

## Indian coffee exports set to surge thanks to global price rally

MUMBAI — India's coffee exports are likely to rise as much as 10% in 2024 as a rally in global prices prompts European buyers to pay premiums in order to increase purchases from the country, industry officials told Reuters.

The South Asian country — famous as a tea producer — is also the world's eighth-largest coffee grower, mainly churning out the robusta beans used to make instant coffee. It also produces some of the more expensive arabica variety.

"The demand for Indian coffee, particularly robusta beans, is strong due to firm global prices resulting from production issues," said Ramesh Rajah, president of the Coffee Exporters' Association of India, predicting a rise in exports this year of up to 10%.

Robusta coffee is trading near its highest in at least 15 years as Vietnam, the world's biggest producer, is expected to produce less in 2023/24 than the previous season.

India exports three quarters of its production mainly to Italy, Germany and Belgium. Indian coffee typically commands a premium over the global benchmark because it is grown under shade, hand-picked, and sun-dried.

However, this year, premiums are higher than normal due to a production shortfall, exporters said. Coffee exports in 2024 could jump to 298,000 metric tons from last year's

271,420 tons, said a Bengaluru-based dealer with a global trade house.

Indian robusta cherry is fetching a premium of nearly \$300 a ton over London futures because of strong demand, he said.

While export demand is good, traders are waiting for supplies to increase, which could bring down local prices, the dealer said.

This season's robusta harvest is almost 20% complete, although rainfall in recent days in growing areas has been disruptive, said M. M. Chengappa, a coffee grower from Kodagu, in top producing Karnataka state.

The state-run Coffee Board has estimated that India's production could rise to 374,200 tons in the 2023/24 season, which started on Oct. 1, up from last year's 352,000 tons.

However, farmers are saying that rainfall is limiting the upside in production. "Torrential unseasonal rain in the last few days, along with the rains in December, has caused a lot of fruit droppings," said Mr. Chengappa.

Harvesting is also slowed by labor scarcity, despite offers of higher wages, said exporter Mr. Rajah. "Global prices are rising, but Indian farmers' income is not rising in the same proportion due to higher production costs. They need to spend more on inputs and wages," Mr. Rajah said. — **Reuters**

## FAO team in town to consult with industry on farm modernization

THE Food and Agriculture Organization (FAO) will meet with agriculture industry representatives to support Philippine efforts to modernize farming.

In a statement, the FAO said it will oversee consultations with the government, private sector, academic institutions and non-governmental organizations this week.

"The Philippines has a unique experience in resilient agriculture and fisheries but is also facing unprecedented challenges," FAO

Country Representative to the Philippines Lionel Henri Valentin Dabbadie said over the weekend.

The FAO said that the results of the consultation will form part of the input for its Regional Conference for Asia and the Pacific (APRC), in which participants will seek to work out a strategy to tackle challenges to agriculture.

"Through this consultation, we look forward to better understanding how we can best support the efforts of the government to achieve

a modern agriculture and fisheries sector," Mr. Dabbadie said.

He added that the conference will "highlight the expertise that the Philippines can share to tackle the impending threats to food security and the environment that we face as a nation, a region, and the whole world."

The United Nations organization said that the conference will generate proposals to guide FAO operations in the Asia-Pacific and ultimately to its global confer-

ence, which is the agency's highest governing body.

The 37<sup>th</sup> APRC session will discuss current priorities for the agriculture industry, including food production losses and waste, financing for hunger mitigation programs, animal and human diseases, and the transformation of agri-food systems and capture fisheries and aquaculture.

The APRC is a biennial conference with Ministers of Agriculture from FAO member states. — **Adrian H. Halili**

## Weak production remains at heart of rice market volatility

By **Adrian H. Halili**  
Reporter

UNSTABLE rice prices and supply are expected to continue if the Philippines does not address its production shortcomings, industry officials said.

Federation of Free Farmers National Manager, Raul Q. Montemayor, said that the industry needs to deal with higher production costs, a lack of post-harvest infrastructure, and low output.

"These problems have to be addressed once and for all; otherwise, price and supply volatility will continue to confront us," Mr. Montemayor said in a Viber message.

Last week, the Department of Agriculture (DA) ruled out plans to impose a suggested retail price (SRP) scheme on rice and other agriculture commodities in response to price pressures.

Agriculture Secretary Francisco Tiu Laurel, Jr. said an SRP would be "counterproductive" as producers are likely to cite the price caps in pressuring farmers to lower their selling prices.

Jayson H. Cainglet, executive director of Samahang Industriya ng Agrikultura said an SRP would also penalize retailers without addressing unduly high prices.

"Instead of the SRP, we are suggesting that the DA talk to all the players across the value chain for each commodity," Mr. Cainglet said in a Viber message.

Mr. Montemayor said that the Philippines will need to rely on imports to augment its supply and minimize speculation about a looming supply crunch in the coming months.

"Together with the high cost of imports, this is what is driving up prices now," he said.

To bolster supply, the DA said that rice imports of about 500,000 metric tons are set to arrive by

February to serve as a buffer stock for when El Niño intensifies.

The worst of El Niño may extend until the second quarter, affecting 63 provinces with droughts or dry spells, according to PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration), the government weather service.

"State reserves and investing in cold storage facilities will likely help reduce prices, but these will also be very costly," Leonardo A. Lanzona, an economics professor at the Ateneo de Manila, said in a Viber message.

"The government has really no other choice but to allow prices to increase, hoping that this will incentivize farmers to be more efficient and productive," Mr. Lanzona added.

Philippine Institute for Development Studies Senior Research Fellow Roehl M. Briones said that the government should also conduct an "adequate study" on rice stockpiling to address increasing prices.

"In the medium to long term, (the government should) invest in a more competitive rice sector by promoting high-productivity rice farm clusters, together with support for more modern rice processing and marketing," Mr. Briones said in a Viber message.

In a recent meeting, Mr. Laurel said that agricultural and fisheries councils had recommended increased investment and the construction of agricultural infrastructure like cold storage facilities.

The DA has also said that it will draft implementing rules and regulations to properly exercise its powers under the provisions of Republic Act 7581, or the Price Act.

These include the authority to procure, purchase, import, or stockpile basic necessities or prime commodities in times of scarcity or emergency. The DA is also authorized to conduct market operations to influence prices of these commodities.

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