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PROGRESS REPORT ON THE ECLA/FAO COFFEE SURVEY

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/1. General

### 1. General observations

In the last two years the balance between the demand for and supply of coffee has been seriously upset because of large increases in production. A heavy accumulation of stocks has taken place in producing countries, and, unless the present trend changes drastically, it is likely that production levels will continue, in the near future, to exceed by a considerable margin the demand for coffee at current world prices, which are the lowest in the last decade.

Under the existing programmes of crop retention in the producing countries, devised to stabilize world coffee prices at reasonable levels, Governments are incurring heavy expenditure through their financing of the retention quotas. At the same time, the countries' scarce storage and transport facilities are over-burdened by these unexportable stocks.

In recent months it has become increasingly apparent that the solution to the serious problems facing the Latin American coffee industry cannot be limited exclusively to measures regulating the marketing of this staple export crop. There is an urgent need to study the coffee production situation at the farm level, with a view to finding alternative and, if possible, more economic means of dealing with the problem of over-production. One of the most important pre-requisites for this purpose is the availability of reliable and representative data on the use of resources on coffee farms. But such information is lacking in most Latin American countries.

Even before these difficulties assumed their present proportions, ECLA adopted, at its fifth session, a resolution (63 (V)) recommending that studies should be made of the conditions of the coffee producer in the principal growing areas which would help partially to fill the gap in basic data.

The Joint ECLA/FAO Programme, which is responsible for these studies, has so far completed two extensive field surveys on a national scale, one in El Salvador and the other in Colombia. The printed version of the

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reports on these surveys is presented to the Commission <sup>1/</sup> separately. In both countries generous financial assistance was provided for these field studies by the Government and/or by semi-public or private organizations concerned with coffee production.

In 1958, a third survey was started in the State of São Paulo, Brazil, one of Latin America's principal producing areas. The Brazilian Coffee Institute (Instituto Brasileiro do Café) and the Department of Agriculture of São Paulo (Secretaria da Agricultura de São Paulo) are co-operating decisively in the execution of this project, which is described in greater detail below. The field work for the São Paulo study was completed towards the end of 1958 and the report is now in preparation. It is hoped that the final report will be available in late 1959.

## 2. The São Paulo survey

The structure of the São Paulo survey corresponds in the main to that used in Colombia, with minor variations due to differences in local conditions. The survey consists of three parts: (a) a comprehensive sample for the general aspects; (b) a sub-sample for the economic aspects; and (c) a case study.

### (a) General sample

This consists of field interviews on about 2,000 coffee farms throughout the State. These farms are selected on the basis of the directory of coffee farms prepared by the Department of Agriculture, with certain corrections to guarantee full coverage of all coffee-producing areas. The sample is stratified according to the size of the coffee enterprise on each farm.

The main objective of the general sample is to obtain total estimates for the State as a whole of a number of key items with respect to coffee-growing, including: total production of an area planted with coffee; age-distribution of existing plantings; proportion of plantings fertilized; extent of inter-cropping; extent and types of diversification, etc.

<sup>1/</sup> See Coffee in Latin America. Productivity problems and future prospects I. Colombia and El Salvador (E/CN.12/490) United Nations publication, Sales No: 58.II.G.4, and its statistical annex (E/CN.12/490/Rev.1) referring to Colombia.

### (b) Sub-sample

(b) Sub-sample

This consists of the study of 500 farms selected as a sub-sample of the "A" survey farms. The main objective of the "B" survey is to provide information on the use of factors of production such as labour, machinery and fertilizers in coffee-growing and farm processing operations. The real costs involved in establishing new plantings and in renewing old plantations will also be determined for the different conditions found in various parts of the State.

(c) Case study

This study is a special feature of the São Paulo survey and was not included in the surveys of El Salvador and Colombia. Its objective is basically to amplify and broaden the scope of the information collected through the "A" and "B" surveys. While the information for these two was gathered by means of one questionnaire covering the agricultural year, the 30 farms selected for the purposes of the case study were visited repeatedly during the year, and detailed cost and productivity data were obtained not only for coffee-growing but also for the other enterprises found on coffee farms. In this way a better insight was obtained of the structural problems affecting coffee-growing.

After the completion of the field work in late 1958, a great mass of data collected are now being submitted to a process of selection, conversion into metric units, punching, summarizing, tabulation and analysis. Owing to the many complications inherent in a large-scale field survey of this type, it is expected that the report will require most of the current year to complete.

3. Use of the data

It seems useful at this point to refer briefly to the uses that could be made of the coffee survey data collected in various countries by the ECLA/FAO Programme, especially in view of the present problems facing the coffee industry.

The data collected provide a fairly accurate picture - hitherto unavailable - of the differences in production methods and in productivity as between the main sectors of the industry. Since all data are expressed in physical units and not in monetary terms, they will remain valid for a considerable time even if price shifts occur.

/For each

For each country the main value of the data derives from two considerations:

- (a) The availability of information on the magnitude of various key sectors of the coffee industry, i.e., by provinces, size of farm, age of planting, etc. The coffee survey in fact takes the place of a detailed coffee census and serves to determine the influence of specific structural problems.
- (b) Available data enable a comparison to be made of production costs and productivity levels between various sectors of the industry. Thus marginal or sub-marginal sectors of production can be localized and a basis therefore provided for programmes designed to improve productivity and lower costs, and even to reduce production through the elimination of high-cost plantings and their replacement by other agricultural enterprises.

It is clear that the data as such cannot contribute to the solution of existing problems unless they are used as a basis for extension campaigns, credit programmes, crop diversification efforts, etc., by institutions concerned with the policy and regulation of coffee production.

#### 4. Status of the project

The carrying out of three extensive field surveys in geographically distant and widely differing areas of Latin America has shown the feasibility and usefulness of undertaking this type of investigation in the region. Despite the difficulties created by the relative inaccessibility of many producing zones, the lack of farm accounting practices, and other characteristics of Latin American coffee-growing, it has been possible to apply successfully modern principles of survey technique and of representative sampling. A detailed description of the methods and procedures followed by the ECLA/FAO Group is included as Annex I to the report on the survey in Colombia. <sup>2/</sup>

<sup>2/</sup> Op.cit., p.95.

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It would be of great interest to the coffee industry of Latin America as a whole, if similar surveys, adapted to local conditions, could be undertaken in all remaining areas of the region. A firm recommendation to this effect was made at the Fifth Regional Conference of FAO, held in Costa Rica in November 1958.

However, in the light of the experience gathered thus far, and taking into account the limited resources of the Joint ECLA/FAO Programme, it is considered that the carrying out of these additional surveys in other areas of Latin America should be principally the responsibility of the Governments concerned, in co-operation with local organizations connected with the coffee industry. It is felt that the role of the Joint ECLA/FAO Programme in this respect could henceforth best be limited to assistance in the technical preparation of the surveys and in the analysis of the final results.