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**Report on the outbreak of coffee leaf rust in
Central America and Action Plan to combat
the pest**

The Executive Director presents his compliments and following the approval of Resolution 451 concerning the critical situation in Central America caused by the coffee leaf rust outbreak, attaches a report on his visit to Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica together with an Action Plan to combat the pest.

REPORT ON THE OUTBREAK OF COFFEE LEAF RUST IN CENTRAL AMERICA

1. During the 110th session of the International Coffee Council held from 4 to 8 March 2013, Members approved Resolution 451 concerning the critical situation in Central America caused by the coffee leaf rust outbreak. The Resolution stated that the epidemic affecting the region was the worst seen since the pest first appeared in Central America in 1976, and emphasized the importance of coffee to the region, with more than two million Central Americans earning their livelihoods from growing coffee. Following the approval of the Resolution, and with the aim of assessing the situation and offering institutional support, the Executive Director, Mr Robério Oliveira Silva, visited five Central American countries affected by the outbreak from 18 April to 3 May 2013.

2. The Executive Director first visited **Guatemala** to attend the 1st International Coffee Leaf Rust Crisis Summit, organized by the World Coffee Research Institute and PROMECAFÉ. The event was attended by representatives from global coffee traders, coffee associations, governments and leading scientists, and outlined a number of specific activities to tackle the spread of coffee leaf rust. In his address to the Summit, the Executive Director emphasized the need for collaboration between private and public sector actors along the coffee value chain, as strong engagement from both would be required to tackle the disease.

3. Subsequently, the Executive Director travelled to **Honduras**, where he met with the Presidential Delegate, Mr Samuel Reyes, along with government officials and representatives from the main coffee authorities. Mr Silva visited the offices of IHACE and met representatives of the Board of Management of COHEP. He also attended a meeting with the Presidents of the Central Bank of Honduras, *Comisión Nacional de Banca y Seguros*, BANHPROVI and other representatives of the Unions. He also visited farms affected by rust in the coffee area of Marcala, La Paz, in order to verify the situation onsite, and explained that the Organization would participate in co-ordinating the response, and help seek financing from other multilateral institutions.

4. In **El Salvador**, always with the assistance of the Ambassador of El Salvador to the United Kingdom, H.E. Mr Werner Romero, the Executive Director took part in a tour of the region to assess the incidence of coffee leaf rust. He also attended meetings with several government Ministers to discuss possible steps for the way forward, including the Minister for Economic Affairs, Mr Armando Flores and the Vice-Minister for Agriculture and Livestock, Mr Hugo Alexander Flores.

5. The Executive Director then travelled to **Nicaragua**, where he met with H.E. Mr Daniel Ortega, President of the Republic, who stressed the need to go beyond the sole issue of coffee leaf rust and analyse on a holistic basis the current weaknesses and opportunities for the coffee industry both in individual countries and at the regional level. He also had meetings with the Minister for Economic Development, Industry and Trade, Mr Orlando Solórzano; the Minister for Agriculture and Forestry, Mr Ariel Bucardo and the Minister for Cooperative Economics, Mr Pedro Haslam, as well as representatives from all sectors of the coffee industry. He noted the severity of the situation in Nicaragua, particularly with the rainy season approaching.

6. Finally, in **Costa Rica**, the Executive Director visited the Costa Rican Coffee Research Centre accompanied by the Executive Director of the Coffee Institute of Costa Rica (ICAFE), Mr Ronald Peters, and analysed the situation in the region with the authorities, including the Minister of Agriculture and Livestock, Ms Gloria Abraham, and the Vice-Minister of Agriculture and Livestock, Ms Xinia Chaves Quirós.

7. As a result of his visit, the Executive Director was able to see at firsthand that coffee production in Central America has been severely affected by the outbreak of coffee leaf rust in the region. Although not a new phenomenon, the current epidemic is one of the worst ever recorded. A state of phytosanitary emergency that was declared in Costa Rica, Guatemala and Honduras continues, with Nicaragua and El Salvador also badly affected. The pest, which attacks the leaves of coffee trees and prevents cherries from ripening, is expected to have a severe negative impact both on the current crop and next year's crop.

8. Table 1 contains a summary of the effect of coffee leaf rust for crop year 2012/13, according to figures from PROMECAFE. Total damage in the region is estimated at 2.7 million bags, costing the region around US\$500 million. It is expected that the impact will be even more severe in the next crop year 2013/14. On average, over 50% of the total coffee growing area in Central America has been affected by the pest. The incidence rates are as follows: El Salvador 74%, Guatemala 70%, Costa Rica 64%, Nicaragua 37% and Honduras 25%.

**Table 1: Effect of coffee leaf rust in PROMECAFE countries
(Crop year 2012/13)**

	Total area (hectares)	Area affected (hectares)	Total workforce	Job losses	Total losses	
					Value (US\$ million)	Volume (60-kg bags)
Costa Rica	94 000	60 000	110 000	14 000	14.0	73 600
Dominican Republic	131 250	105 000	250 000	105 500	15.0	142 600
El Salvador	152 187	112 293	95 000	13 444	74.2	322 102
Guatemala	276 000	193 200	500 000	75 000	101.0	554 394
Honduras	280 000	70 000	1 000 000	100 000	230.0	1 303 333
Jamaica	3 013	841	12 182	3 640	5.2	3 758
Nicaragua	125 874	46 853	158 000	32 000	60.0	306 667
Panama	20 097	4 850	42 000	30 000		
Total	1 082 421	593 037	2 167 182	373 584	499.4	2 706 454

9. In addition to economic losses, there has also been a significant social impact to take into account. Most coffee in Central America is grown by smallholder farmers, who will find it difficult to absorb the expected losses. It is estimated that some 374,000 jobs will be lost in 2012/13 due to the rust, as the labour used to harvest the crop will not be needed. In addition, the loss of income of farmers could lead to issues regarding food security in many areas. Increased migratory pressure towards North America is also to be expected.

10. In terms of the world coffee market, Central America (excluding Mexico) produced 15.8 million bags in 2011/12, accounting for nearly 12% of world production. The estimated expected losses of 2.7 million bags in 2012/13 would represent a decrease of 17.1% on the previous year. Furthermore, this will have significant consequences for consumers of specialty coffee, given the importance of Central America as a source of quality Washed Arabica.

ACTION PLAN TO COMBAT COFFEE LEAF RUST

I. MEDIA COVERAGE AND POLITICAL LOBBYING

1. The ICO is in close contact with the media, providing regular updates on the current situation. It is in the process of redesigning its website, so that real-time information can be delivered with greater accuracy and speed. Given the need for increased public awareness of the critical situation facing small- and medium-size coffee farmers in Central America due to the spread of coffee leaf rust, the ICO's role as a reliable source of information both for its Members and for the general public has become even more important. In parallel with raising public awareness, the ICO is targeting donor organizations, multilateral funding institutions, national coffee associations and government development agencies in order to raise awareness of the potential social and economic consequences that a drop of 20% in coffee production this year and potentially going as far as up to 50% in 2013/14 will have on the Central American region.

II. SUSTAINABLE COFFEE ECONOMY

2. The ICO's mission is to strengthen the global coffee sector given that a sustainable coffee economy is of paramount importance and to ensure that all actions taken by international financing bodies serve the long-term interests of coffee farmers. It is coordinating with other technical agencies to ensure that the solutions offered to those affected are best suited to meet their needs.

Areas of action

Use of pesticides

3. According to information released by the World Coffee Research Institute, treating all affected production areas would cost in the vicinity of US\$125 million. If properly applied pesticides can be of great benefit, but if not they can add to costs without real gains. Workshops to train producers are paramount to guarantee success. To tackle this critical area, the ICO is cooperating with the Crop Production and Protection Division of the Food and Agriculture Organization (FAO) of the United Nations. The FAO, through its regional office in Panama, has already begun mobilizing technical support to assist affected coffee farmers. The ICO, making use of the Memorandum of Cooperation signed between both agencies in 2004, is engaged in a long term consultation process and will serve as the focal point for gathering all relevant information. Further steps include a joint technical review of the proposed measures.

Climate change adaptation

4. The long-term sustainability of the coffee sector is an area of concern when taking into consideration climate change. In this regard, the ICO is considering hosting from September 2013 the Coffee and Climate toolbox, a Private-Public Partnership (PPP) initiative developed by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in collaboration with partners such as CABI, the Brazilian Agricultural Research Agency (Embrapa), and the International Center for Tropical Agriculture.

Coffee plant renovation programme

5. Considering that 40% of all planted areas are susceptible to coffee leaf rust, and over 70% are 20 years and older, renovation efforts will be key to securing an effective eradication of coffee leaf rust. However, current seed supplies could be inadequate. Moreover, the rust resistant varieties that are effective in one region do not necessarily work in another one. Before investing in a large scale renovation programme it is essential to carry-out sufficient research to make sure that the new varieties being introduced are appropriate for the target areas. In this respect, the ICO is exploring collaboration on this topic with specialized institutions such as the Tropical Research Institute – Coffee Rust Research Centre in Portugal, that is in need of very serious efforts from donors to re-establish itself as a centre of excellence.

Financial risk management

6. The ICO is assisting the World Bank in developing a study looking at how improved risk management across the coffee sector, and in particular for small coffee farmers, might result in better access to finance. While the complete report will not be ready until 2014, an interim report will be available for September 2013, when the International Coffee Council meets in Belo Horizonte, Brazil. In addition to the usual financial constraints that producers face when renovating farms, the much larger tree renovation programme required for combating coffee leaf rust will put farmers under greater financial duress unless they can rely on support measures. The losses in income will have to be dealt with by a combination of soft loans, and food security and crop diversification programmes. The ICO will ensure the study's findings inform the measures adopted by governments and funding institutions.

ICO study on the Central American coffee sector

7. Finally, the ICO will undertake a separate analysis of the overall long-term sustainability of Central American coffee production and processing, looking at the region's strengths in producing high quality coffee. The study will be available for the 112th Session of the Council in March 2014.