level.

### **Processing the Coffee**

Most of the coffee we use enters Canada as green coffee beans and is roasted and blended here. The usual method is importing through brokers who represent exporters in the producing countries. The larger importers often maintain their own representatives in the coffee countries. They roast, blend and pack their own brands of coffee and sell them through the regular commercial channels. Smaller firms buy from roasters who sell directly to them.

Naturally, the roasting—and even more, the blending—of coffee is a highly specialized business. Much depends upon the skill of the blender, a skill acquired through years of experience. Today one of the problems is keeping up the quality of the blend without pushing the price beyond the average buyer's reach. Brazilian coffee forms the basis of most of the blends sold here, with Colombian “mild” and other specialty coffees used to impart flavour. Last year Canada bought coffee from at least 28 countries, sometimes only in small amounts. One interesting development today is the trend towards “instant” coffees, or what the trade knows as “solubles”.

Growing, drying, shipping, roasting, blending—coffee passes through all these stages in its journey from the plantation to the Canadian table. But fundamentally, everything depends upon the coffee grower and his crop. The following pages tell the story of coffee in the countries from which we buy the major part of our supplies and bring you up-to-date on coffee at its source.

—O. MARY HILL  
*Editor, “Foreign Trade”*

## ★ Brazil

*Though, over the years, coffee production has decreased, experts estimate the exportable crop for the 1953-54 season at 16 million bags.*

SAO PAULO—Brazil has long held the first place in the production and export of coffee. With the exception of a few years, it has been the most valuable single export since about 1830. Recently, it has accounted for 60 to 70 per cent of the total annual value of exports from Brazil. Brazil alone produces as much coffee as all the other coffee-producing countries combined.

There are conflicting stories about when coffee was first introduced into Brazil, but it is generally accepted that the first plants were brought into the State of Pará in 1727. From there its cultivation spread into other parts of the country. However, it did not become commercially important until the early 19th century. Since 1906 coffee has been of the utmost value to the national economy.

### Major Types of Coffee

The varieties most cultivated are: "bourbon", a somewhat delicate variety, needing rich soil but yielding large crops; "creolo", a hardy shrub; "maragogipe", which gives a large bean but a small yield; "botucatu", which is hardy and produces a yellow bean, and "java", which is said to be merely a degeneration of "bourbon", requiring good soil and climate. All of the coffees are of the Arabica type.

### São Paulo Most Important

The State of São Paulo has long been the most important coffee producer, with some 50 per cent of the total production. In recent years Parana has been increasing its output rapidly and is now second in importance, replacing Minas Gerais, which had retained this position for many years. The magnitude of this change is clearly seen from the statistics showing production in these two states. In the 1925-26 crop year, São Paulo produced 10,087,100 bags of coffee, but production in Parana amounted to only 176,900 bags. In the crop year 1950-51, São Paulo produced 8,018,300 bags, compared with 4,099,600 for Parana.

### Decrease in Production

Production of coffee from 1925-26 to 1950-51 has shown wide fluctuations but also a long-term tendency to decrease ever since the middle 30's. The high for São Paulo, for example, was the 21,850,100 bags (60 kilos each) produced in 1933-34; the low, 4,721,800 in 1944-45, and the long-term average, about 11,751,177 bags. In Parana, on the other hand, lowest output was in 1926-27, some 128,700 bags, the highest in 1950-51, some 4,099,600 bags, and the long-term average, about 841,319 bags. The total 1950-51 crop was only 56 per cent of that recorded for 1933-34.



*These young coffee seedlings are being grown in a coffee nursery in Jamaica. Later, when they are about 1½ feet high, they will be set out in the plantation. It takes from five to six years under normal growing conditions before the plant produces a commercial crop.*

The decline in production stems from two causes: governmental policy and climatic and soil conditions. During the depression years, when world coffee production exceeded consumption, prices were extremely low. In an effort to raise and stabilize the value of coffee, Brazil embarked on a policy of withdrawing it from the market. The Government purchased and systematically burned millions of bags. Between 1931 and mid-1944, Brazil destroyed a total of 78,215,000 bags. At the same time as it withheld these enormous quantities of coffee from the market, the Brazilian Government took steps to limit production. Until the beginning of 1943 it was unlawful to plant any new trees and millions of trees were abandoned or destroyed. As a result of these measures, production dropped appreciably and reached a new low of 9,136,000 bags in 1944-45.

Brazilian production was also adversely affected by drought in 1939 and heavy frosts in 1942. Production has also decreased because of poorer yields. Figures in the State of São Paulo show the effect of these various factors:

Year	Producing Trees	PRODUCTION	AVERAGE YIELD
		Bags of 60 kilos	Arrobas per 1,000 trees
1933-34 ....	1,479,392,301	20,250,000	55·48
1939-40 ....	1,270,890,205	14,833,398	46·69
1944-45 ....	1,218,422,942	5,092,245	16·72
1945-46 ....	1,124,487,926	6,609,945	23·51
1946-47 ....	1,027,983,911	8,000,778	31·13
1947-48 ....	1,035,322,019	7,168,957	27·70
1948-49 ....	1,036,662,041	8,064,233	31·11

The extent to which yield is affected by the age of the coffee tree is evident from the following figures covering production on a coffee farm over a 24-year period, 1925 to 1948.

#### Average Production of Coffee

	Arrobas per 1,000 trees
1925-32 .....	77.7
1933-40 .....	74.6
1941-48 .....	45.0

#### United States Best Customer

The United States is the best customer for Brazilian coffee. Since the end of the war, between 63 to 67 per cent of the coffee exported from Brazil has gone to that country. This represents a drop from the war years, when 83 per cent of the coffee exported from Brazil was destined for the United States. It compares favourably, however, with the prewar percentage of 55 per cent. As a result of the war, trade with Europe declined and exports to European countries during these years accounted for only 6.8 per cent of the total, as compared with 35 per cent in prewar years. This trade has been picking up since the end of the war and by 1951 represented 25 per cent of the total. Before the war, Germany and France were the two most important European customers. France still ranks as the No. 1 customer in Europe, but Sweden, Benelux and the United Kingdom have moved ahead of Germany.

Canada is not one of the more important markets and ranked eleventh in 1951. However, our consumption of Brazilian coffee has increased considerably since prewar. Statistics show that, whereas in the period 1934-39 Canada accounted for only 0.3 per cent of the exports, in 1947-1951 the Canadian market purchased 1.8 per cent of all coffee exported from Brazil.

Exports from Brazil in recent years have been as follows:

1949 .....	19,369,000 bags of 60 kilos each
1950 .....	14,835,000 " " " "
1951 .....	16,358,000 " " " "
1952 .....	15,821,000 " " " "

The annual average for the prewar years 1934 to 1939 was 14,732,000. These larger exports have been made possible through the liquidation of the stocks of coffee held by the Brazilian Government.

#### The Coming Crop

The coffee marketing year begins in Brazil on July 1st. It is estimated that the carry-over on July 1, 1953, will be 1½ million bags less than in previous years. Recent estimates have placed the "exportable crop" at 16 million bags during 1953-54. The exportable crop in the State of São Paulo will undoubtedly remain about the same as last year; production in Parana will be less and that in Minas Gerais higher, giving a final crop of about the same size as in 1952-53.

—C. J. VAN TICHEM

*Consul of Canada and Trade Commissioner*

## ★ Colombia

*Leading earner of foreign exchange, coffee exports last year brought US\$379.8 million; Canada ranks next to U.S. as a market for these high-grade coffees.*

BOGOTA—Coffee is Colombia's most important agricultural crop and leading foreign exchange earner. In the first ten months of 1952, for example, out of total exports valued at US\$373.25 million, coffee earned over US\$303.33 million. The only other export that even approached this record was crude oil at US\$59 million. More than a quarter of Colombia's population of nearly 12 million depends directly on the coffee crop for its livelihood, and practically all Colombians are affected by its success or failure. The coffee is grown, unlike most other coffee-producing countries, on small plantations and holdings occupied by individual farmers. The United States is Colombia's biggest market and absorbs over 90 per cent of the production every year.

### **Background of Trade**

The coffee bush has flourished from very early days in the subtropical areas of Colombia, generally in regions between 4,000 and 7,000 feet high. By 1900, production for export had reached 430 thousand bags of 154 lb. each. As the population of the United States and Western Europe, where coffee consumption was greatest, rapidly increased, the demand for Colombian coffee rose steadily. To meet the demand production was expanded until, by 1920, coffee accounted for 51 per cent of the nation's exports. As with all raw products, the Colombian producers experienced fluctuations in prices and markets from year to year and suffered from a lack of co-ordination in sales because many diverse types and brands were marketed. To correct this situation, a congress of growers was constituted and in 1927 it successfully launched the Coffee Growers Federation (Federacion Nacional de Cafeteros). This semi-official body has since its inception wielded great influence on the trade and on the Government's coffee policies.

The Federation's efforts are directed to improving the production and marketing of coffee, and to protecting the coffee planters' interests. The export of low grade coffee has been discouraged and now approximately 75 per cent of exports is made up of the highest grade, "Excelso Medellin".

### **Grading Standards**

The Federation early recognized the importance of establishing grades and standards for coffee which would have an international standing. With the help of the Central Government, laws were promulgated and vigorous steps taken to introduce proper methods of classification and grading. These measures have proved very beneficial, prices for similar varieties have been stabilized and Colombian coffee standards are recognized everywhere.

Year by year, with few exceptions, Colombia's exports of coffee have climbed steadily—from 2,356,514 bags in 1927 when the Federation was founded, to 5,661,464 in 1946. There has been a slight decline since then, but 1952 results show over five million bags exported. The value of these exports, however, has risen substantially from US\$69,293,000 in 1927 to US\$156,686,845 in 1946 and to the record figure of US\$379,880,913 last year. Prices before World War II varied from a little over 16 cents per pound at the beginning of 1913 to 32 cents per pound in 1919. During the war international quota agreements kept prices steady at approximately 16 cents per pound. When U.S. price controls were removed in March of this year prices reached a new high at over 60 cents per pound. Since then, there has been a gradual levelling off and quotations in New York during the first week of May were 55.38 cents per pound.

### New Markets

Of Colombia's total coffee exports of 5,032,587 bags in 1952, the United States took 4,542,571 bags, West Europe absorbed 412,072 bags, and other countries, 4,164. Canada is Colombia's second largest market, although its purchases are included in those of the United States because shipments for Canada are usually directed through New York.

To overcome this dependence on the U.S. market, the Federation of Coffee Growers and the Government have taken steps to arrange agreements to exchange goods with several West European countries, under which the bulk of the Colombian exports would consist of coffee. Agreements of this kind have been concluded with the United Kingdom, Sweden, France, West Germany, Italy and Spain. Under these agreements the United Kingdom takes US\$10 million, although with the right of resale to certain markets; France takes US\$5 million; Italy, US\$7.25 million and Sweden, US\$3 million, of which US\$2 million has to be purchased directly in Colombia.

### Outlook

Barring a serious collapse in world raw material and foodstuffs markets, there seems little reason to expect a pronounced weakening in the New York or world price for coffee. Thus, with rising output and favourable prices, Colombia should be assured that its coffee industry will continue to earn the needed foreign exchange to finance purchases from abroad.

—JOHN E. LANCASTER

*Assistant Commercial Secretary for Canada*

---

*Experts say that there are about four billion coffee plants in the world, about two billion of them in Brazil. Each tree, after reaching the age of five or six years, produces about a pound of coffee a year. Often a bumper crop is followed by a poorer harvest, as the tree recovers its strength. After 15 years, the yield becomes progressively less.*

## ★ Ecuador

*Coffee made up 25 per cent of total exports in 1952, and crop was a record 380 thousand bags.*

BOGOTA—Ecuador cannot be considered one of the “coffee republics” because only about 25 per cent of its exports are derived from this commodity—and bananas and cocoa are almost equally important. In fact, up to 1922, when the cocoa plantations were smitten with a devastating blight, cocoa was the backbone of the economy and accounted for 85 per cent of total exports.

The tragedy that befell cocoa focused attention on coffee which, from the early part of the twentieth century, had been produced in small commercial quantities. Consequently, from 1923 on coffee played a much more important role in the country’s economy. Official statistics for 1924 show that coffee made up 53·47 per cent of the total exports that year. The decline to 25 per cent in 1952 does not mean that the volume of coffee production has dropped, but rather that cocoa has recovered and bananas and rice have become more important. Actually, the production of coffee has increased from 200 thousand bags in 1939 to a record 380 thousand bags in 1952.

### Organization Needed

Ecuadorian coffee is grown in the higher part of the coastal lowlands which rise to 2,500 feet. The best-known type is Zaruma, named after one of the principal producing zones. The quality is generally good and it enjoys a favourable reputation in the world market. However, there are complaints that the grades at times are not uniform. This fault arises partially from the fact that the industry is not organized into a federation which would set and maintain standards, as it does in Colombia, and also from the scarcity of modern grading equipment.

### Changing Market Pattern

The export trade, which flows mainly through the port of Guayaquil, is handled by independent export houses who deal directly with the growers. It is a precarious business and only one of the export houses active in 1925 is still operating. The pattern of trade has also changed—Spain, once the best customer, is no longer a buyer because of political and economic conditions. Today the heaviest purchasers are the United States and Italy. Belgium, the Netherlands, France, Finland and Canada are also valuable markets. Export statistics for the past three years are:

	Volume metric tons	Value U.S.\$
1950 .....	20,249	18,758,000
1951 .....	16,618	15,653,000
1952 .....	20,379	20,416,000

—WILEY J. MILLYARD

*Commercial Secretary for Canada*

## ★ Venezuela

*Rising prices for coffee abroad have encouraged increased production; United States has replaced Germany as the principal export market for the Venezuelan crop.*

CARACAS—Coffee has long been Venezuela's principal agricultural export. In 1952 coffee exports brought in some \$34 million—almost half the foreign exchange entering the country, apart from that obtained from the sale of petroleum products. Venezuela ranks sixth among Latin American coffee producers, following Brazil, Colombia, El Salvador, Guatemala, and Mexico.

The first coffee plantations in Venezuela were started in 1784 by Spanish missionaries in the Caracas area. Production soon spread to other parts of the country, with particularly successful results in the northern highland states of Tachira, Trujillo, and Mérida, at altitudes ranging from 1,700 to 4,000 feet. The coffee varieties bearing the names of these three states have been well known in world markets for many years and usually command top prices. According to the Venezuelan Agricultural Census, there were some 60,569 coffee plantations throughout the country in 1950, covering a total area of more than 838 thousand acres.

### Two Grades Predominate

Most Venezuelan coffee is classified as "washed" or "unwashed". For unwashed coffee, the berries are dried in sunlight and then their outer cover is removed by machine. Washed coffee results when the berries are passed through a machine and a fermenting vat to remove the outer covering, and then through a washer. After this they are placed on a cement floor to dry and later the inner coating is removed by machinery. The additional treatment required for washed coffee means a finer product which brings a higher price in export markets. The washed type is now reported to make up 92 per cent of national production.

Rising prices for coffee in foreign markets have meant increased production in Venezuela during the past two years. The harvest season lasts from September to March, and the latest estimate of the 1953-54 crop is 120 million pounds, compared with annual average of 88 million pounds during the period 1940-50. Current output would no doubt be even greater if many plantations had not been allowed to decline during recent years when prices were low and coffee production was less profitable because of the rising wages brought about by industrial expansion.

### U.S. Is Best Customer

Normally about two-thirds of the Venezuelan coffee crop is exported. Before 1939 Germany was Venezuela's best customer, purchasing not only for internal consumption but also for distribution throughout Central and Eastern Europe. The United States was also an important outlet.



*Coffee picking is just beginning on this plantation in the State of São Paulo, Brazil. The berries are picked from the tree by hand, usually beginning in the month of April. Marketing of the crop will start in July.*

During the war years, Venezuelan coffee became even better known in the United States and today U.S. importers take over 85 per cent of Venezuelan coffee shipments. Current quotations in the New York market for Venezuelan coffee range from 52 to 54 cents U.S. per pound for washed coffee, and 50 to 51 cents for unwashed.

#### Venezuela Coffee Exports

	1938		1944		1948		1952	
	M. Tons	'000 Bs.*	M. Tons	'000 Bs.	M. Tons	'000 Bs.	M. Tons	'000 Bs.
United States....	6,471	8,473	19,174	22,331	30,513	62,194	27,991	106,261
Germany .....	15,231	20,153	....	....	....	....	478	1,787
Belgium .....	4	6	....	....	754	1,426	358	1,276
Switzerland .....	....	....	482	629	661	1,226	333	1,194
Canada .....	4	12	....	....	546	1,173	288	1,121
United Kingdom	148	167	....	....	75	145	228	713
Italy .....	838	1,186	....	....	382	647	185	674
Norway .....	37	67	....	....	526	739	176	522
Holland .....	40	59	....	....	2,109	3,097	127	463
Sweden .....	48	60	237	234	144	237	104	404
Others .....	2,896	5,768	166	304	178	329	62	220
	25,717	35,951	20,059	23,498	35,888	71,213	30,330	114,635

\* One Venezuelan bolivar equals .2973 cents Canadian.

#### Aid for the Grower

The Venezuelan Ministry of Agriculture is endeavouring to foster production through the latest known methods of coffee culture. The Ministry supplies growers with saplings, shade trees, and fertilizers; builds drainage and irrigation ditches, tanks, drying yards, and water conduits, and undertakes pest and erosion control projects. In addition, it main-

tains a training school which gives practical courses in coffee cultivation. Another government agency, the Agricultural and Livestock Bank, helps coffee growers by advancing funds to harvest crops.

The Venezuelan Coffee Association carries on an active campaign to develop export markets, and lately has been urging the Government to seek coffee purchase commitments from countries desiring trade treaties with Venezuela. A concerted effort is being made to improve the Venezuelan position in European countries. Present indications are that Germany will soon be buying additional Venezuelan coffee and this will give an added stimulus to the industry. If these aids to development are continued, and coffee prices in foreign markets stay close to their present level, coffee production in this country should increase steadily.

—J. A. STILES

*Commercial Secretary for Canada*

## ★ Central America

*Shade-grown mild coffees from this region are commanding steady prices; picking of the 1953-54 crop will begin in September and the prospects for it are good.*

GUATEMALA CITY—Coffee forms the basis of Central America's present prosperity because it accounts for two-thirds of the value of all exports from these five countries. El Salvador and Guatemala are even more dependent on the American thirst for coffee than are Brazil and Colombia. In the United States import trade, green coffee is the colossus exceeding in value the next two items, petroleum and paper, combined.

Central America is part of the dollar area of Latin America and coffee and banana sales to North America provide the exchange for imports. The 1951 figures in the following table show the relative importance of coffee exports.

Country	1951 Coffee Exports	Percentage of total exports
El Salvador .....	\$ 78 million	89
Guatemala .....	58 "	77
Costa Rica .....	20 "	50
Nicaragua .....	18 "	40
Honduras .....	6 "	19
	<hr/>	
	\$ 180 million	
Brazil .....	\$1,039 million	59.9
Colombia .....	356 "	66.0

With a 10 per cent share of world production and little change in the plantations since prewar, Central America does not influence the price of coffee. But the rising price of coffee in response to world demand has had a great effect on Central America. Dollar exchange income from coffee has risen to more than six times that of the years 1938 and 1939. This increased purchasing power has largely been concentrated in the hands of the landowners but the prosperity has had its effect throughout

these countries. The Governments have benefited from coffee export taxes of 5 or 10 per cent of the f.o.b. values. Increased imports, new construction, and government programs would have been impossible without this bonanza.

Labour costs have risen in nearly the same proportion and labour is the only significant cost in coffee production. The cultivation, pruning, harvesting by hand, drying and bagging of coffee requires a great deal of cheap labour. Although he has more than the bare essentials of life now, the Central American coffee worker is still not a customer for North American consumer goods.

### **World-Famous Quality**

Central American coffees are well known for their flavour and aroma and obtain a premium price from the roasters, who blend them with Brazilian and other coffees. The margin of premium over Brazilian coffee has shrunk, not because of quality changes but because of the world-wide demand for any coffee. These coffees are shade-grown "milds", hand-picked, and washed after the berry pulp is removed from the bean. The particular qualities of these coffees are attributed to the acid volcanic soil and to the elevation (from 3,000 to 5,000 feet) at which they are grown. Variations in these conditions and in the preparation for shipment account for the different grades and the principal defects that are to be found in some lots of coffee.

"Arabigo" is the general term denoting the Arabic origin of the species of coffee tree most commonly grown in Central America. The yield per tree is small, but the quality of the coffee is said to be the world's best. For new planting, the "Salvadorean Hybrid" is in great demand in the Caribbean countries. The first trees were planted in Guatemala two hundred years ago but commercial cultivation came in after 1860.

### **Effect of World War II**

Before the last war, demand was slack compared with production and the coffee workers, the owners and the retail merchants all felt the blight of the great depression. When the European market was cut off in 1940, prices dropped below the barest production costs. The Inter-American Coffee Agreement signed in Washington in November of that year established quotas for sales to the United States and ended the price war. Guatemala and El Salvador had their internal quota systems whereby surplus production was retained on the farms.

The war brought a phenomenal increase in North American coffee consumption. In 1941 prices doubled and remained at the United States ceiling levels until 1945. Throughout the war, "good washed" green coffee averaged \$19 per sack of 60 kilos at San Salvador. Central America continued to sell all it could produce to the United States even when the lack of shipping prevented the marketing of Brazil's production.

With the return of European markets after the war, world demand has outstripped production. This has meant an almost continuous rise in prices which still continues. Upon removal of United States controls early this year prices jumped, but are now back to 1951 levels.

Marketing methods and crop financing have changed radically since prewar days. Then, coffee was usually delivered on consignment to the consuming markets; now it is sold directly to the roasters' buying agents

in each producing country. This practice naturally developed from the keenly competitive demand of roasting firms for their green coffee requirements. Before the war, coffee growers in Central America lacked the money for payrolls and expenses until the sale of the crop and had to seek financial aid in the consuming country. With the new prosperity, growers can obtain private funds locally, if they need them. Most growers now hold balances in New York and seldom repatriate them for crop financing. Banks in Central America traditionally do not engage in loans on crops.

#### Prosperity Expected to Continue

Prospects for the next few years indicate steady prices and no wide variations in harvests for Central America. There has been considerable new planting in recent years but a new tree does not bear until the fifth year, and thus no substantial increase in production is expected yet. The fluctuations in volume of harvest shown in the following table are primarily the result of variations in growing conditions from year to year in each country. The crop year is from October 1st to September 31st. At this time of year most of the current crop (1952-53) has been sold and the 1953-54 crop is growing on the trees. Picking will start at the lower altitudes in September, when estimates of the 1953-54 crop will be available.

#### Estimated Total 1952-53 Coffee Production with Comparisons and Total Exports Available from 1952-53 Production

in thousands of bags of 60 kilos

Country	Average 1935-36 1939-40	1950-51	1951-52	Forecast 1952-53	Exportable Production Forecast 1952-53
El Salvador ..	1,091	1,228	1,096	1,318	1,205
Guatemala ..	1,002	968	1,051	985	950
Costa Rica ...	390	335	352	540	470
Nicaragua ...	280	311	356	272	222
Honduras ....	57	172	180	197	152
Total ....	2,820	3,014	3,035	3,312	2,999

#### Record Crop in El Salvador

Good rains during the growing season have meant a record coffee yield this year in El Salvador and have brought renewed prosperity to this one-crop economy. The United States buys almost all the washed coffee and half of the unwashed coffee, or 94 per cent of total coffee exports; Canadian direct purchases amounted to \$666 thousand in 1951, or less than 1 per cent of total exports.

El Salvador is usually the third coffee-producing and exporting country in the world, far behind the huge production of Brazil and Colombia and only a little ahead of Guatemala and Mexico. This is a remarkable achievement because it is the smallest but most densely populated of the Central American republics. There is practically no unused land; any part which is not suitable for coffee is used for cotton, cattle and food crops.

The current season's Guatemalan crop, earlier expected to set a new record, was damaged and delayed by heavy rains, which brought it 6 per cent below the original estimates. In the crop year 1951-52, 130 million pounds of coffee sold at \$71 million—the country's largest harvest, at a price never equalled. Most of Guatemala's production, like Salvador's, is

washed (Arabica-Bourbon) mild coffee, with a distinctive flavour and excellent cup qualities and of a type required in the blending of the world's popular brand name coffees. Maragogipe, the giant bean variety, which in 1951-52 constituted 3 per cent of the total crop, was always very popular with European roasters and connoisseurs. European interest is returning, and the limited crop of Maragogipe coffee from government plantations just sold at a record price of \$65.00 for 46 kilos f.o.b.

#### **Surplus Will Be Auctioned**

It is estimated that about 45,600 bags of all types—Arabian, Bourbon and Maragogipe—still remain unsold in the warehouses of government-owned plantations and these coffees will be sold by public auction during the coming two or three months at high prices, because all private growers have sold in past months.

The outlook for the 1953-54 crop which begins October 1st is much like that in 1952, and hopes run high that a good price level will be maintained.

#### **Diversification in Nicaragua**

Output of cotton, sesame, rice and sugar has risen sharply in recent years, but the volume of Nicaragua's coffee crop dropped back to prewar levels this year, following two excellent crops in 1950 and 1952. In 1951, coffee shipments accounted for \$18.7 million of total exports worth \$46 million. Canada's purchases amounted to more than half a million dollars in that year.

Most of the Nicaraguan output is unwashed coffee and therefore less desirable, the merit of the coffee depending entirely on the particular crop. However, the Matagalpa district washed coffees are similar to Salvadorian and Guatemalan coffees.

—GLEN A. COOPER

*Assistant Canadian Government Trade Commissioner*

---

*"During World War II world coffee consumption, as well as production, became more than ever concentrated in countries of the Western Hemisphere. The European Continental market, which absorbed about 40 per cent of world coffee exports before the war, was closed. The United States, which was already taking more than half of total world exports, became the only important outlet for Latin American coffee.*

*"The countries of Continental Europe are again accessible to the coffee producers of the world, but they have not regained their prewar importance—nor is it likely that they will. The long-term trend in coffee consumption has been away from the Old World to the New. On the other hand, the long-term trend in production may be away from the Western Hemisphere. Certainly there are signs of gradual dispersion in supply sources, lessening the long-time dominance of Brazil."*

—V. D. Wickizer in *"Coffee, Tea and Cocoa—an Economic and Political Analysis."*

## ★ Costa Rica

*This year's crop expected to be one-half to one-third larger than last year's; dollar earnings may top \$30 million, with 80 per cent of sales going to the U.S.*

GUATEMALA CITY—Costa Rican coffees are famous for their preparation and careful grading, practices which originated when Costa Rica catered to the demands of the European and United Kingdom markets and which persist today, when 80 per cent of sales are to the United States. The high altitude coffees are superior for blending and command a good price; they have a fine, mild, and sharply acid flavour. Four types of coffee are produced: low grown Atlantics, high grown Atlantics, hard bean and strictly hard bean, all washed. Costa Rica does not produce unwashed coffee.

It is estimated that this year's crop will be one-third to one-half larger than last year's. Dollar earnings from coffee last year were \$21.5 million and this year are expected to top \$30 million.

Coffee planting was introduced in Costa Rica in 1796 and the first exports went to Chile. In 1844 a shipment was taken to Europe by Captain William Le Lacheur of Guernsey and his success in selling the coffee resulted in the cultivation of a much larger acreage. Today nearly all suitable land is planted.

### **Growing Methods Improved**

The higher returns for coffee have enabled the farmers to give their plantations better care, and chemical fertilizers are now more freely used. As a result, the yield per acre is greater and production has increased, even though plantings have increased only slightly.

There is no carryover from previous crops. Farmers are requested by law to report their crop totals to the Oficina del Cafe which fixes the percentage to be exported and the percentage to be sold for local consumption. This latter is approximately 72 thousand quintals a year.

### **Financing by Banks**

Since the local banks began crop financing some 15 years ago the growers have had more freedom. Previously, British firms financed the crop and, consequently, controlled the sales. As a result, a large share of the coffee was sent "on consignment" to London for distribution on the Continent. Today only a few lots are consigned. The growers maintain that the local banks' financing is inadequate and that they are often compelled to sell earlier and at less favourable prices. But the crop loans are maintained at what the banks consider sufficient, approximately \$27 for an estimated 46 kilos of clean coffee. A few coffee brokers and importers and one U.S. firm of roasters make advances up to 100 per cent against signed contracts for delivery two to three months ahead.

The outlook for exports is good because Costa Rica's prewar European markets are opening up again as dollars become more plentiful. Indeed, there is keen competition among European countries to secure the best grades of Costa Rican coffees and also the large bold bean Atlantic growths which are available early in the crop year.

#### Costa Rican Coffee Exports

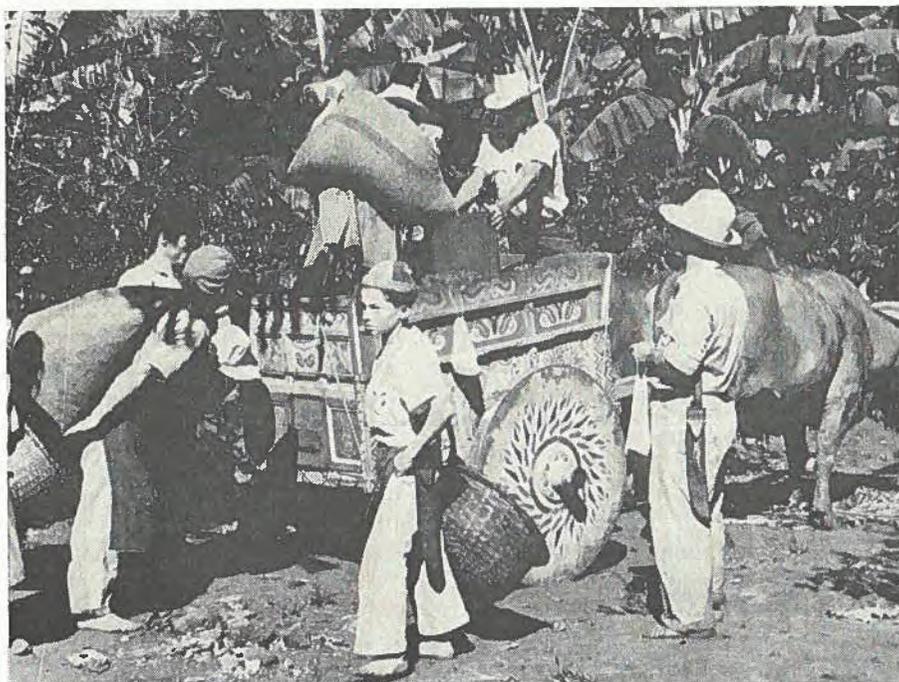
	Exports (quintals)	Average price per quintal
1950-51 .....	421,395	\$55.42
1951-52 .....	453,457	55.75
1952-53 .....	640,000	56.12

Coffee exporters now pay a 5 per cent export tax which helps the Government to finance roads, a new airport, agricultural projects and debt reduction.

The pattern of Costa Rica's coffee trade has changed and is likely to change further should a Federation on the lines of the one in Colombia be established. This appears probable in the very near future.

—GLEN A. COOPER

*Assistant Canadian Government Trade Commissioner*



—Pan American Coffee Bureau

*On a Costa Rican plantation, the picked coffee beans are collected and carried off for the next stage of preparation in one of the characteristic Costa Rican carts. This year's crop is expected to be larger than in 1952.*

## ★ Jamaica

*Britain still takes large part of crop, except celebrated Blue Mountain variety, always sold on free market and largely to Europe.*

KINGSTON—The growing of coffee in Jamaica began about 1730 and by the turn of the century (1804) exports of 11 thousand short tons were recorded. Ten years later, this had increased to 17,022 tons. After that, exports gradually fell off until, by 1861, they were down to 3,350 tons. Some improvement followed and by 1874 exports were up to 5,150 tons; from then until World War I annual exports varied between four and five thousand tons. Following the war, there was another decline until 1931, when exports again reached 4,588 tons.

The serious drop in world market prices beginning in 1932 was partly responsible for the next fall in coffee production in Jamaica. Another important factor was the wiping out of thousands of acres of bananas because of the ravages of Panama disease. Coffee had been grown under the shade of the banana trees and coffee cultivation died with these trees. Total production for the crop year 1951-52 was only 1,125 tons but the 1952-53 estimate is 2,500 tons. Some 1,000 tons of this are used locally and at present the production does not satisfy the potential export market.

### Two Distinct Types

Jamaica grows two distinct types of coffee—highland and lowland. Chief among the highland varieties is the celebrated Blue Mountain coffee. This has a well developed, pale blue-green bean, which roasts well and gives a pleasantly aromatic cup of coffee. It is frequently compared to the fancy Cobans of Guatemala. This type is grown at altitudes ranging from 2,000 to 4,500 feet in the Blue Mountains region, which has its own peculiar soil and climate. Some 7,789 acres are devoted to coffee growing and 1,015 acres of this are in the Blue Mountains area.

The second type is the lowland growths, cultivated at altitudes of from 1,200 to 3,000 feet in areas other than the Blue Mountains. These varieties account for 75 per cent of the exports.

### Developing Coffee Production

In 1944 Jamaica established the Coffee Clearing House as a Division of the Department of Commerce and Industries to help standardize and improve the types of coffee exported. Through grading and cup testing at the Clearing House, firm grades now have been established on overseas markets.

A further step to rehabilitate and develop coffee production was taken in 1950 when the Coffee Industry Board, a statutory body for the control of the whole industry, was set up. The Department of Agriculture also has a keen interest in this board.

With better world prices and the revival of banana-growing with the development of a disease resistant type, coffee production is confidently expected to regain the 1931 figures within five to six years.

### **Markets and Prices**

Before 1948 all types of coffee were sold by dealers at the best possible world market price and Canada was the main customer. In that year, the Department of Commerce and Industries concluded a five-year contract with the British Ministry of Food for the sale of the entire exportable surplus of Jamaica's coffee (except Blue Mountain). At the end of the contract in August 1952, the Coffee Industry Board negotiated a two-year contract with the Ministry of Food for the sale of 400 tons of Jamaica coffee (except Blue Mountain). The remainder was sold to the best advantage on world markets.

Blue Mountain coffee always has been on the free market, with Europe offering the best prices. This type is sold through representatives appointed by the factories which prepare these coffees and each of which has its own registered mark for export. It is sold on the basis of size of bean, taste and colour. Prices of up to 600 shillings per 100 lb., f.o.b. Kingston, were received for the last crop.

### **Lowland Types**

All lowland types are passed through the Coffee Clearing House and are marketed on the basis of the grades established in the following categories:

Factory Washed—prepared under uniform conditions by central pulperies with resulting good colour, slight acidity and clean cup quality.

Type 1—factory prepared, good appearance from fair altitude, good clean cup quality with no flavours.

Type 2—prepared by growers, some degree of fermentation, fair standard of cup quality.

Type 3—a natural coffee prepared by growers, some good appearance but usually hard cup quality.

Type 4—a natural coffee prepared by growers, or very inferior type factory-prepared, of dubious cup quality.

### **Prices Rise**

With improved methods of grading, prices obtained have steadily increased. Prices recently realized for factory washed coffees were about 450 shillings per cwt. f.o.b. Kingston, with the average for the other grades at approximately 438 shillings.

Interested Canadian buyers should apply to the Department of Trade and Commerce for the names of the Coffee Industry Board's agents in Toronto and Montreal (who are advised when parcels are available for sale) and also for a list of the Blue Mountain factories' representatives.

—M. B. PALMER

*Canadian Government Trade Commissioner*

## ★ Trinidad

*Good prices in world markets have led the Government to encourage coffee growing as a supplement to cocoa production; Italy is now buying the bulk of the crop.*

PORT OF SPAIN—In Trinidad, the coffee crop ranks well below sugar and cocoa in value and accounts for less than 5 per cent of total agricultural output. But the increase in world coffee prices in recent years has meant soaring income for coffee planters and the Government is now encouraging coffee production as a means of diversifying crops on the cocoa plantations.

Coffee was brought to the Caribbean area by the early Spanish and French settlers. During the 18th century, coffee and cocoa plantations in Trinidad supplied substantial quantities for export and by 1803 the colony was exporting 358 thousand lb. of coffee and 97 thousand lb. of cocoa. But the Arabica coffee then planted was found unsuited to the changeable weather and rough handling on the coffee estates. As a result, its cultivation was gradually abandoned and by 1900 Trinidad was not even growing enough coffee for local consumption.

### **Robusta Now Grown**

In 1913, after experiments with a number of African varieties, a strain called Robusta was found to give high yields. It flourished even under adverse conditions and was easily harvested. It proved useful as a windbreak for the cocoa trees and grew on soils too poor for cocoa. As a result, Robusta was planted widely throughout the island and Trinidad once more became a coffee exporter. Today, nine-tenths of the coffee grown here is of the Robusta type. An estimated 10,000 acres are now devoted to coffee and the number is increasing.

The coffee trade of Trinidad is free from government controls and is conducted by a number of the large merchants in Port of Spain. The small crop of Arabica is harvested from November to January and the larger Robusta crop arrives between January and March. The coffee is picked by hand, dried, hulled, and packed in 200-lb. sacks for export. Most shipments are made during the first half of the year.

The United Kingdom, Canada, and the United States have been traditional markets. But in 1952 Italy purchased the bulk of the crop, offering an attractive price of about 350 shillings per cwt., c. and f. Italian ports, for the Robusta type. This year, Italy is again purchasing from Trinidad at prices two or three shillings lower than in 1952. Some merchants predict that the crop now coming on the market will exceed 21 thousand cwt. Because the quality is good and prices favourable, the total value should once more reach a record. During the first quarter, Canada, Italy and the United Kingdom have been the principal purchasers of the new crop.

### Exports of Raw Coffee from Trinidad

Year	Cwt. (112 lb.)	\$B.W.I.
1949 .....	20,940	516,400
1950 .....	14,600	360,200
1951 .....	13,010	1,042,400
1952 .....	16,520	1,433,900

### Principal Destinations

Country	1953 (First Quarter—provisional)	1952	1951
Canada .....	2,763 cwt.	3,220 cwt.	4,590 cwt.
Italy, Sicily and Trieste .....	2,173	8,520	.....
United Kingdom .....	2,116	100	5,290
United States .....	1,071	360	2,080
Netherlands .....	446	.....	.....
Gibraltar* .....	....	3,940	.....

\* Probably for transshipment to Italy.

—ROGER R. PARLOUR  
Canadian Government Trade Commissioner

## ★ Haiti

*Traditionally, Haitian coffee exports went to France; wartime loss of that market forced changes in growing and processing methods to compete with other producers.*

CIUDAD TRUJILLO—Coffee has become the mainstay of the Haitian economy for the past 150 years. It has remained the great crop for the bulk of the population in spite of recent important developments in sugar, sisal and bananas. With the help of foreign capital, these three products have contributed greatly to increasing export trade and national income. However, coffee still is the crop upon which the Haitian peasants depend for what little money they have.

Until very recently, when the Haitian Legislature passed a coffee law and established a National Office of Coffee, very primitive methods of planting and harvesting were used. An arrangement with France which lasted until 1936 permitted Haiti to dispose of most of her crop in that country, where the mild, unimproved Haitian coffee came to be accepted. There was no incentive for producers either to improve or increase their crop, exporters were happy with a secure market, and the Government could depend on a regular revenue from export taxes. In fact, annual coffee exports from Haiti remained steady for a great number of years. From the thirties until the end of the war, however, there was a general decline.

Meanwhile, South and Central American countries were building up their coffee industry, improving the quality and production methods, and establishing themselves firmly in the United States and Canada, which had become the greatest coffee markets in the world. Haiti, lulled into inactivity by her European commitments, missed the opportunity on her doorstep. It was not until the termination of the coffee convention with



—Pan American Coffee Bureau

*Here the coffee berries are spread out to dry in the sun. Workers are turning them over, a process that must be carried out several times a day so that the sun will dry them thoroughly and uniformly. At night the berries must be gathered and covered to protect them from dew and rain.*

France in 1936 and the outbreak of war in 1939, when all trade in coffee with Europe ceased, that Haiti was forced to turn to the North American market.

However, to capture even a small share of this market proved at first almost impossible. Haiti discovered that her coffee did not measure up to new and accepted standards and the change could not be effected overnight. Coffee beans had to be washed instead of being allowed to dry in the natural state; selection, planned planting, grading, testing, etc., had to be introduced if she were to retain her position in the coffee market.

Studies and surveys made during the war led to the creation of the National Office of Coffee in March 1947. In spite of opposition from the coffee trade, the Coffee Office was established and set out to do first things first.

A record of registered exports since the establishment of the Coffee Office is most revealing:

Year	Exports (Bags of 80 kilos)
1946-47	297,908
1947-48	293,379
1948-49	397,272
1949-50	291,067
1950-51	332,960
1951-52	394,045

Haitian coffee now goes to the United States, Norway, Italy, Belgium, etc., and there has been no carryover of importance for several years past.

—R. E. GRAVEL

Canadian Government Trade Commissioner

## ★ Dominican Republic

*Plantations in the Republic produce the Arabica variety; harvest it from November to March, and sell largely to the U.S. and Europe.*

CIUDAD TRUJILLO—Coffee was first planted in the Dominican Republic during the early part of the 18th century, but only during recent years has it become one of the most important crops. In 1952 it constituted over 18 per cent of the total value of exports.

The only variety cultivated is the Arabica, considered the best type, and it is produced in the highlands of the Cordillera Central in the central part of the island, the Cordillera Septentrional and the Cibao Valley in the north, and the Bahoruco and Ocoa Mountains in the south. Because of peculiar growing conditions, the various producing areas have each their own particular quality of coffee. Some producing trees are possibly 100 years old, but the majority are between 30 and 45 years old.

### Many Small Plantations

The total area covered with coffee trees is approximately 131 thousand acres and there are altogether some 35,000 to 40,000 coffee farms in the Republic. Many of the plantations consist of less than five acres.

The coffee trees usually flower three times a year, between January and April, but the cherries are ready for harvest early in October in the low areas. In the higher areas, the harvest begins in November and lasts until early March.

Before the coffee is marketed, it is classified and all imperfect beans removed. The classification includes Washes Nos. 1, 2 and 3; Natural Nos. 1, 2 and 3, and Trilla (the poorer beans taken from the other qualities in cleaning and classifying).

Exports of raw and toasted coffee in 1951 were valued at DR\$17,627,-360 as compared with DR\$12,716,761 in 1950 and DR\$10,835,866 in 1949. During the first nine months of 1952, exports amounted to DR\$16,199,124 of raw coffee and DR\$40,730 of toasted.

The 1951-52 crop was a large one but the quality was not up to standard because rains during the harvest made it difficult to dry the beans. Nevertheless, the exportable surplus was all marketed at very satisfactory prices. Competition was fairly keen, profit margins narrow, but both the quantity and value of exports for the nine months ended September 30 were considerably above the figures for the same period in 1951.

The 1952-53 crop is estimated at about 24 thousand metric tons, 13,200 tons of which will be exported. The United States takes practically all the exportable surplus; small quantities go to Italy, the Netherlands, and Belgium. According to Dominican statistics, in 1951 Canada bought DR\$170,471 worth of coffee, as compared with DR\$143,036 in 1950.

—R. E. GRAVEL

Canadian Government Trade Commissioner

## ★ Mexico

*Coffee production is increasing year by year; sales comprised 9·8 per cent of all exports in '51, with Canada ranking seventh as a market.*

MEXICO, D.F.—Coffee is not one of the major crops in Mexico, but it constitutes a substantial part of the total annual exports and contributes sizable amounts to the Federal Treasury.

In 1951, for example, exports from Mexico of all commodities totalled 5,448 million pesos and coffee accounted for 535 million pesos, or 9·8 per cent, or 26·3 per cent of all the agricultural products exported in that year. Export taxes paid by all Mexican exports in 1951 totalled 753 million pesos; of this, coffee exports paid 78 million pesos, or 10·7 per cent.

### Started in Last Century

The first coffee plantations appeared in the states of Oaxaca and Chiapas about 1875 and planting was expanded steadily until about 1900. By 1910 Mexico was exporting about 200 thousand bags of 70 kilos gross and coffee was becoming big business. Plantings continued during the Revolutionary period, 1910-1920, and by 1930 exports reached 500 thousand bags. The Arabica variety accounts for about 80 per cent of the production and the remainder is divided among Bourbon, Robusta and Maragogipe.

### Recent Production

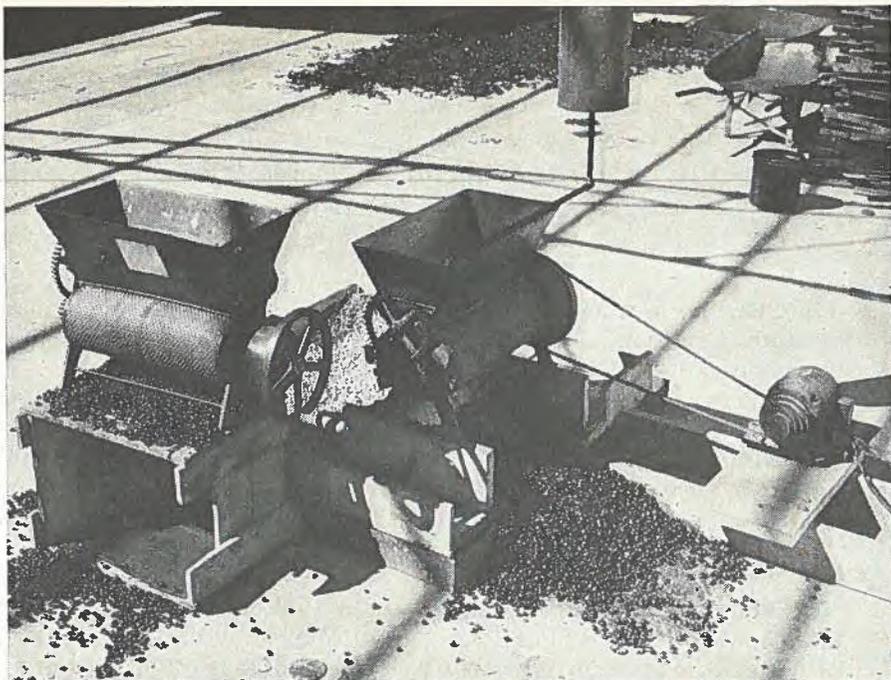
The crop year for coffee in Mexico is October-September and exports of coffee during the four months of December to March account each year for more than three-quarters of total annual exports. Production figures for the past five years were: 1949—59,027 metric tons; 1950—65,594 tons; 1951—68,125 tons; 1952—60,000 tons, and 1953 (October '52 September '53) 70,000 tons (estimated).

In 1951 there were 35 thousand coffee plantations in Mexico, covering an area of 146,144 hectares and containing about 120 million coffee bushes.

### Domestic Consumption Declines

Production of coffee in Mexico shows increases every year but the domestic consumption of coffee is declining. The local population consumed 21,945 metric tons in 1948, but only 12 thousand tons in 1952, and consumption in 1953 is not expected to exceed 15 thousand tons. The decline in domestic consumption has been attributed to high retail prices of roasted coffee and the ever-increasing use of substitutes.

Before the war, the United States took about 60 per cent of Mexico's exports of coffee and Europe about 40 per cent. By 1951, however, 95·2 per cent of exports were going to the United States, 4 per cent to Europe and ·8 per cent to Canada. Interest in Mexican coffee is increasing in Europe and it is possible that, in a year or two, Mexico may be back to its prewar pattern of coffee exports. Methods of marketing Mexican



*This hulling machine shown in use on a Venezuelan plantation removes the outer hull and the parchment from the coffee berry. Later another machine separates the coffee beans according to size, and they are bagged.*

coffee have not changed appreciably in the last twenty years. However, the extensive and growing use of "instant" coffees, both in the U.S. and Europe, may mean changes in years to come.

#### Exports of Coffee from Mexico, 1951

(Bags of 60 kilos)

		Per Cent
United States .....	823,485	95.2
Germany .....	21,960	
France .....	6,967	
Belgium .....	4,848	4.0
Great Britain .....	233	
Italy .....	233	
Canada .....	7,350	.8
		100.0

#### Prices and Outlook

Prices in Mexico have remained steady for the past three years at 50 to 55 cents (U.S.) per pound f.o.b. Mexican ports, according to quality. After the United States lifted its ceilings last month, prices rose sharply to 60 cents. Today they are back to the previous level and probably will continue firm.

The outlook for the surplus Mexican coffee crop is favourable, because demand and supply are well-balanced. Mexico should have no difficulty in selling her export coffee for several years to come.

—S. G. TREGASKES

*Acting Commercial Secretary for Canada*

## ★ British East Africa

*Since 1947, a fair part of the coffee crop has gone to British Ministry of Food under long-term contracts; indications are that these contracts may not be renewed beyond 1954.*

At first European plantations of the Arabica species were common but in 1901, long after it had been introduced in Latin American countries. At first European plantations of the Arabica species were planted but sturdy Robusta shrubs grown by the natives soon became popular and now supply over two-thirds of the beans harvested each year.

East African coffees are known as Kenyas, Ugandas, Tanganyikas, and Bukobas, according to their place of origin. Kenyas are of the Arabica variety. They have a world reputation as a mild type of coffee and fetch top prices. Ugandas are mainly of the Robusta variety, although a limited quantity of washed Arabica is harvested each year in the Bugishu district near Mt. Elgon. Tanganyikas are made up principally of Arabicas grown in the northern provinces and a mixture of Arabica and Robustas grown by natives in the Bukobas district.

### Exports Fluctuate

Exports of coffee from British East Africa in any volume began after 1926, when they totalled 258,163 bags of 132·276 lb. each. They soon increased rapidly and before World War II averaged 764,760 bags a year, with a high of 863,250 bags in 1939. To this, the territories contributed about 30 per cent each. Since then exports from Kenya have fallen off; Tanganyika's have been fairly steady. The totals have been kept up to prewar average, however, as a result of the large increase in exports from Uganda in the past ten years. From 1947 to 1951 exports averaged 982 thousand bags a year, compared with an average of 712,046 in the five years 1941-1945.

Local weather conditions constitute the greatest single factor affecting East African coffee production. At times droughts have reduced the crop by a third. This year's crop looked very promising last December but the long rains failed to materialize in February, March and April, and as a result estimates of coffee production for the current season (1953-54) have been scaled down. The effects of the drought can be seen in production figures (in long tons of 2,240 pounds) for the past three years:

	1950-51			1951-52		
	Arabica	Robusta	Total in tons	Arabica	Robusta	Total in tons
Kenya .....	9,750	....	9,750	16,100	....	16,100
Uganda .....	3,750	35,065	38,815	3,100	40,000	43,100
Tanganyika .....	6,921	8,278	15,199	8,000	8,500	16,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	20,421	43,343	63,764	27,200	48,500	75,700

	1953-54 (Estimated)		Total
	Arabica	Robusta	in tons
Kenya .....	11,000	....	11,000
Uganda .....	2,700	27,600	30,300
Tanganyika .....	2,950	7,000	9,950
	<hr/>	<hr/>	<hr/>
	16,650	34,600	51,250

Despite the lack of rain, the quality of this year's crop is expected to be above average.

### Principal Markets

Before World War II, British East Africa coffees found their best market in the United Kingdom, British possessions, Canada, and the United States. From 1941 through to early 1947, however, the British Ministry of Food took the entire crop for distribution in the United Kingdom and possessions. Under a new five-year contract beginning with the 1947-48 crop, the Ministry of Food purchased only part of the crop of the three territories, thus leaving a good portion for other markets. With the return of a free market in 1947, exporters found ready buyers for coffee in the United States, Canada, Africa, and Europe. Exports in 1951 to the United States and Canada were 141,582 and 63,439 bags respectively; Europe, including the United Kingdom, took 710,048 bags, leaving 235,656 for sale in Africa and other markets.

### Contracts with Britain

When the British Ministry of Food contracts expired last June, Kenya Colony, Tanganyika Territory, and Uganda Protectorate renewed their contracts for a further two years. Under the new contracts 3,000 tons of mild coffee will be supplied from Kenya plantations at a price of £ 380 per ton, Tanganyika will deliver 1,000 tons of mild coffee at £ 378 per ton, and Uganda will sell 4,000 tons of hard coffee (Robusta) and 700 tons of mild coffee (Arabica) at a price of £ 300 a ton for first quality and a reduced price for lower grades.

These purchases by the Ministry of Food amount to roughly one-third of the mild coffee and one-twelfth of the hard coffee expected to be harvested in British East Africa during 1953.

The British Government has indicated that it would like to stop bulk purchases of coffee when existing contracts expire in June 1954, and although the majority of the coffee growers in East Africa would welcome a return to free trade, many favour Ministry of Food contracts as a buffer in case prices fall.

On March 12, 1953, the Governor in Council in Dar-es-Salaam imposed a levy, or "cess", on exports of native grown coffee. The cess amounts to roughly 1½ cents Canadian on the higher grades, declining to fractions of a cent on coffees selling for less than £ 91 per long ton.

In Entebbe there has been talk of imposing similar levies or "cesses" on Uganda coffee exports but no action has yet been taken.

British East African coffee prices reflect the importance of foreign exchange in world trading operations. In recent years competition among buyers in soft currency areas has raised the price of fine Kenyas 10 per cent above world levels. At recent auctions in Nairobi, Mombasa, and Moshi prices ranged as follows:

**Arabicas ex store Nairobi**

Kenya P B grade .....	£25.12.0. - £27.12.0.	per cwt. of 112 lbs.
Kenya A grade .....	25. 8.0. - 29. 0.0.	" " " "
Kenya B grade .....	20.10.0. - 27. 0.0.	" " " "
Bugishu P B grade .....	25.14.0. - 25.18.0.	" " " "
Bugishu A grade .....	26. 8.0. - 26.10.0.	" " " "
Bugishu B grade .....	24.10.0. - 24.19.0.	" " " "

**Robustas f.o.b. Mombasa**

Uganda Native Robusta of fair average quality..	£16. 0. 0. - £18. 0. 0.
Bukoba Plantation of fair average quality.....	17. 0. 0. - 21. 0. 0.
Bukoba Native Robusta of fair average quality..	16. 0. 0. - 18. 0. 0.

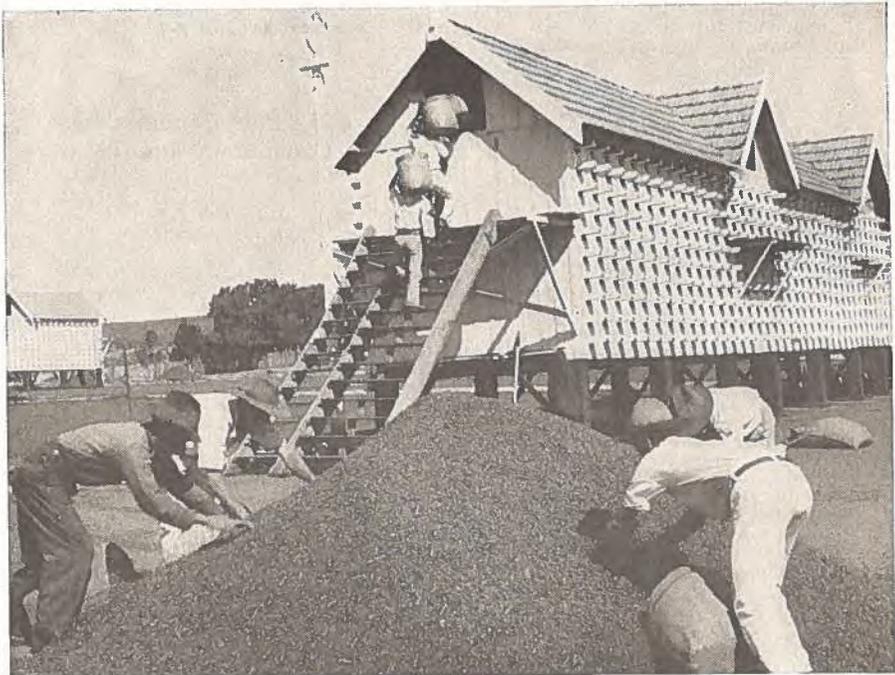
**Arabicas ex store Moshi**

Tanganyika Outturns ..... £22. 0. 0. - £23. 0. 0. per cwt. of 112 lbs.

Demand for all types of British East African coffees has been good in past years and with the smaller crop expected during the 1953-54 season, no fall in prices is anticipated.

—HOWARD E. CAMPBELL

*Assistant Canadian Government Trade Commissioner*



*In Brazil, when the coffee berries have dried in the sun they are bagged and stored in warehouses. Hulling and other stages in the preparation of the coffee come later. Last year coffee constituted 73 per cent of the total value of exports from Brazil.*



## TRADE COMMISSIONERS ON TOUR

FROM TIME TO TIME Canadian Trade Commissioners return to Canada to bring themselves up-to-date on conditions in this country and to renew their contacts with businessmen here. Details of their itineraries appear regularly under this heading, as a service to exporters and importers who would like to discuss trading problems with them.

**T. R. G. Fletcher**, Canadian Government Trade Commissioner in Hong Kong, begins a tour of Canada in Ottawa, June 29-July 10, and then visits Montreal, August 17-26 and Toronto, August 27-September 4. His complete itinerary will be published later.

**Richard Grew**, Commercial Counsellor in New Delhi, India, will begin a tour of Canada in Ottawa on June 29. His itinerary is:

Ottawa—June 29-July 3  
Vancouver—July 7-15  
Windsor—July 20  
London—July 21  
Brantford—July 22

Hamilton—July 23  
St. Catharines—July 24  
Toronto—July 27-31  
Montreal—August 3-7

**C. J. Van Tighem**, Consul of Canada and Trade Commissioner in São Paulo, Brazil, began a tour of Canada on June 3 in Hamilton. His itinerary is:

Toronto—June 10-19  
Montreal—June 22-30  
Quebec—July 2-3

Arvida—July 4-6  
Vancouver—July 29-31

**A. W. Evans**, Commercial Secretary for Canada in Havana, Cuba, began a tour of Canada in Toronto on June 1st. His itinerary is:

Brockville—June 15  
Montreal—June 16-30  
Quebec—July 2  
Saint John—July 6-8  
Halifax—July 10-13  
St. John's—July 14  
Windsor: Walkerville—August 17  
Chatham—August 18  
London—August 19

Kitchener—August 20  
Guelph—August 21  
Hamilton—August 24-25  
Victoria—August 31  
Vancouver—September 1-3  
Calgary—September 4  
Edmonton—September 5  
Saskatoon—September 7  
Winnipeg—September 9

**C. M. Croft**, Commercial Counsellor for Canada in Sydney, Australia, began a tour of Canada in Vancouver on May 8. His itinerary is:

Toronto—June 5-17  
St. Catharines—June 18-19

Hamilton—June 20-23  
Windsor—June 24-25

**M. T. Stewart**, Commercial Counsellor for Canada in Mexico City, began the second part of his Canadian tour in Windsor and Walkerville on May 4. His itinerary is:

Montreal—June 8-18  
Quebec—June 19

Saint John—June 22-23  
Halifax—June 25-26

Businessmen may get in touch with these officers through the Board of Trade in Saskatoon, Chatham, Guelph, Montreal, Quebec, Saint John and Halifax; the Chamber of Commerce in Calgary, Kitchener, London, Welland, St. Catharines, Windsor, Hamilton, Brockville and Arvida; the Canadian Manufacturers Association in Edmonton, Winnipeg and Toronto; the Dept. of Trade and Industry in Victoria; and the Department of Trade and Commerce in Ottawa, Vancouver (355 Burrard St.) and St. John's (Stott Bldg.).

---

## TRADE AND TARIFF REGULATIONS

### EGYPT

**Foreign Investment**—The Egyptian Government has amended Egypt's laws respecting foreign investment in a manner which it is hoped will attract new foreign investment to that country. Also, a special committee for the investment of foreign capital is to be formed by the Ministry of Commerce and Industry. Further details may be obtained from the Royal Egyptian Consulate in Ottawa.

### JAMAICA

**Cotton and Rayon Shirts**—Importers in Jamaica were advised on May 19 that the import of shirts of cotton and rayon materials is prohibited except under permit issued by the Trade Control Board.

The prohibition does not affect imports under the Trade Liberalization Plan, nor imports included in the baggage of a passenger which are his bona fide personal effects.

The above permit is in addition to the import licence required for exchange purposes under the Defence Regulations.

### TRINIDAD

**Live Baby Chicks**—The Controller of Imports and Exports, Trinidad, advised importers on May 14 that the 1953 quota for imports of live baby chicks into the Colony has been exhausted and that no further applications will be considered.

# Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.00755.

Country	Unit	Type of Exchange	Canadian dollar equiv. June 4	Notes (See below)
Argentina .....	Peso .....	Preferential buying .....	.1323	(1)
		Basic buying .....	.1985	
		Preferential selling .....	.1985	
		Basic selling .....	.1323	
		Free .....	.07144	
Austria .....	Schilling .....	.....	.03817	
Australia .....	Pound .....	.....	2.2345	
Belgium-Luxembourg & Belgian Dependencies ...	Franc .....	.....	.01987	
Bolivia .....	Boliviano .....	Official .....	.00522	
British West Indies	Dollar .....	.....	.5819	(3)
	Pound .....	.....	2.7931	(4)
Brazil .....	Dollar .....	Brit. Honduras .....	.6982	tax 8% (2)
		Official .....	.05365	
		Free .....	.02108	
Burma .....	Kyat .....	.....	.2095	
Ceylon .....	Rupee .....	.....	.2095	
Chile .....	Peso .....	Official .....	.03196	(1)
		Commercial .....	.01652	
		Free .....	.00902	
Colombia .....	Peso .....	Basic .....	.3970	tax 3% (2)
		Coffee buying .....	.4265	
Costa Rica .....	Colon .....	Official .....	.1768	(5)
		Free .....	.1482	
		.....	.9925	
Cuba .....	Peso .....	.....	.9925	*April 15 tax 2%
Czechoslovakia .....	Koruna .....	.....	.1378	
Denmark .....	Krone .....	.....	.1437	
Dominican Republic .....	Peso .....	.....	.9925	
Ecuador .....	Sucre .....	Official .....	.06617	(6)
		Free .....	.05720	
Egypt .....	Pound .....	.....	2.8500	
Fiji .....	Pound .....	.....	2.5163	
Finland .....	Markka .....	.....	.00431	
France .....	Franc .....	.....	.00284	
French Africa .....	Franc .....	.....	.00567	
French Pacific .....	Franc .....	.....	.01559	
Germany .....	D Mark .....	.....	.2363	
Greece .....	Drachma .....	.....	.000033	
Guatemala .....	Quetzal .....	.....	.9925	
Haiti .....	Gourde .....	.....	.1985	
Honduras .....	Lempira .....	.....	.4962	
Hong Kong .....	Dollar .....	Free .....	.1641	*May 22
		.....	.06094	
Iceland .....	Krona .....	Official .....	.06094	(7)
		Special buying .....	.04695	
		Special selling .....	.03800	
India .....	Rupee .....	.....	.2095	
Indonesia .....	Rupiah .....	Basic .....	.08706	*April 15
		Dollar certificate .....	.00185	

\* Latest available quotation date.