

COFFEE REPORT

2023

The IPARD logo features the letters 'IPARD' in a blue, sans-serif font. A green stylized arrow or 'S' shape curves around the letter 'P'.

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Prepared by: Information Center for Agriculture and Rural Development

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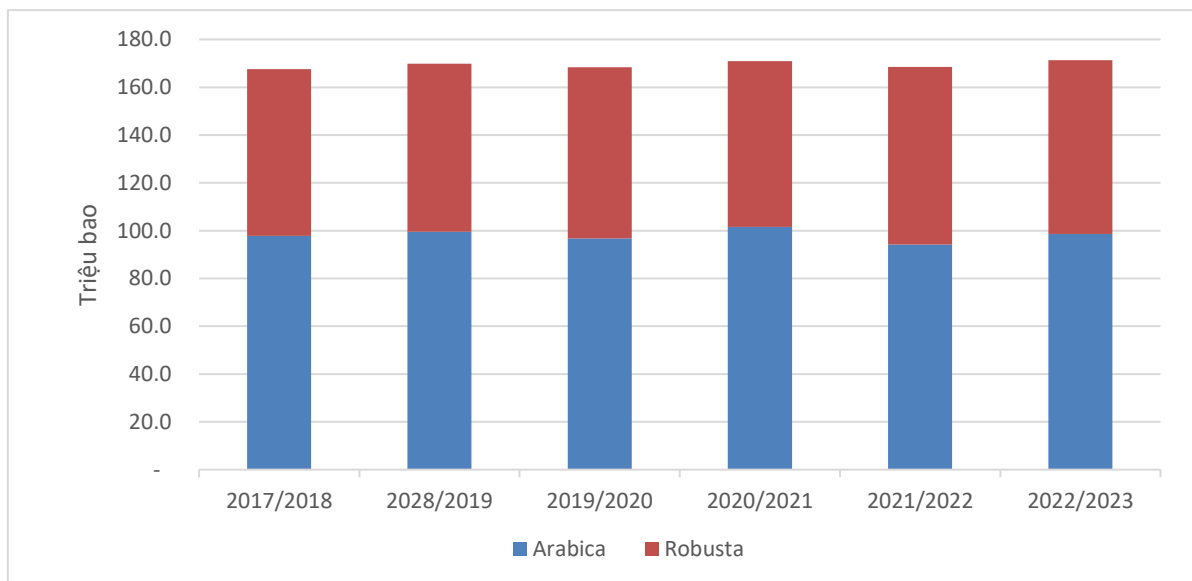


I. WORLD COFFEE INDUSTRY 2023

1.1. The situation of world coffee production in 2023

In the coffee year 2022/2023, global coffee production shows minimal variation compared to the previous season, reaching 168.2 million bags (60kg each), a marginal increase of 0.1% compared to the coffee year 2021/2022 (168 million bags). Within this context, Arabica coffee production reached 94 million bags, constituting 55.9% of the total global coffee output, marking a 1.8% increase from the period in 2021/22. Conversely, Robusta coffee production amounted to 74.2 million bags, representing 44.1% of the total, indicating a 2.1% decrease. The decline in Robusta coffee production in the coffee year can be attributed to reduced output in major Robusta-producing countries such as Vietnam and Indonesia.

Figure 1. World coffee production from 2007 to 2023



Source: ICO, 2020

1.1.1. Coffee production in South America

In the coffee year 2022/23, South America continues to be the largest coffee-producing region globally, reaching 82.4 million bags, constituting 48.1% of the total global coffee output for this coffee year, marking a 6.2% increase compared to



the period in 2021/22. The growth in coffee production in this region is attributed to the increased output in Brazil.

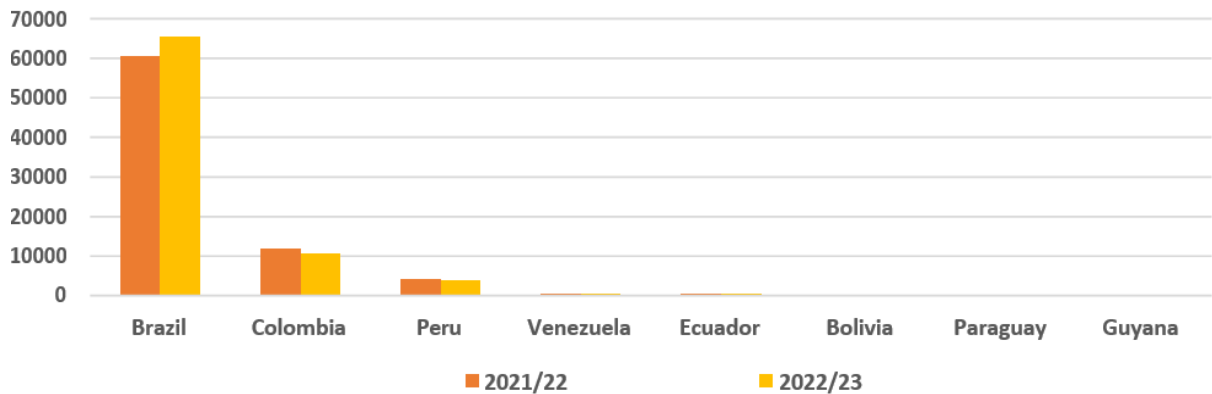
+ Brazil remains the largest coffee-producing country in South America. In the coffee year 2022/2023, the country's coffee production reached 65.49 million bags, marking an 8.4% increase compared to the coffee year 2021/2022, setting a new record in production (surpassing the 65.47 million bags in 2020).

+ Colombia's coffee production in the coffee year 2022/2023 reached 10.7 million bags, experiencing a 9.1% decrease due to unfavorable weather conditions. This marks the third consecutive year of negative growth, with production levels dropping to the lowest point since 2021.

+ Peru's coffee production decreased by 7.1%, reaching 3.9 million bags in the coffee year 2022/2023, influenced by excessive rainfall affecting the coffee plantations' production conditions.

Figure2: Coffee production in South America

Unit: thousand bags



Source: ICO

1.1.2. Coffee production in Asia and Oceania

The coffee year 2022/2023, coffee production in Asia and Oceania reached 49.8 million bags, down 4.7% compared to the 2021/2022 season. The region's



coffee production declined due to a decrease in output from major producing countries.

Vietnam is the world's 2nd largest coffee producer and the largest producer of Asia & Oceania. In The coffee year 2022/2023, Vietnam's coffee production reached 292 million bags, down 3.7 million bags, equivalent to a decrease of 9.8% compared to the previous season. Production decreased due to: (1) prolonged heavy rains in the main producing provinces of Dak Lak, Gia Lai and Kon Tum; (2) The area of production decreases as people switch to other crops that are more economically viable.

Indonesia is the second largest supplier in Asia and Oceania, after Vietnam. The country's coffee production in The coffee year 2022/2023 reached 12 million bags, up 2.4%. Coffee production increased due to the expansion of production area, the production area increased by 71 thousand hectares in 2018-2022. However, Indonesia's coffee production has not met expectations as the La Niña weather phenomenon has significantly impacted production at the beginning of the season. In addition, prolonged heavy rains during and after the flowering period have reduced yields.

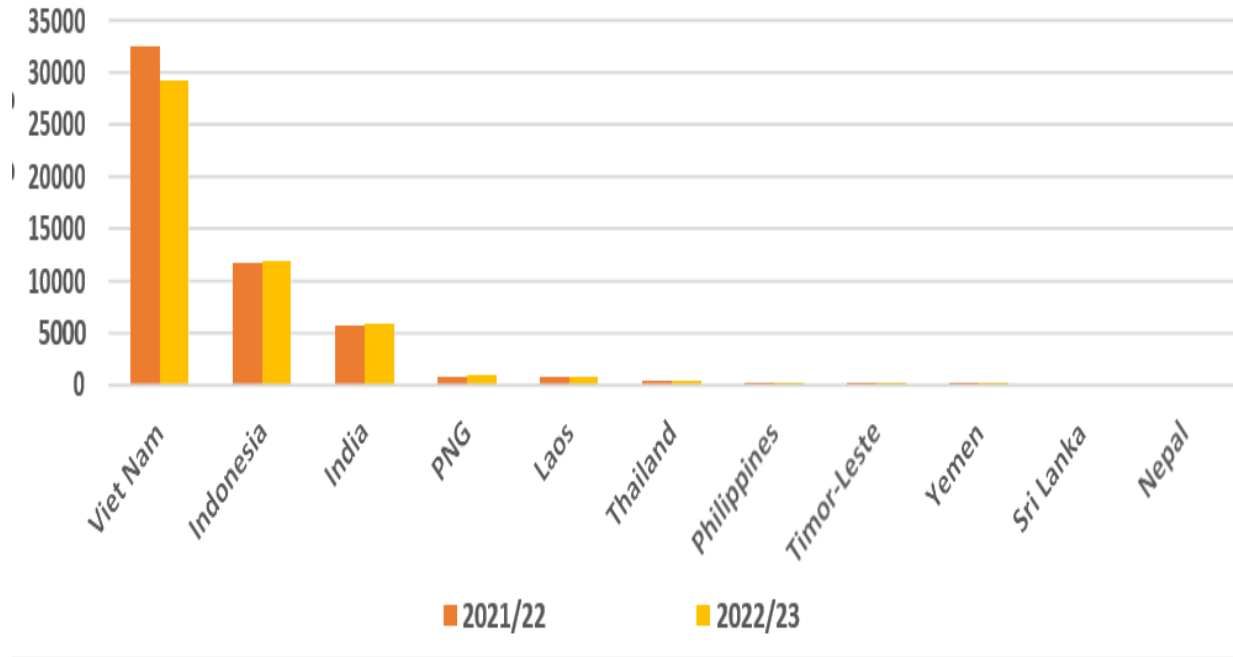
Indian coffee production in 2022/2023 reached 5.9 million bags, up 2.9% compared to coffee production in 2021/2022.

Laos is an emerging country in the region's coffee production, surpassing the Philippines, Thailand and Yemen to become the fifth-largest coffee producer in Asia and Oceania. In The coffee year 2022/2023, Laos' coffee production reached 0.8 million bags, an increase of 0.1 million bags compared to the previous season.



Figure3: Coffee production in Asia and Oceania

Unit: Thousand bags



Source: ICO

1.1.3. Coffee production in Africa

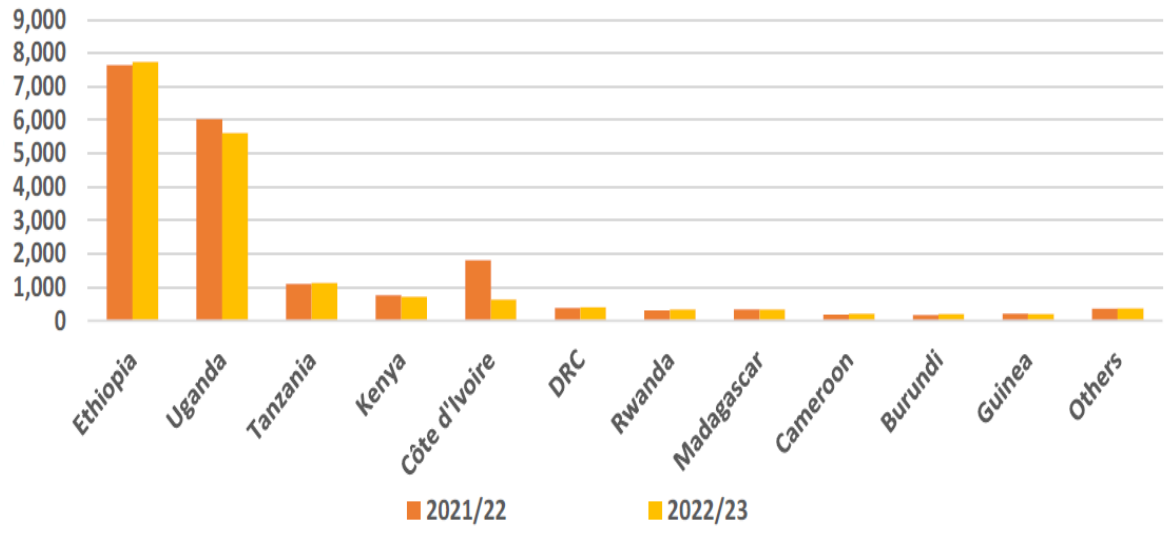
Coffee production in Africa reached 17.9 million bags in The coffee year 2022/2023, accounting for 10.6% of the total world coffee production, down 7.2% compared to the 2021/2022 season.

Ethiopia is the main coffee producing country of this region. Coffee production reached a new record of 7.73 million bags, up 1% from the previous season. Ethiopia's coffee production reached a new record because from 2020 the country replanted 400,000 hectares. By the time of the 2022/23 harvest, coffee farmers in Ethiopia expect to achieve high yields due to good weather in the coffee-growing region. However, the rainfall in May and June was not satisfactory, so the output did not meet expectations.



Figure4: Coffee production in Africa

Unit: thousand bags



Source: ICO

Uganda is the second largest producing country of the African region. In The coffee year 2022/2023, Uganda's coffee production decreased by 0.4 million bags compared to the 2021/2022 crop year to 5.6 million bags. This is the second consecutive year that coffee production has declined due to a prolonged drought that has led to reduced yields in key producing areas in the central and eastern regions. Uganda is developing a program to replant coffee trees and use organic fertilizers in production, aiming to reach 20 million bags by 2023.

Côte d'Ivoire was the country with the largest drop in production in the African region, with production down 64.7%, reaching 0.6 million bags. Côte d'Ivoire's coffee production decreased due to drought.

1.1.4. Coffee production in Central America and Mexico

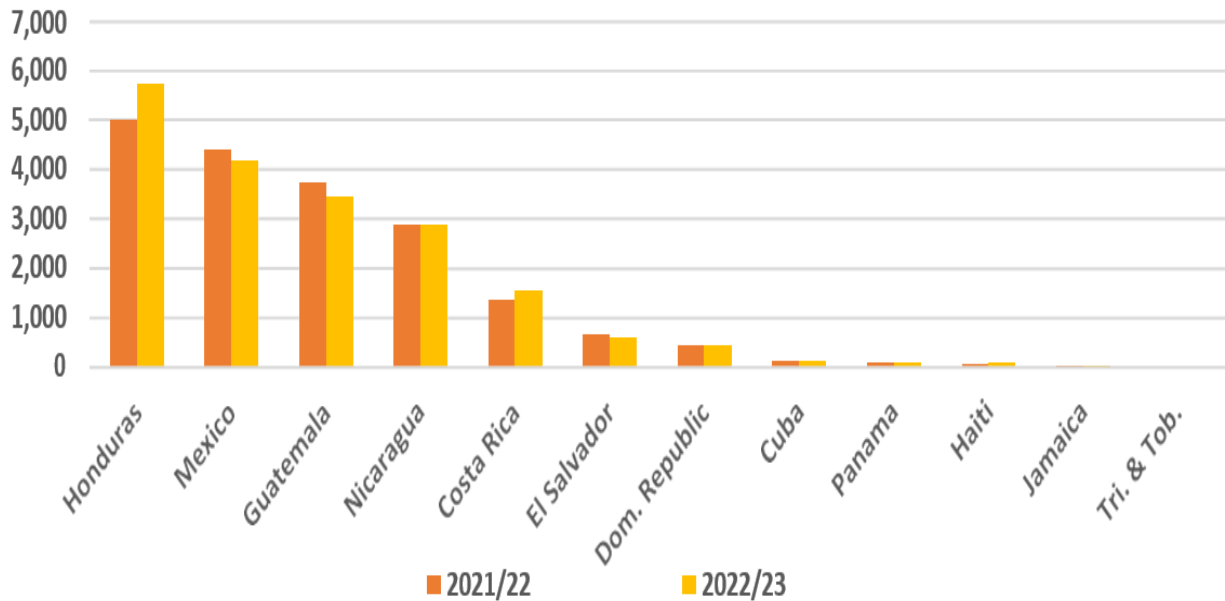
Coffee production in Central America and Mexico increased by 1.7% in The coffee year 2022/2023 to 19.2 million bags, from 18.9 million bags in the 2021/2022 coffee year.



Honduras is a major coffee producer in the region with 5.7 million bags, up 14.7% from the previous season. Honduras' coffee production faces many difficulties such as labor shortages, high fertilizer costs, heavy rains and rust-infested coffee areas.

Guatemala's coffee production recorded its second consecutive year of decline, down 7.4% compared to the previous crop year, although the country's production area has increased to 302 thousand hectares from 2019. Similar to other countries in the region, Guatemala's coffee production decreased due to the influence of the weather.

Figure5: Coffee production in Central America and Mexico



Source: ICO

1.2. World coffee consumption situation

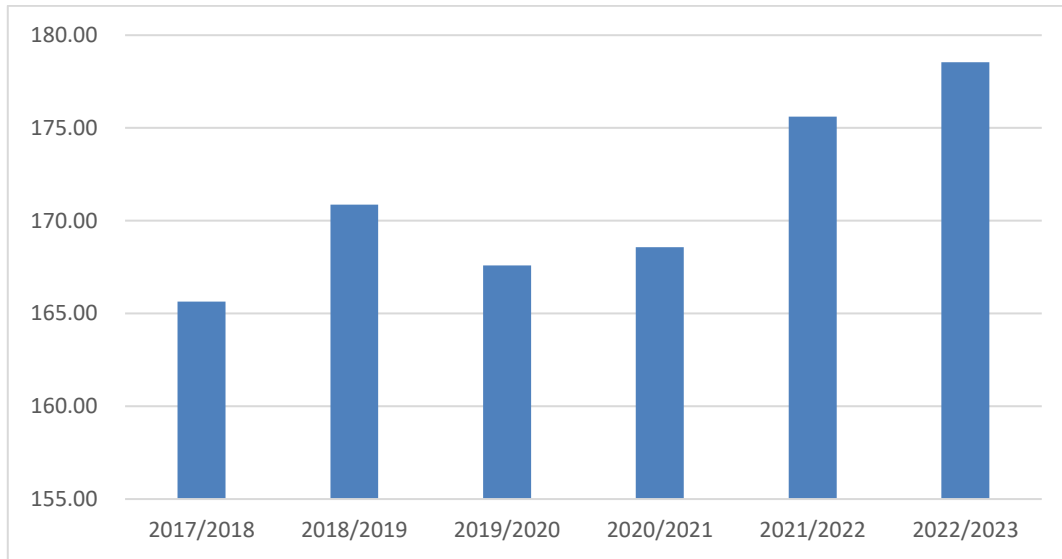
In the 2023/2022 crop year, the world coffee industry continues to trend down since the Covid 19 pandemic due to inflation affecting the consumer demand of countries around the world. Global coffee consumption reached 173.1 million bags, down 2% compared to the 2021/2022 crop year. In particular, coffee consumption in producing countries reached 55.1 million bags, accounting for 31.8% of total



world coffee consumption, up 1.2% over the previous season; Coffee consumption in non-producer countries reached 118.1 million bags, accounting for 68.2%, down 3.4%

Figure6: Global coffee consumption

Unit: million bags



Source: ICO

1.2.1. Coffee consumption in Africa

In The coffee year 2022/2023, coffee consumption in Africa will decrease by 4.7% to 12.3 million bags. Coffee consumption in this region is concentrated in Ethiopia, Algeria, Egypt, Morocco and South Africa accounting for 72% of Africa's total consumption, reaching 8.8 million bags.

Ethiopia is the largest consumer in Africa, its production in The coffee year 2022/2023 reached 3.7 million bags, up 2.1% from the previous crop year.

Algeria is the second largest coffee consumer in Africa and its consumption has been on a downward trend since the 2020/2021 coffee year, with consumption peaking at 2.5 million bags. In The coffee year 2022/2023, the country's coffee consumption reached 1.8 million bags, down 0.6 million bags compared to the year with the 2020/2021 crop year. The reason for Algeria's coffee consumption



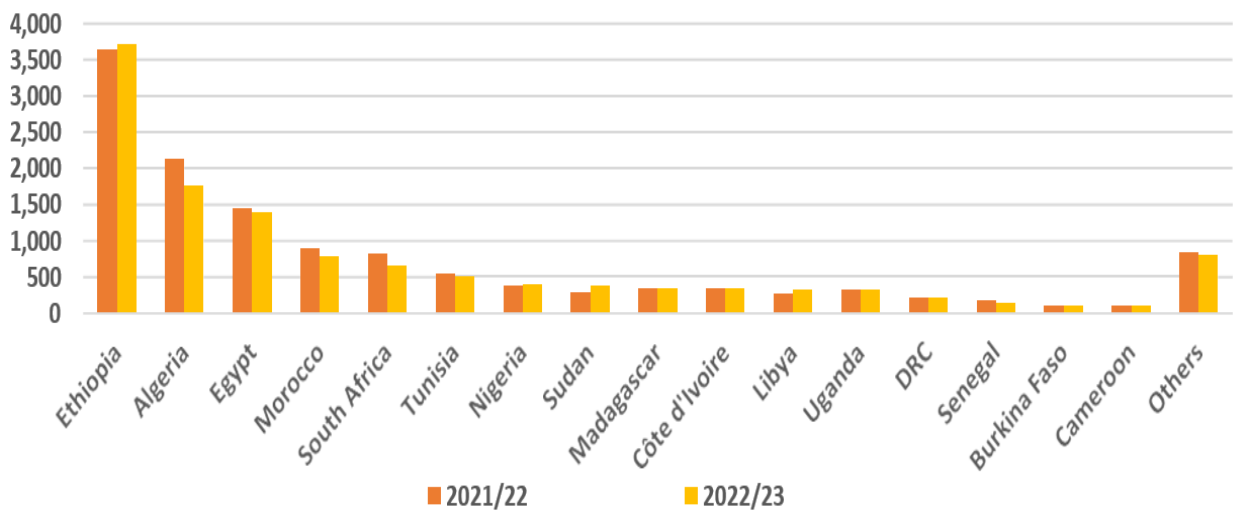
decreased due to the economic downturn and high cost of living. In 2022, the country's inflation was 9.4%, food prices increased, coffee and tea prices increased by 22.2%. In Algeria, food accounts for more than half of household expenditure.

Sudan is the country with the largest growth rate of coffee consumption in the African region in The coffee year 2022/2023, up 30% compared to the previous season, reaching 0.4 million bags. Sudanese coffee consumption contrasts with the country's economic growth.

In The coffee year 2022/2023, coffee consumption of some countries in the African region decreased sharply in the 2022/2023 year, namely Morocco down 14.2%, South Africa down 20.4%, Senegal down 19.2%.

Figure7: African coffee consumption

Unit: thousand bags



Source: ICO

1.2.2. Coffee consumption in Central America and Mexico

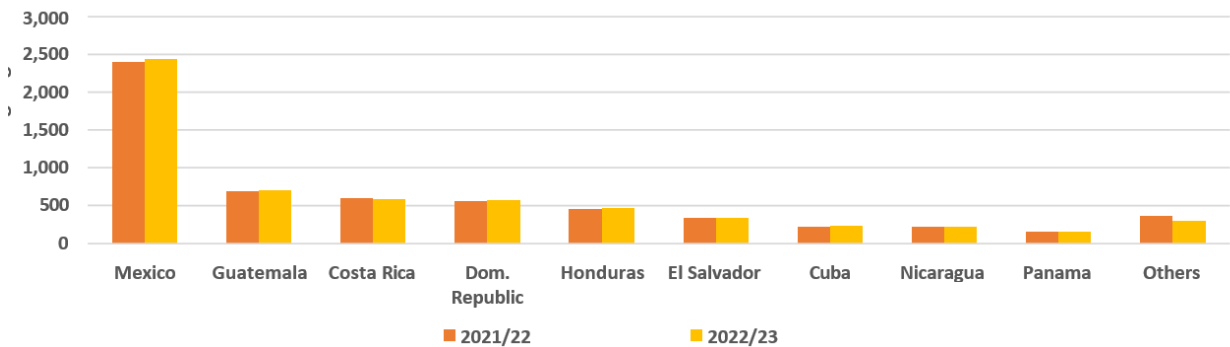
For Central America and Mexico, coffee consumption will increase by 0.3% in The coffee year 2022/2023, reaching 6 million bags. Mexico was the largest coffee consumer in this region with sales reaching 33.5 thousand bags, up 1.4%, followed by Honduras with 13.9 thousand bags, up 3.% and Guatemala with 10.8



thousand bags, up 1.6%. Coffee consumption of these countries will grow in The coffee year 2022/2023 due to economic development and the number of international tourists growing again. The average GDP growth rates in 2022-23 were 4.9%, 3.5% and 3.8% for Mexico, Honduras and Guatemala, respectively, higher than the average growth rates in 2018-19, two years before the Covid-19 pandemic, of 0.8%, 3.2% and 3.7%, respectively. In 2022, the total number of domestic international tourists increased by 20.3%, 83% and 177% respectively compared to 2021, with a net increase of 8.0 million people of the three countries.

Figure8. Coffee consumption of Central America and Mexico

Unit: Thousand bags



ICO Source

1.2.3. Coffee consumption in South America

South America's coffee consumption grew by 2.0% in the 2022/23 coffee year, with consumption reaching 27.5 million bags of coffee.

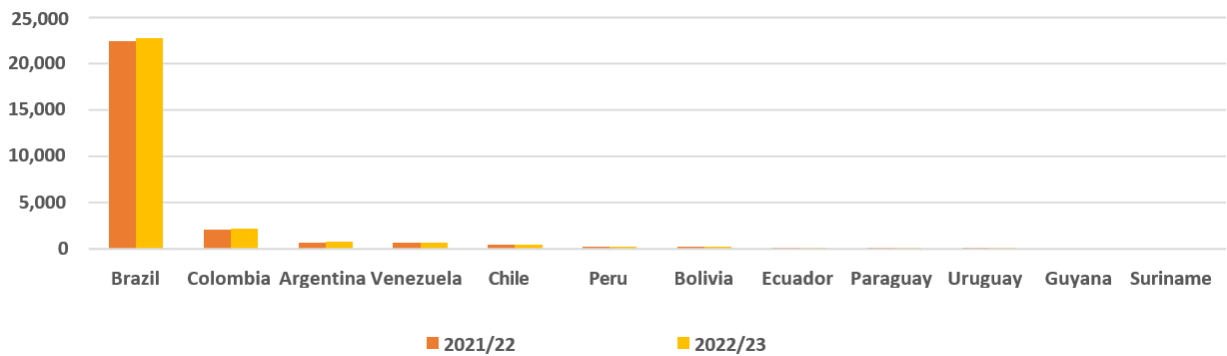
Brazil is the leading country in the region's coffee consumption, accounting for 82.5% of the total consumption volume, up 1.5% from the previous season to 22.7 million bags. The high population is part of the reason for the country's increased coffee consumption. In 2022, Brazil's population reached 212.6 million. In addition, Brazil is also the country with the largest per capita coffee consumption in the region, showing that coffee drinking culture is increasingly popular in society, which is also the reason for the increase in coffee consumption.



Colombia, Argentina and Chile are also significant contributors to the region's positive growth. The total coffee consumption volume of these 3 countries reached 0.2 million bags in The coffee year 2022/2023, up 6% compared to the previous season.

Figure9: Coffee consumption in South America

Unit: Thousand bags



Source: ICO

1.2.4. Coffee consumption in North America

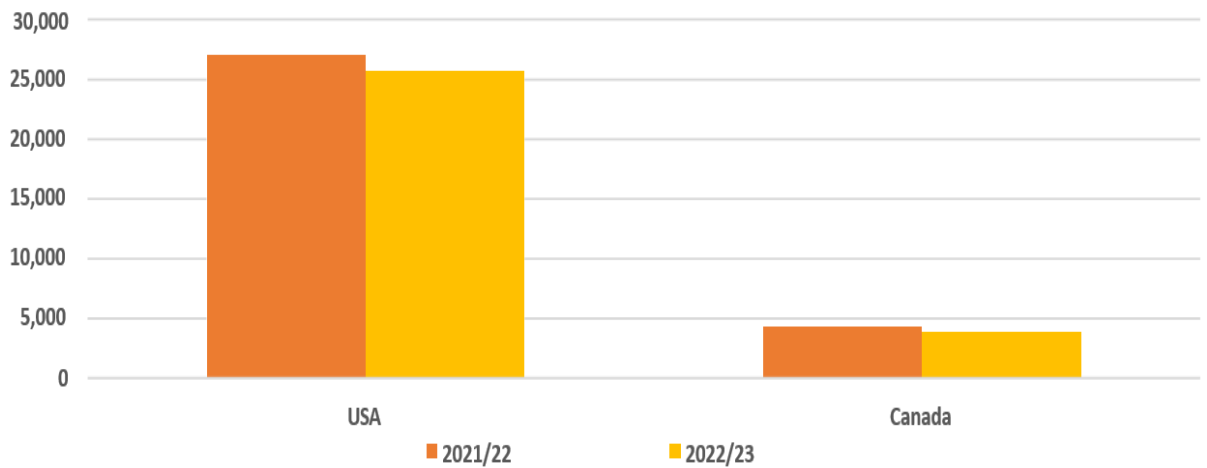
North America is the world's largest declining coffee consumption region in The coffee year 2022/2023, with consumption volume reaching 29.8 million bags, down 5% from the previous season. North America is one of only two regions where coffee consumption this season remains below levels reached before the COVID-19 pandemic. North America is a market with ancient coffee culture. According to an NCA survey report conducted in September 2023, coffee is the most popular beverage in the United States, the largest coffee consumer in the region, with a daily coffee consumption rate in the United States of America reaching about 63 percent. Coffee consumption in North America has increased significantly since the mid-20th century. Specifically, coffee consumption in this region has increased from 19.1 million bags in 1994 to 31.8 million bags in the 2018/2019 crop year. However, recent years have witnessed a decline in consumption volume due to the impact of the Covid 19 pandemic and the inflation situation of countries in this region.



Coffee consumption in this region is forecast to grow again in the 2023/2024 crop year because the economic situation is forecast to grow more positively. The IMF forecasts that the U.S. economic growth rate will reach 2% between 2024 and 2028. In addition, the U.S. population has maintained steady growth, increasing by 10.3 million people between 2018 and 2022, which is a major factor affecting the rate of coffee consumption as daily coffee consumption remains stable at about 66% of the population.

Figure10: Coffee consumption in North America

Unit: Thousand bags



Source: ICO

1.2.5. Coffee consumption in Asia and Oceania

Although the Asia and Oceania region is known for consuming more tea than coffee, The coffee year 2022/2023 coffee consumption in this region recorded significant growth. Coffee consumption volume reached 44.5 million bags, up 0.6% compared to the previous season, accounting for 25.7% of total global coffee consumption.

China is a major focal point in this region's coffee consumption. According to the World Coffee Portal, China has surpassed the United States to become the market with the largest number of branded coffee shops in the world, reaching 49,691 stores,

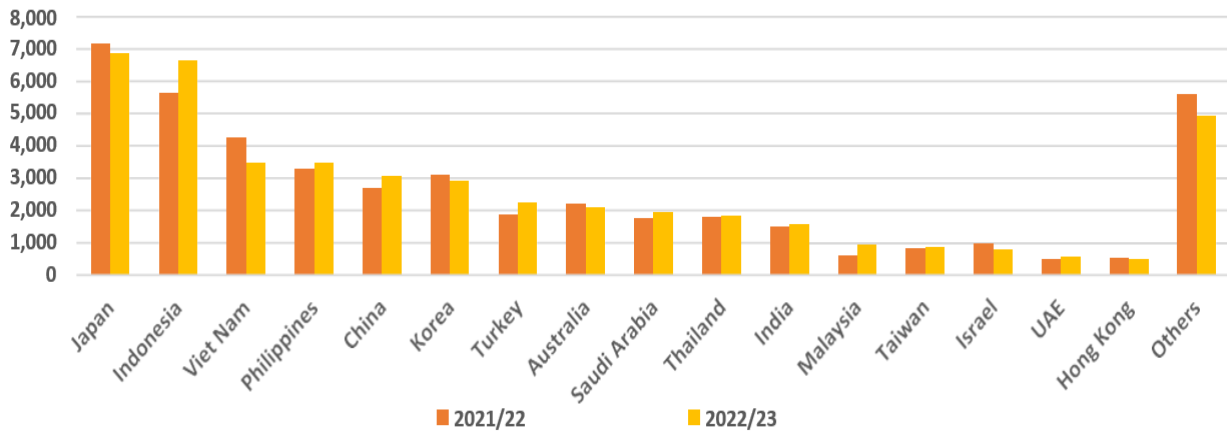


9,629 more than the United States. The growth in China is mainly due to the rapid growth in the number of Luckin Coffee and Cotti Coffee stores. As of October 2023, Luckin has 13,273 stores, making it the largest coffee chain in the country. World Coffee Portal forecasts that the growth rate of branded coffee shops in China will reach 24% by 2024 and gradually decline to 6% by 2028.

Japan and South Korea are the two countries with the largest coffee consumption volume in the region, reaching 9.8 million bags in The coffee year 2022/2023, accounting for 21.8% of the total consumption of Asia and Oceania, down 4.6% compared to the 2021/2022 crop year. The two economies have suffered severe volatility due to the COVID-19 Pandemic, with Japan's GDP growth rate slowing by an average of 0.1% between 2022 and 2023. In addition, the decline in coffee consumption of these two countries is due to the decline in population. Japan's population peaked in 2010 at 128.6 million and declined by 3.0 million in 2022. Meanwhile, South Korea's population peaked more recently in 2021 at 51.8 million, but fell to 51.7 million in 2022.

Figure 11. Coffee consumption in Asia and Oceania

Unit: Thousand bags



Source: ICO

1.3. World coffee trade in 2023



1.3.1. World coffee exports in 2023

According to ICO, global coffee exports in The coffee year 2022/2023 (October 2022 to September 2023) green coffee bean exports reached 110.8 million bags, down 5.5% compared to the 2021-2022 crop year and accounting for more than 90% of total global coffee exports.

a. Global green coffee export

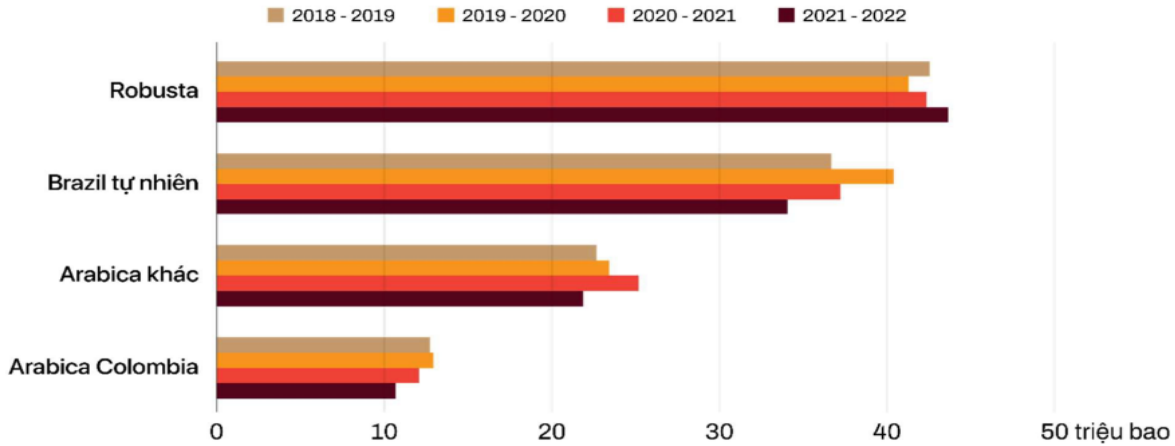
According to the ICO, the global macroeconomic environment in The coffee year 2022/2023 is not driving coffee consumer demand, inflation and rising interest rates in many major economies have increased the cost of living and reduced the disposable income of a large segment of consumers around the world. The above factors have reduced coffee consumption in the world, leading to a decrease in the import value of coffee in general and green coffee in particular. In addition, the ICO suggested that the decline in global green coffee exports in the 2022-2023 crop year could have a lot to do with logistics and supply chains in coffee production.

In the 2022-2023 season, exports of Brazilian Arabica coffee group decreased by 8.5% compared to the previous season to 34.2 million bags. Exports of Colombian Arabica coffee group also fell 11.2% to only 10.8 million bags; Other Arabica groups fell 12.1% to 22.1 million bags. Robusta coffee exports increased by 2.6% in 2022/2023 to nearly 43.8 million bags compared to 42.7 million bags in 2021/2022. Among the 4 global green coffee groups, Robusta is the only group with positive growth in The coffee year 2022/2023, as it benefits from the trend of shifting consumption from Arabica coffee to Robusta coffee due to its more competitive price.



Figure12: Global green coffee exports in 2019/2020 to 2022/2023

Unit: Million Bao



Source: ICO

Overall, Arabica coffee exports in The coffee year 2022/2023 are negatively affected by the trend of increasing inventory utilization and fewer imports by major consuming countries. Besides, there is a trend to replace Arabica coffee with Robusta at a more competitive price in the context of rising living costs and declining incomes.

Adverse weather is also one of the factors causing global Arabica coffee exports to decline. Colombian Arabica coffee, in particular, fell below the 11 million bag mark for the first time since the 2012/2013 crop year. The supply of Colombia, the main exporter of this coffee group, is reduced due to the influence of weather during production for most of The coffee year 2022/2023. Data shows that Colombia's exports of green coffee fell 13.1% to 9.4 million bags this season.

b. Export situation of instant coffee and roasted coffee

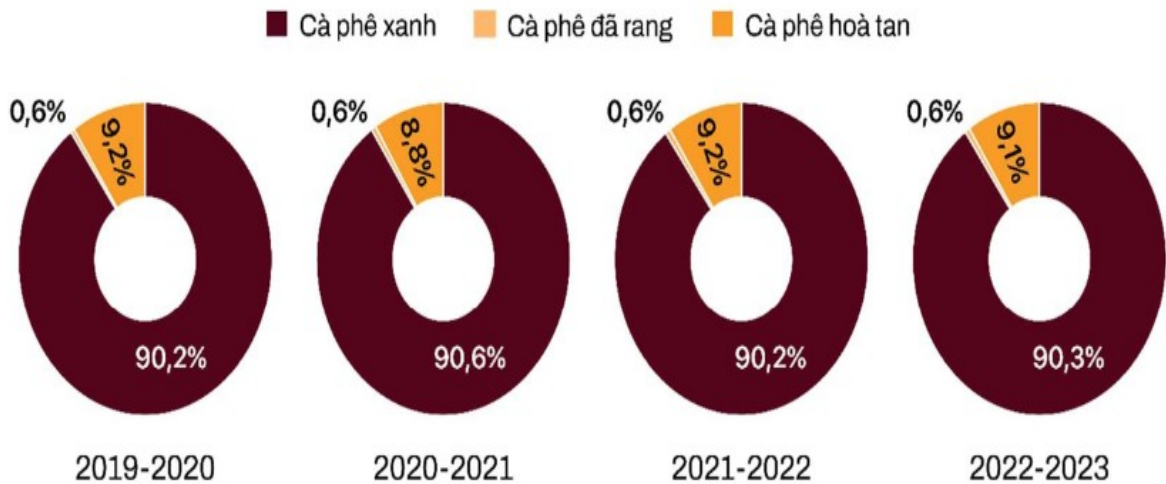
Similar to the decline in green coffee, global instant coffee exports fell by 5.7% in the 2022-2023 crop year, to 11.47 million bags. The proportion of instant coffee in total global coffee exports is 9.1%, down slightly from 9.3% in the previous season. Brazil is the world's largest exporter of instant coffee, reaching nearly 3.8



million bags in The coffee year 2022/2023, accounting for 32.47% of total production.

Global exports of roasted coffee also fell by 16% in the 2022-2023 crop year, reaching just 0.7 million bags.

Figure13: Export rate of global coffee varieties



Source: ICO

1.3.2. World coffee imports in 2023

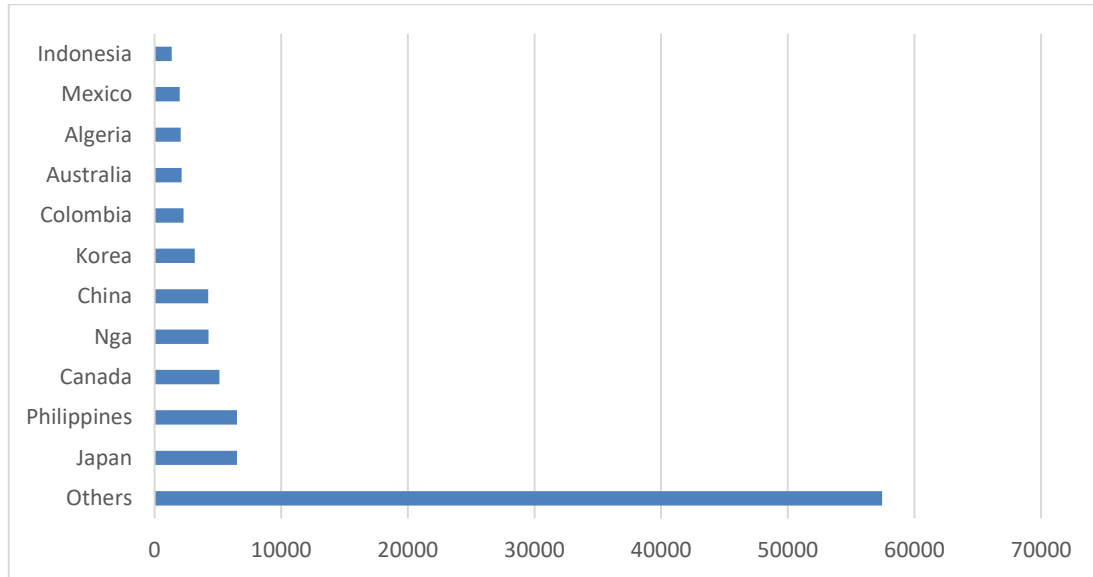
According to the ICO, imports from all countries in the ICO and US Import Member group for The coffee year 2022/2023 increased by 1% to 123.2 million bags. Compared to the previous season, coffee imports in all markets increased, specifically: EU increased by 0.1% to 55.4 million bags; North America increased by 1.3% to 32.1 million bags, South America by 1.8% to 27.4 million bags, Africa by 4.1% to 13.4 million bags, Asia and Oceania by 3.1% to 44.2 million bags.

According to the USDA, Japan is the largest coffee importer in The coffee year 2022/2023, reaching 6.505 million bags, accounting for 6.7% of total global coffee imports, down 4.6% from the previous season. The second is the Philippines with an import volume of 6.5 million bags, accounting for 6.7%, down 0.6%; Canada reached 5.1 million bags, accounting for 5.3% and down 4.1%.



Figure14: Coffee import volume of some countries in the world in The coffee year 2022/2023

Unit: Thousand bags



Source: USDA

In terms of coffee type, green coffee imports accounted for the largest proportion of world coffee imports in The coffee year 2022/2023, reaching 111.6 million bags, accounting for 83% of the total global coffee import volume, down 6.2% year-on-year. Global import volume of instant coffee reached 17.3 million bags in The coffee year 2022/2023, accounting for 13.8% and down 6.7%; The output of imported roasted coffee reached 5.7 million bags, accounting for 4.2% and down 1%.

1.3.3. Balancing world coffee supply and demand in 2023

According to ICO, the global coffee market has a deficit of about 7.2 million bags in The coffee year 2022/2023 due to a decline in global coffee production this season but consumption shows signs of recovery. This is the second consecutive year that a coffee deficit has been recorded (a deficit of 7.1 million bags in the 2021/2022 crop year). Although global coffee production recorded growth again this season (up 1.7%), it has not fully met the world's coffee demand.

Table 1: Balancing world coffee production and consumption (Unit: million bags)

Coffee year	2018/19	2019/20	2020/21	2021/22	2022/23	% change 2021/22
PRODUCTION	169,88	168,39	170,87	168,49	171,27	1,7%
Arabica	99,62	96,67	101,58	94,25	98,56	4,6%
Robust	70,27	71,72	69,29	74,24	72,71	-2,1%
Africa	18,52	18,70	19,28	19,13	19,41	1,4%
Asia & Oceania	48,07	49,31	47,91	52,10	49,71	-4,6%
Mexico & Central America	21,36	19,32	19,75	19,66	19,73	0,4%
South America	81,93	81,06	83,94	77,60	82,42	6,2%
CONSUME	170,88	167,59	168,57	175,61	178,53	1,7%
Exporting country	52,23	51,44	52,52	53,62	55,37	3,3%
Importing country	118,64	116,15	116,05	121,99	123,17	1,0%
Africa	11,92	12,03	12,55	12,88	13,40	4,1%
Asia & Oceania	39,57	39,20	41,29	42,83	44,16	3,1%
Mexico & Central America	5,81	5,86	5,88	5,97	6,12	2,6%
Europe	55,45	53,95	52,24	55,36	55,39	0,1%
North America	31,79	30,58	30,23	31,68	32,08	1,3%



Coffee year	2018/19	2019/20	2020/21	2021/22	2022/23	% change 2021/22
South America	26,34	25,97	26,38	26,90	27,38	1,8%
BALANCE	-0,9	0, 8	2,2	-7,12	-7,2	1,7%

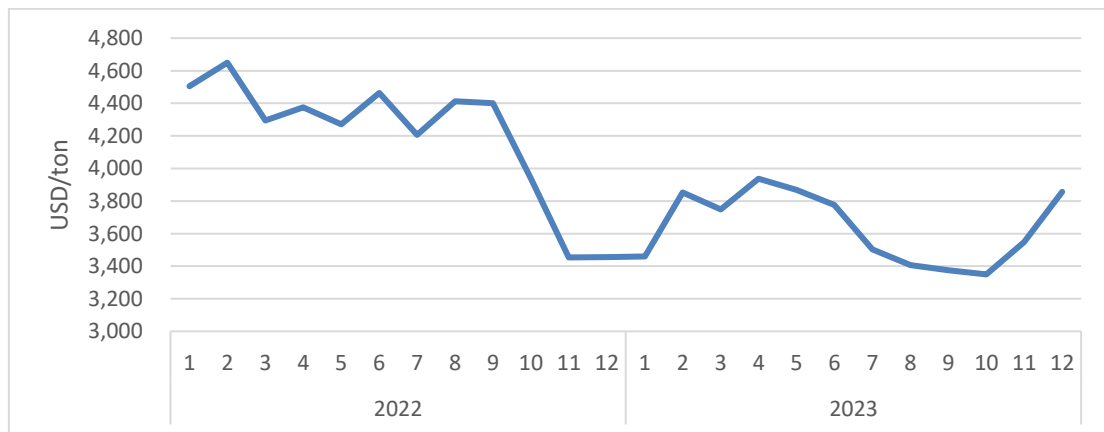
Source: ICO (figures as of October 2023)

Forecast for the 2023/2024 crop year, the balance of demand and demand of world coffee continues to record a deficit because global coffee consumption is forecasted to increase due to inflation being gradually controlled, coffee consumption of main consuming countries tends to recover. Meanwhile, coffee production in the 2023/2024 season is forecast to decrease when the unfavorable weather situation is taking place in the main producing regions and the coffee production area in some countries tends to decrease.

1.3.4. World coffee price fluctuations

According to a report by the International Coffee Organization (ICO), the coffee price index continues to rise at the beginning of 2023, however, there is a downward trend in the following months, especially the sharpest decline in October to the end of the year. In 2023, the average coffee price index is at \$3,856 per tonne, up 11.6% compared to 2022.

Figure15: ICO Composite Price Index Volatility

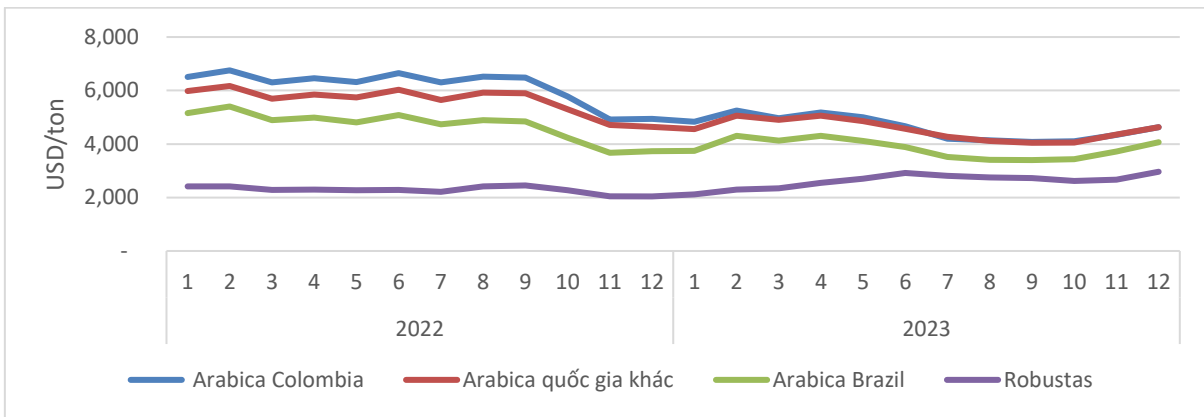


Source: ICO



Compared to 2022, coffee prices increased in most categories of which the strongest increase was Robusta, up 45.3%; Brazilian Arabica rose 9.2%; Arabica in other countries rose 0.1%. Robusta coffee prices increased sharply because the supply of Robusta coffee of major supplier countries Vietnam, Indonesia and Brazil is forecast to decrease in the 2023/2024 crop year (from October 2023 to September 2024).

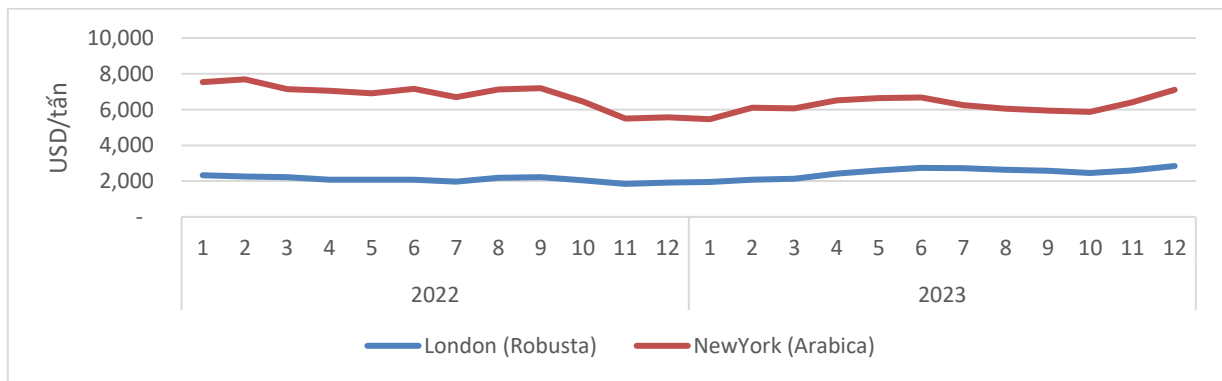
Figure16: Price index of coffee types 2022 - 2023



Source: ICO

Regarding coffee futures prices in 2023, Robusta and Arabica coffee prices on the London and New York futures exchanges all share the same upward trend at the end of the year. Compared to 2022, Robusta coffee futures on the London floor in 2023 averaged \$ 2,481 / ton, up 17.9% compared to 2022, while Arabica coffee futures on the New York floor fell 20.1% to \$ 4.7230 / ton.

Figure17: Coffee price fluctuations on 2 floors London and New York



Source: ICE, Agroinfo 2023



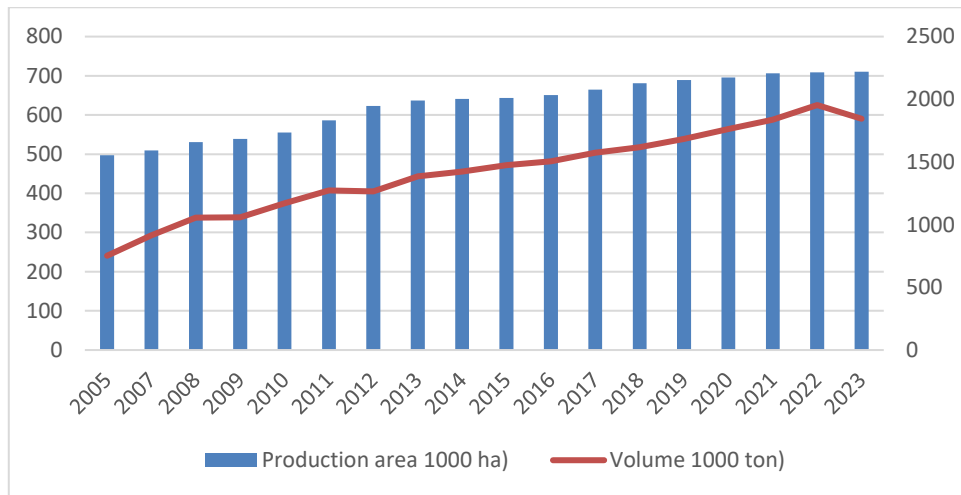
II. VIETNAM COFFEE INDUSTRY 2023

2.1. Coffee production situation

2.1.1. Coffee production area

Vietnam is divided into two climatic zones suitable for coffee production. The Central Highlands region has basalt red soil, which is very favorable for growing coffee and the northern provinces, with suitable altitudes (about 6-800 m) suitable for tea coffee. According to the Department of Horticulture, Ministry of Agriculture and Rural Development, the total coffee area in the country is about 710,000 hectares, an increase of 0.14% compared to 2022.

Figure18: Acreage and production amount of Vietnamese coffee



Source: General Statistics Office, Department of Horticulture

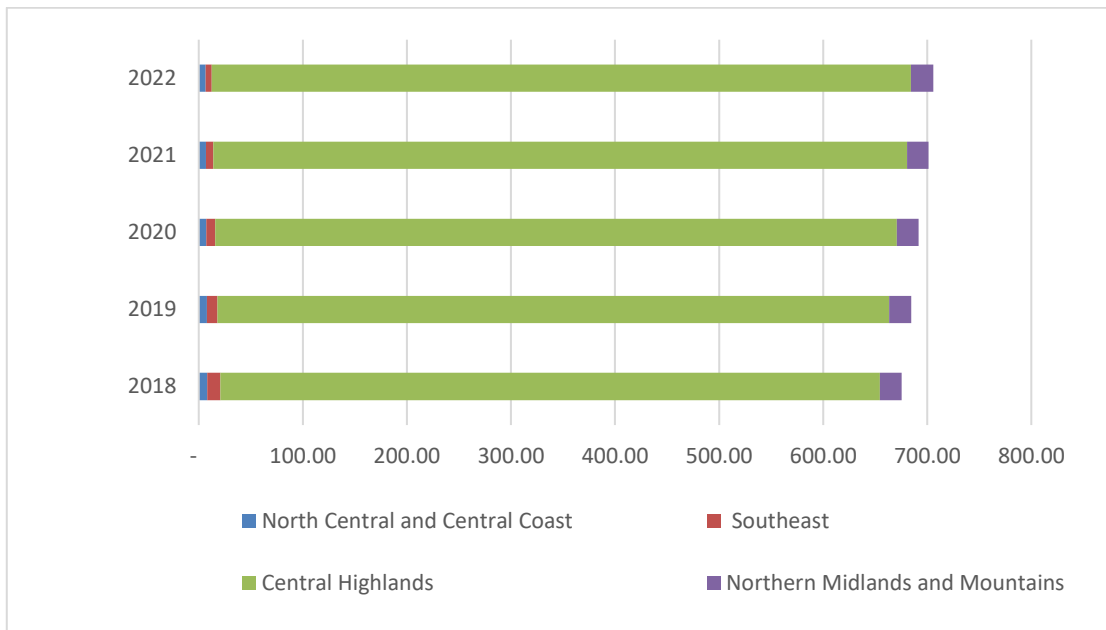
The Ministry of Agriculture and Rural Development (MARD) implemented a pilot project to build a standard coffee material area with an area of 19,700 hectares, including 4 provinces of Gia Lai, Dak Lak, Kon Tum and Dak Nong. In this project area, there are about 64 cooperatives (cooperatives) and 5,230 households producing coffee. Therefore, the demand for human resources in the coming time for coffee material areas in the Central Highlands provinces is very large. According to the Department of Economic Co-operation and Rural Development, it is expected that the labor demand in the coffee material area is about 11,000 people, of which 10,000 workers are directly involved in coffee production.



2.1.2. Coffee production situation in the Central Highlands

The Central Highlands is the main coffee producing region of Vietnam, accounting for 95.5% of the total area. The coffee growing area of this region tends to increase in the period from 2018-2022 with an average growth rate of 1.5% / year. The northern Midlands and mountainous regions ranked second with an average area in the period of 2018-2022 of 21.07 hectares, accounting for 3% of Vietnam's total coffee plantation area, the average growth rate in this period reached 0.4% / year. In particular, the area of coffee over 15 years old in the Central Highlands is currently more than 132 thousand hectares, accounting for over 50% of the area; The area of old tea coffee accounts for over 27%.

Figure19: Coffee cultivation area by region



Source: General Statistics Office, 2023

In The coffee year 2022/2023, the coffee planting area in the Central Highlands reached nearly 672 thousand hectares, an increase of 0.8% compared to the 2021/2022 crop year. Dak Lak is the province with the largest coffee growing area in the Central Highlands, with an area of 212.9 thousand hectares, accounting for 31.7% of the total coffee production area in the Central Highlands, down 0.2% compared to the previous season. The coffee area of Dak Lak province because people are tending to increase the area intercropped with fruit trees, especially durian



because of higher economic efficiency than coffee production. In recent years, Dak Lak has promoted the application of the program "Integrated Crop Health Management (IPHM)" to develop sustainable coffee production. IPHM is a relatively new program, but the principle of IPHM is also based on the principle of IPM (integrated pest management) which has been implemented locally since the 1990s; only that IPHM is more concerned about the basic foundation of the productive soil, the surrounding ecosystem, the diversity of species and encouraging the use of nutrient rings. At the same time, it is smart investment and farmers must be professional and responsible. In order to promote the application of this program, Dak Lak province needs to strengthen training and development of IPHM human resources of Dak Lak through relevant specialized agencies such as horticulture, plant protection, local agricultural extension, grassroots agricultural staff, including rural extension collaborators, etc Merchant. Building and replicating IPHM application models in coffee production to serve as a basis for replicating IPHM in actual production, associated with preservation, processing and consumption of coffee products along the value chain. Widely disseminate the results and experiences of IPHM application to the coffee production and consumption community, through first-shore workshops to evaluate the results and local media. Integrate IPHM program transfer into grassroots extension trainings.

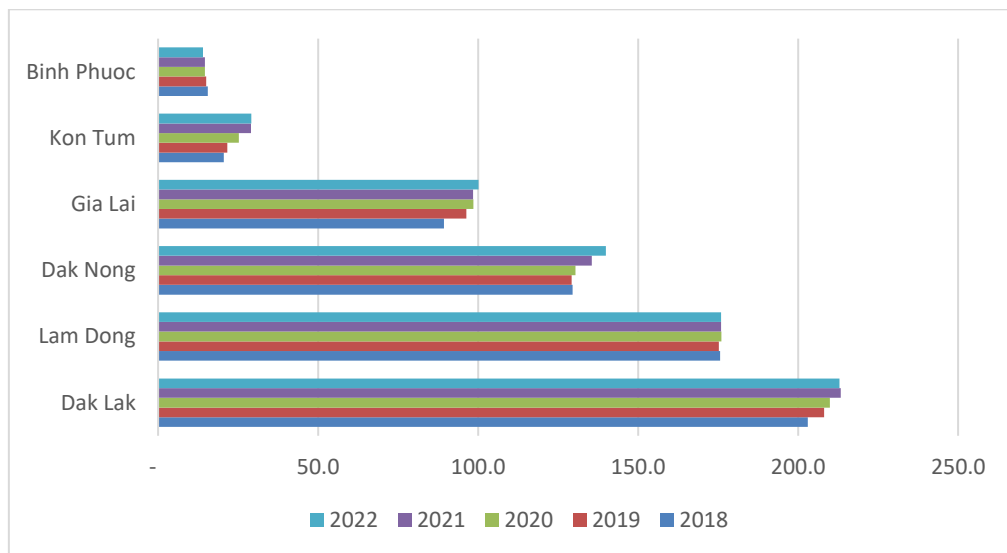
Lam Dong ranked second with an area of 175.9 thousand hectares, unchanged from the previous season. The goal of Lam Dong province is to sustainably develop coffee trees, keeping an area of 170,000 hectares by 2025, of which Robusta coffee area is 150,000 hectares with a yield of 3.5 tons / ha and a total output of about 550,000 tons. Lam Dong province is implementing a high-tech coffee model with a scale of nearly 2,000 hectares. Including, 470 ha in Hoa Bac commune (Di Linh district), 370 ha in Dinh Lac commune (Di Linh district), 900 ha in Lam Ha, Luo Duong and Bao Lam districts. In 2023, Lam Dong is implementing a restructuring project towards green and circular agriculture. For the coffee sector, this is one of the key crops of the locality, so the province focuses on building sustainable models, putting good varieties into production with scientific processes. The locality encourages people, businesses and cooperatives to develop specialty coffee, high-quality coffee, especially, focusing on processing to increase product value.



Dak Nong is the 3rd largest coffee producing province in the Central Highlands region with an area of 139.9 thousand hectares in The coffee year 2022/2023, up 3.2% compared to the 2021/2022 crop year. Dak Nong develops linkage models in coffee production to improve production value. According to the provincial Department of Agriculture and Rural Development, the whole province has 25 chains linking coffee production and consumption, including 12 cooperatives, 13 enterprises with about 13,284 hectares. Linking coffee production and consumption currently attracts over 7,690 participating households with an output of 40,788 tons/season, accounting for 12.8% of the province's coffee production. Households associated with coffee production are provided with technical support and purchase products at prices higher than the market price of 100-500 VND/kg.

Figure20: Coffee growing area in the Central Highlands provinces in the period of 2019-2022

Unit: Thousand hectares



Source: Statistical Yearbook, 2023

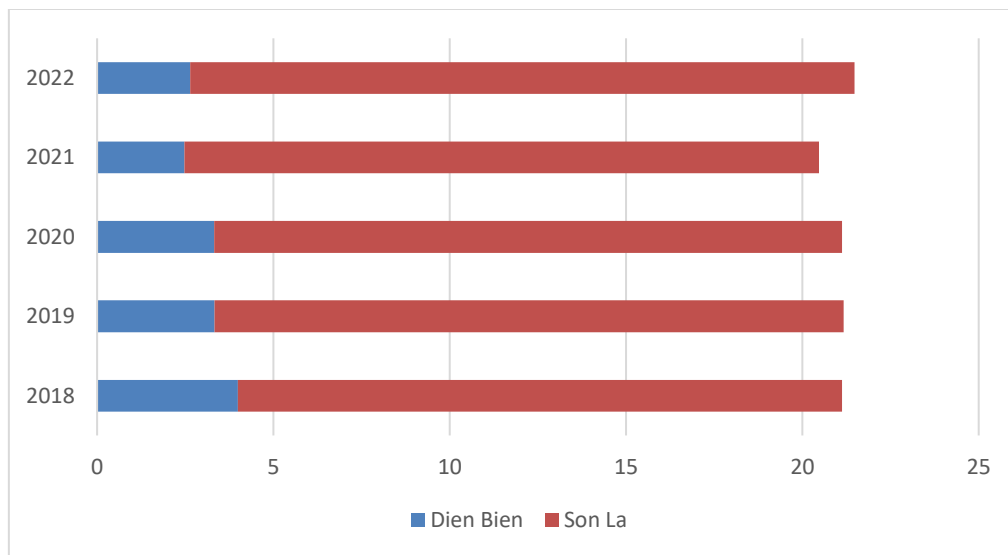


2.1.3. Coffee production situation in the Northern Midlands and Mountainous regions

In the northern Midlands and mountainous regions, coffee planting area is concentrated in Son La and Lao Cai provinces. The coffee production area in this area has not changed significantly in the period 2018-2022. However, the northern midlands and mountainous regions have favorable conditions to develop Arabiaca coffee – a highly economical coffee.

Figure21: Coffee plantation area in the northern Midlands and Mountainous provinces in 2018-2022

Unit: Thousand hectares



Source: Statistical Yearbook, 2023

Son La is the province with the largest coffee growing area in the northern Midlands and mountainous regions. In The coffee year 2022/2023, the coffee planting area in Son La province reached 18.8 thousand hectares, up 4.7% compared to the previous season. Although the coffee area of Son La province accounts for only 2.8% of the country's area, the area of tea coffee (Arabica) of the province accounts for 50.34% of the country's area. Of which, nearly 18,000 hectares are certified sustainable and equivalent. Since 2017, Son La coffee has been granted the geographical indication certificate "Son La Coffee" for products such as green coffee, roasted bean coffee and powdered coffee. These are regional specialty

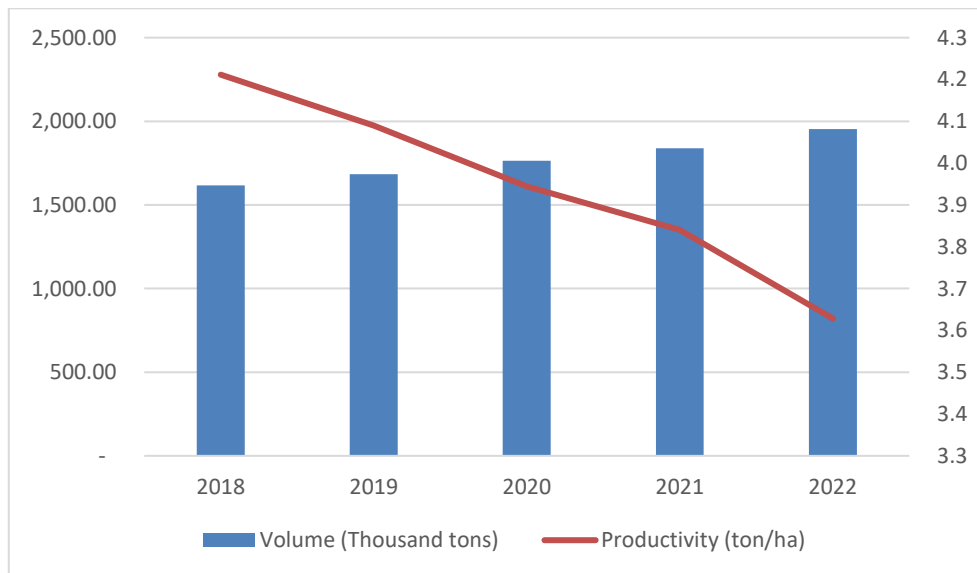


products that are highly appreciated by domestic and foreign consumers. Son La province has set directions, goals and strategic solutions to enhance the value and brand of coffee trees. Son La province strives to 2025, maintain and stably develop the above area towards the goal of sustainable development. Some of the solutions that must be offered to accomplish this goal are: (1) Replanting old coffee areas with new, high-quality varieties. (2) Development of specialty coffee, associated with OCOP products. (3) Support enterprises and cooperatives associated with coffee production, processing and consumption.

2.1. Productivity and output

According to the report of the General Statistics Office in 2022, the country's coffee production reached 1.95 million tons, yield reached 3.6 tons / ha, up 6.3% in output but down 4.9% in yield compared to 2021. The impact of bad weather has had a great impact on Vietnam's coffee productivity. In addition, the area of tall old coffee trees is also part of the reason for the decline in coffee yield in Vietnam. According to the Institute of Agricultural Planning and Design, coffee accumulations over 15 years old in the Central Highlands now occupy over 50% of the region's area; The area of old tea coffee accounts for over 27%.

Figure22: Vietnam coffee production and yield

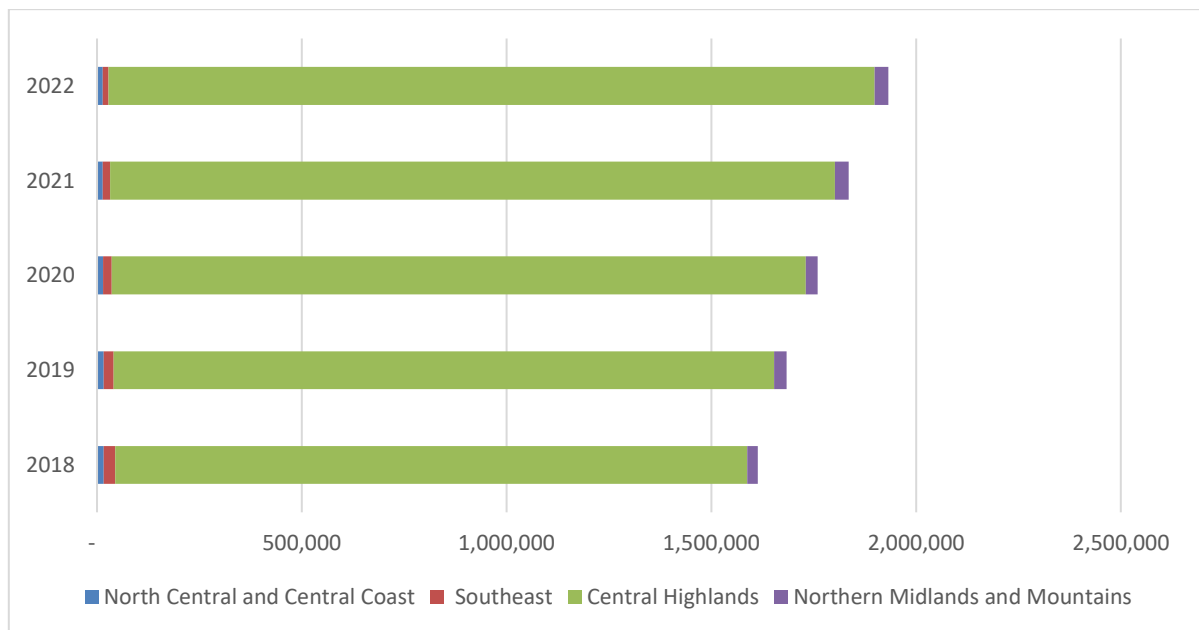


Source: General Statistics Office, 2023



The Central Highlands is the region with the largest coffee production of Vietnam. In 2022, the coffee production of the Central Highlands reached 1.8 million tons, accounting for 96.8% of Vietnam's total coffee production, up 5.7% compared to 2021. In particular, Lam Dong is the province with the largest coffee production, reaching 580.4 thousand tons, accounting for 31% of the total coffee production in the Central Highlands, up 3.1% compared to 2021; Dak Lak reached 558.3 thousand tons, accounting for 29.9%, up 6.1%; Dak Nong reached 356.6 thousand tons, accounting for 19.1%, up 7.2%; Gia Lai reached 282.9 thousand tons, accounting for 15.1%, up 9.7%.

Figure23: Vietnam's coffee output by production regions in the period 2018-2022



Source: General Statistics Office, 2023

However, Vietnam's coffee production in the coffee year 2022/2023 decreased compared to the previous season. According to the Vietnam Coffee - Cocoa Association (VICOFA), Vietnam's coffee production in the last season was estimated at only 1.5 - 1.6 million tons, down 10-15% compared to the previous season due to unfavorable weather and the wave of crop shift to fruit trees.

In order to improve coffee production and towards sustainable production, some localities have been continuing to implement coffee replanting programs,



putting new varieties into production to bring higher economic efficiency. Specifically, the Agricultural Center of Lac Duong district has just been assigned to preside over the construction of 6 models with 6 farmers producing 12,000 m² of new coffee variety THA1, converted from inefficient coffee areas in Da Chais commune. [8] Accordingly, the model of planting 7,000 THA1 coffee seedlings meets quality standards, following the cultivation technical process of the Central Highlands Institute of Agriculture and Forestry Science (Wasi Institute). At the same time, 3 models that have grown THA1 coffee variety in the 3rd year continue to be cared for according to the process of the Wasi Institute. It is expected that the yield of fresh fruit from the 5th year will reach 6 tons / ha or more. In addition, Luoyang District Agricultural Center also opened 1 training class for 30 technical staff from the Department of Agriculture, Agricultural Center, Farmers' Union and extension staff; 3 technical transfer training courses for 90 coffee growers and producers inside and outside Da Chais commune.

In 2023, Dak Mil district of Dak Nong province has replanted, grafted, renovated, replaced and planted more than 70% of the district's coffee area with high-yielding coffee varieties and good seed-grade products such as TR4, TR9, TR11, TR12, TRS,... In particular, including the indigenous string coffee variety of Thuan An commune (Dak Mil). [9] In the district, there are 57 enterprises, cooperatives, green coffee purchasing and preliminary processing facilities and 17 coffee roasting and processing facilities, with a total capacity of about 1.5 tons per day. The district has 3 cooperatives connecting with 1,220 farmers participating in sustainable coffee production according to standards such as VietGAP, UTZ, 4C, FairTrade,... with a total area of 1,503 hectares. Thanks to these measures, the coffee yield of the model increased by 15%, the average income of farmers in the model increased by 14%, saving 40% of irrigation water.

2.2. Coffee Trade

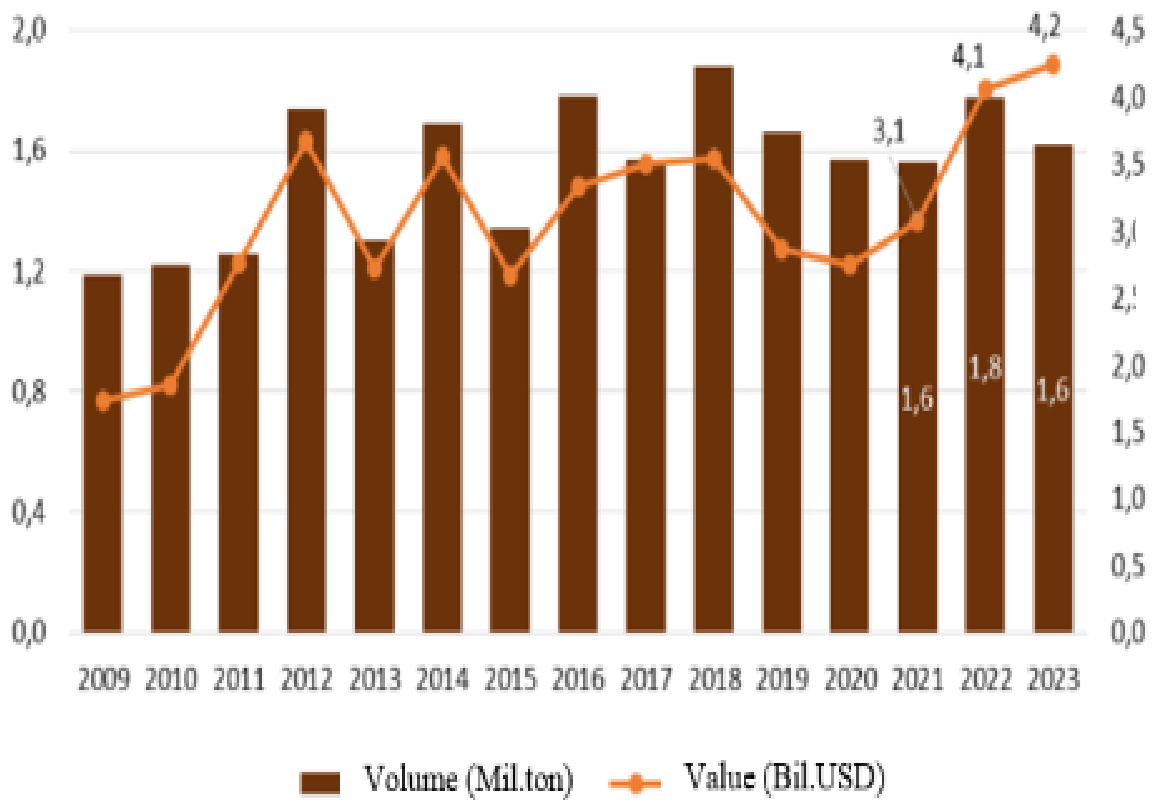
2.2.1. Vietnam coffee export

According to the General Department of Customs, in 2023, coffee exports reached more than 1.6 million tons (about 27 million bags), down 8.7% compared to 2022 but the value increased by 4.6% to a record of more than 4.24 billion USD.



In December 2023 alone, Vietnam's coffee exports reached 207.6 thousand tons, worth USD 599.4 million, up 74% in volume and 68% in value compared to November 2023, and up 5.4% in volume and 40.8% in value over the same period in 2022. Coffee exports continue to rise in the final month of 2023 thanks to additional supply from the 2023/2024 harvest and high demand from international importers.

Figure24: Coffee exports by volume and turnover

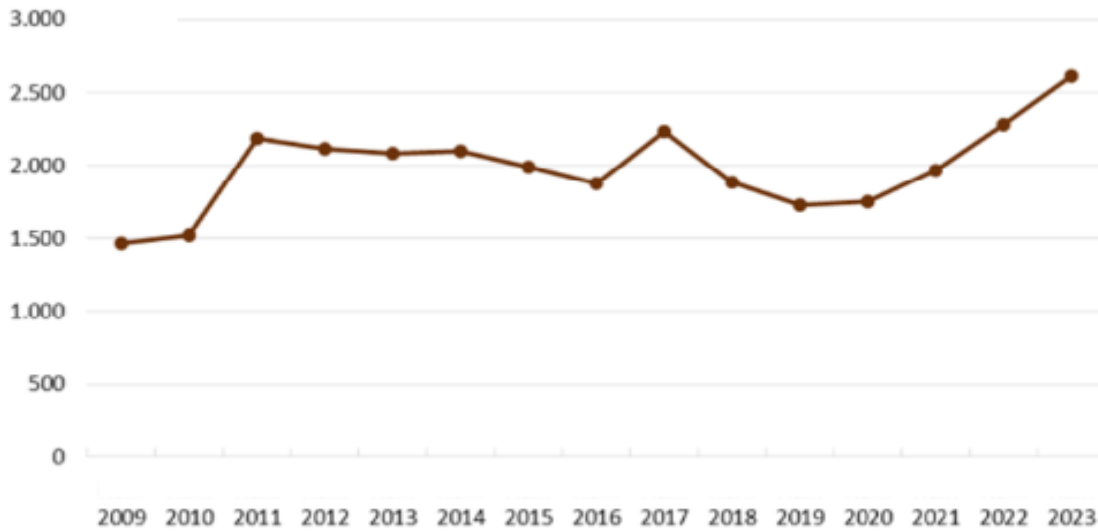


Source: General Department of Customs, 2023

Year 2023 saw a boom in domestic and export coffee prices. This was also the main factor that helps the coffee industry continue to increase the value of export turnover despite the decline in output. On average, in 2023, Vietnam's coffee export price will reach 2,614 USD / ton, up 14.5% compared to 2022.



Figure25: Vietnam's export coffee prices in the period 2009-2023

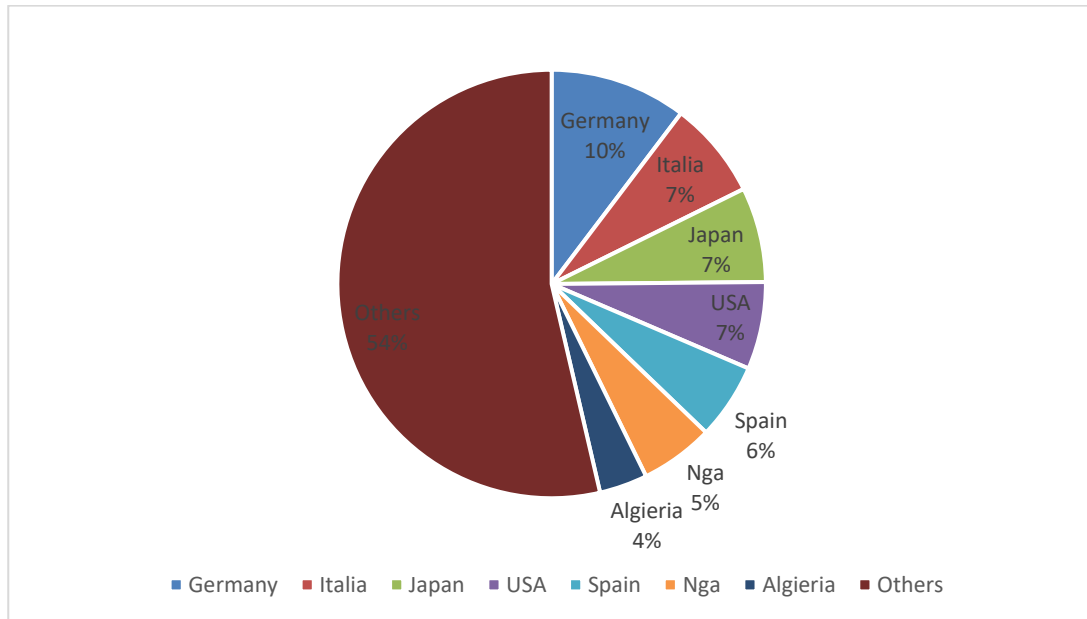


source: General Department of Customs, 2023

Vietnam's top coffee export markets in 2023 was still the EU, Japan, the US, Russia... In particular, the EU continues to be the largest export market with a volume of 600,548 tons, worth nearly 1.5 billion USD, accounting for 37% in volume and 35% in value of Vietnam's total coffee exports. However, compared to 2022, coffee exports to this market have decreased by 12.8% in volume and 0.7% in value. In the EU, coffee exports to the German market reached 196,090 tons, down 12.7%; Italy reached 142,191 tons, up 2.1%; Spain and Belgium fell by 20% and 50.5%, respectively. Exports to another major market, the US, will also decrease by 4.1% in 2023, reaching \$293 million. In addition, exports to Russia, the Philippines ... also declined. While growth was recorded in Japan (up 14.9%), Algeria (up 88.4%), South Korea (up 27.1%); especially Indonesia increased by 122.4%.



Figure26: Vietnam coffee export market in 2023



Source: Agroinfo calculated from data from the General Department of Customs

2.2.2. Vietnam's coffee export situation in the coffee year 2022/2023

According to the Vietnam Cocoa Coffee Association (VICOFA), by the end of The coffee year 2022/2023 (from October 2022 to September 2023), Vietnam's coffee exports reached nearly 1.7 million tons, down 4.5% compared to the 2021/2022 crop year. However, the value of exports still rose 3.4% to \$4.1 billion thanks to higher prices. The average export price of coffee of Vietnam reached 2,451 USD / ton, up 5.5% compared to the previous season. The export value of Robusta coffee reached 1.49 million tons, worth over 3.2 billion USD, while Arabica green coffee only exported 41.5 thousand tons, worth 169 million USD, decaffeinated green coffee 36 thousand tons, turnover reached 136 million USD.

Roasted and instant coffee exported about 90,000 tons (not converted into green coffee), the export value is about 510 million USD (volume accounts for about 5.4% and turnover accounts for about 12.5% of total coffee exports in the coffee season 2022-2023).

In terms of consumption market, the EU remains Vietnam's largest coffee export market in the 2022-2023 crop year with a volume of 615,364 tons, worth more than 1.4 billion USD, down 7.1% in volume and 0.3% in value compared to



the previous season. This market accounts for 37% of the total export volume of coffee of our country. In the EU, exports to Germany reached 203,317 tons (down 5.9%), Italy reached 146,684 tons (up 6%), Spain and Belgium decreased by 13.1% and 42.7% respectively.

The United States is the second largest consumer market of Vietnamese coffee in The coffee year 2022/2023, the export value to this market reached 132,471 tons, accounting for 8% of the market share, up 4.7% compared to the previous season.

2.2.3. Export situation of enterprises in the coffee year 2022/2023

For green coffee, in The coffee year 2022/2023, the top 10 enterprises in terms of export volume of live coffee beans in the coffee year 2022-2023 are: Intimex HCM, Vinh Hiep, Simexco Daklak, Intimex My Phuoc, Louis Dreyfus Vietnam, NKG Vietnam, Phuc Sinh, Tuan Loc Commodities, Central Highlands Commodity Exchange and Olam Vietnam.

The largest exporter of green coffee in Vietnam in this season is Intimex HCM Company, currently renamed Intimex Group Joint Stock Company with an export volume of more than 148,500 tons, worth more than 318 million USD. The second is Vinh Hiep Co., Ltd. with an export volume of more than 120,500 tons, the value of which earned more than 244 million USD. The third is Dak Lak 2-9 Dak Lak Import and Export Co., Ltd. with nearly 92,000 tons of green coffee for export, worth about 219 million USD.

Table 2: Top 10 coffee exporters in the coffee year 2022/2023

No .	Business name	Export volume	Export turnover (USD)
1	Intimex Group Joint Stock Company	148,534	318,029,493
2	Vinh Hiep Company Limited	120,505	244,335,499
3	2-9 Dak Lak Import and Export Company Limited	102,576	219,539,233
4	Intimex My Phuoc Joint Stock Company	91,819	184,967,679
5	Louis Dreyfus Trading and Processing Company Vietnam	90,386	181,291,390



No	Business name	Export volume	Export turnover (USD)
6	NKG Vietnam Company Limited	75,689	154,516,029
7	Phuc Sinh Joint Stock Company	65,490	145,782,530
8	Tuan Loc Commodities Company Limited	62,080	138,007,041
9	Central Highlands Commodity Trading Joint Stock Company	58,528	117,942,460
10	Olam Vietnam Company Limited	57,434	121,509,863

Source: Vietnam Cocoa Coffee Association, 2023

About roasted coffee, instant coffee. In The coffee year 2022/2023, the top 10 exporters by turnover of Vietnam are Outspan Vietnam, Ngon Coffee, Nestlé Vietnam, Trung Nguyen Group, Tata Coffee Vietnam, URC Vietnam, Peak Selection, Instanta Vietnam, Iguacu Vietnam and Sucafina Vietnam. Leading the export of roasted and instant coffee is Outspan Vietnam, this is a subsidiary of the world's leading agricultural product group OLAM with an export volume of more than 17,500 tons, worth more than 100 million USD.

Ngon Coffee (India) Co., Ltd. ranked second with about 14,900 tonnes, more than 79 million USD. The third is Nestle Vietnam Co., Ltd. (USA) with more than 9,200 tons of instant roasted coffee for export, worth nearly 75 million USD.

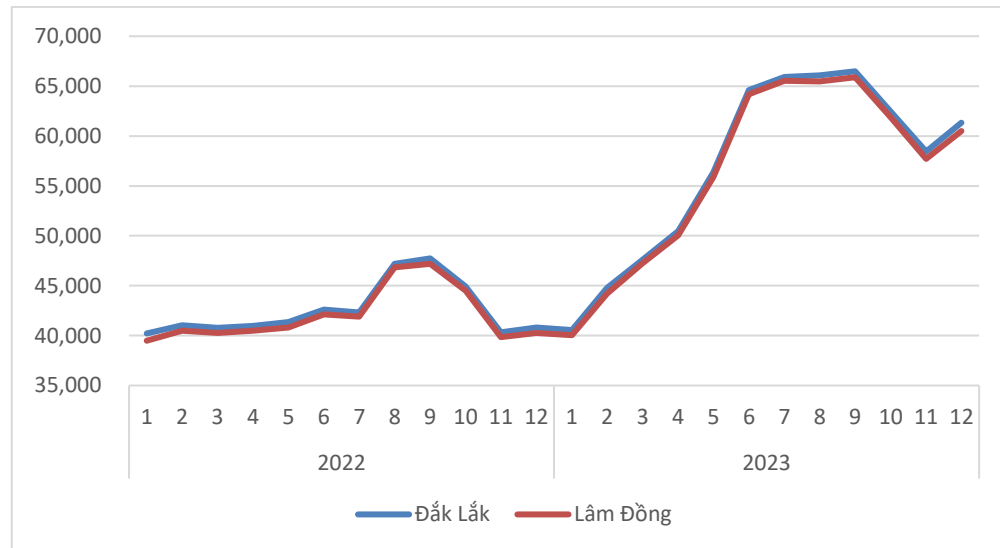
The branch of Trung Nguyen Group Joint Stock Company – Saigon Coffee Factory ranked 4th. The amount of instant roasted coffee of this company is more than 14,700 tons, the value earned in the last crop year was nearly 74.6 million USD.

2.3. Price movement

In 2023, domestic Robusta coffee prices fluctuate sharply. In the first 5 months of 2023, the price will remain below VND 60,000 / kg, then tend to increase. In September 2023, coffee prices recorded a record high, the average coffee price / month in Lam Dong reached 65,890 VND / kg; in Dak Lak reached 66,487 VND/kg.



Figure27: Price fluctuations of coffee beans purchased by some domestic markets



Nguồn: CTV AgroInfo

The average coffee price in 2023 in Dak Lak will reach 57,091 VND/kg, up 34.3% over the same period in 2022, while the coffee price in Lam Dong will reach 56,554 VND/kg, up 34.6%. Vietnam's coffee prices have witnessed a record increase in The coffee year 2022/2023 due to the shortage of world Robusta supply in the context of Vietnam's main competitors such as Brazil and Indonesia recording a decrease in output due to the impact of El Nino weather patterns. In addition, the difficult economic situation makes consumers switch to Robusta beans instead of Arabica due to cheaper prices, leading to an increase in world demand for Robusta coffee.

2.4. Coffee Policy Overview

2.4.1. Policies to support coffee production

Over the past time, towards the goal of developing sustainable coffee production and meeting new conditions and requirements of the world market. Vietnam has issued policy documents related to industry restructuring and replanting



coffee trees to realize sustainable production goals. In 2023, Vietnam's coffee industry will continue to implement the policies issued in the period of 2020-2022. Concrete:

On February 25, 2021, the Prime Minister issued Decision 255/QĐ-TTg on approving the plan to restructure the agricultural sector in the period of 2021-2025 with the objective: "Continue to restructure the agricultural sector towards sustainable agricultural development, improve quality, added value and competitiveness of agricultural products; environmental and ecological protection; raising incomes for people in rural areas; ensuring food security and national defense. Promote the development of modern agriculture, clean agriculture, organic agriculture, associated with the development of agricultural product processing industry, adaptation to climate change and sustainable connection with global agricultural product value chains".

In this decision, the coffee industry is one of the national key product groups prioritized for development with the orientation "Reduce the area to 670 thousand hectares, output from 1.8 to 1.9 million tons / year; develop key production areas in the Central Highlands and the Southeast. Promote replanting and grafting and renovation of aging coffee gardens; use 100% high-quality, productive coffee varieties; intercrop industrial trees, perennial fruit trees with eligible replanted coffee areas. Increase investment in deep processing to improve the quality of coffee exported and consumed domestically "

To concretize the objectives in Decision No. 255/QĐ-TTg of the Prime Minister on approving the plan to restructure the agricultural sector in the period of 2021-2025, on March 31, 2022, the Ministry of Agriculture and Rural Development issued Decision 1178/QĐ-BNN-TT in 2022 approving the Project on coffee replanting in the period of 2021-2025. The objective of this project is coffee replanting to improve productivity, quality, efficiency and income for coffee growers; thereby improving competitiveness, added value, contributing to the sustainable development of the coffee industry. Specific goals for the period of 2021-2025 are as follows: (1) planting, replanting and grafting to improve about 107 thousand hectares of coffee. In which, the area of replanting is 75 thousand hectares, the area of grafting and renovation is 32 thousand hectares; (2) The yield of coffee



gardens after planting, replanting and grafting at a stable business period averages 3.5 tons of kernels/ha; (3) Income per hectare of coffee after replanting and grafting increased by 1.5-2 times compared to before replanting.

Based on Decision 1178/QD-BNN-TT, provinces have issued decisions on coffee replanting plans in the period of 2021-2025 as follows:

+ On 30/06/2022, Lam Dong province issued Decision 1188/QD-UBND in 2022 approving the plan for replanting and grafting and renovating coffee in Lam Dong province in the period of 2022-2025 with the objective of: (1) implementing replanting, grafting and renovation of 29,400 hectares of coffee in the period of 2022-2025, of which, coffee replanting is 12,200 ha; (2) grafting and rehabilitation of lime coffee 17,200 ha; (3) Bringing the productivity of coffee gardens after planting, replanting and grafting at a stable business period to an average of 3.5-4.0 tons of kernels / ha for lime coffee and 3.0 tons of kernels / ha for tea coffee; (4) Income after planting, replanting and grafting coffee improvement increased by 1.5-2 times compared to before replanting.

+ On 15/06/2022, Gia Lai province issued Decision 399/QD-UBND in 2022 on the plan to replant, replant and graft coffee in Gia Lai province in the period of 2022-2025. In this Decision, Gia Lai province has set out the targets to implement coffee replanting in the province until 2025: (1) in the period of 2022 - 2025, replanting and grafting about 9,450 hectares of coffee, of which, the area of replanting is about 9,320 hectares and grafting is about 130 hectares; (2) The yield of coffee gardens after planting, replanting and grafting in the stable business period averages over 3.5 tons of kernels / ha; (3) Income per hectare of coffee after replanting and grafting increased by 1.5-2 times compared to before replanting and grafting.

+ On 25/11/2022, Dong Nai province issued plan No. 256/KH-UBND on the implementation of the coffee replanting project in the period of 2021-2025 in the province. The objective of this plan is Coffee Replanting to improve productivity, quality, efficiency and income for coffee growers; improve competitiveness, added value, contribute to the sustainable development of the coffee industry. In this plan, Dong Nai People's Committee has set specific targets for implementation in the



period of 2022-2025: (1) a total replanting area of 1,600 ha. In which, the area of replanting is 1,300 ha, the area of grafting and renovation is 300 ha; (2) The yield of coffee gardens after planting, replanting and grafting at a stable business period averages 3.5 tons of kernels/ha; (3) Income per hectare of coffee after replanting and grafting increased by 1.5-2 times compared to before replanting.

In addition to policies on coffee replanting, in 2023, coffee-producing provinces such as Son La, Kon Tum, Gia Lai, Dak Lak, Dak Nong, Lam Dong, Binh Phuoc have implemented the Government's Decision No. 13/2022/QD-TTg dated May 09, 2022 on agricultural insurance support policies. The objective of this policy is to support agricultural producers to proactively overcome and compensate for financial losses caused by the consequences of natural disasters and epidemics, contributing to ensuring rural social security stability and promoting agricultural production. In this Decision, the level of agricultural insurance premium support for coffee trees has been stipulated as follows: (1) agricultural production individuals in the category of poor households and near-poor households as prescribed in the Government's Decree No. 07/2021/ND-CP dated January 27, 01, 2021 stipulating the multidimensional poverty line for the period 2021 - 2025 and amended documents, supplementation, replacement (if any) is supported up to 90% of agricultural insurance premiums; (2) Individuals engaged in agricultural production who do not belong to poor or near-poor households specified in Clause 1 of this Article are entitled to a maximum support of 20% of agricultural insurance premiums.

On February 3, 2023, Dak Nong province issued Decision 108/QD-UBND in 2023 approving the area to be supported with agricultural insurance premiums for coffee and pepper trees in Dak Nong province. According to this Decision, in Dak Nong province, there are 08 districts supported with agricultural insurance premiums including: Dak Mil district, Dak Song district, Dak R'lap district, Tuy Duc district, Cu Jut district, Krong No district; Dak Glong district, Chiayi City.

2.4.2. Policies to support coffee processing and trade

Vietnam is in the process of deepening and comprehensive integration, opening up many opportunities for Vietnam in trade activities with countries around



the world. However, Vietnam's agriculture, forestry and fisheries in general and the coffee industry in particular also face new challenges in the coming time. Vietnam's agricultural, forestry and fishery products are subject to more competition, requiring increasingly high quality standards of exported agricultural products. Facing the above difficulties and challenges, in 2023, the Ministry of Agriculture and Rural Development has issued projects to promote the export of agricultural, forestry and fishery products to key markets such as the United States, Japan, China and the EU with the aim of promoting opportunities and applying effective and comprehensive solutions to enhance its position, competitiveness and market share of agricultural, forestry and fishery products in the above markets. Concrete:

In the US market, on October 16, 2023, the Ministry of Agriculture and Rural Development issued Decision No. 4245/QD-BNN-HTQT on approving the project to promote the export of agricultural, forestry and fishery products to the US market until 2030. In this Decision, the orientation for exporting coffee to the US market is: (1) continue to expand the market share of raw coffee supply into the US market with high-quality raw materials, achieving export certification to the US market; (2) improve processing capacity, diversify processed coffee products, especially instant coffee using Robusta which tends to consume well in the US market; (3) increase the number of enterprises participating in product promotion events, fairs and exhibitions to introduce products to the market and seek trade promotion opportunities, especially for roasted and instant coffee products with coffee products that meet national (OCOP) and international certifications; (4) support enterprises with information on distribution channels and consumer tastes of the US market, improve their capacity to deal with trade prevention actions from the US if they arise in the future.

Regarding to Chinese market, on October 16, 2023, the Ministry of Agriculture and Rural Development issued Decision No. 4244/QD-BNN-HTQT on approving the project to promote the export of agricultural, forestry and fishery products to the Chinese market until 2030. The coffee industry is a potential product for export to the Chinese market. In this decision, the export orientation for the coffee industry to the Chinese market is: Increasing export value, bringing products to end consumers in China, building brands, geographical indications, and



Vietnamese coffee brands in the Chinese market. In addition, the decision also offers a number of solutions to promote coffee exports to this market, including: (1) reviewing the planning of growing areas, promoting replanting to improve coffee quality. Continue programs to develop high-quality coffee, landscape coffee, specialty coffee, etc. in order to stabilize the source of high-quality raw materials; (2) support coffee enterprises to build distribution chains in the Chinese market, especially opening Vietnamese cultural coffee shops in China to introduce and promote products; (3) promote Vietnamese coffee products in the Chinese market, bring Vietnamese coffee products to participate in promotional events, introduce products...

Regarding to Japanese market, on October 16, 2023, the Ministry of Agriculture and Rural Development issued Decision No. 4243/QD-BNN-HTQT on approving the project to promote the export of agricultural, forestry and fishery products to the Japanese market until 2030. The orientation of exporting coffee to this market is to increase export market share, build brand image, communication products to consumers.

EU market, on October 16, 2023, the Ministry of Agriculture and Rural Development issued Decision No. 4243/QD-BNN-HTQT on approving the scheme to promote the export of agricultural, forestry and fishery products to the EU market until 2030. Coffee is Vietnam's main export product to this market. The export orientation of the coffee industry is to increase the export of processed coffee taking advantage of EVFTA, strengthen the development of sustainable coffee, specialty coffee, promote and complete the database system of growing areas to meet EU regulations on deforestation of coffee plantations.

In addition to the new policy issued in 2023, Vietnam's coffee industry continues to implement policies to support processing and trade activities including:

Decision 174/QD-TTg dated 05/02/2021 of the Prime Minister on approving the project to promote the export of agricultural, forestry and fishery products until 2030. The objective of the project is to promote the growth of export turnover of renewable energy products, comprehensively and sustainably participate in the global food and renewable energy supply chain. Improve the quality and value of



Vietnam's exported renewable energy products to meet the regulations of import markets. Continue to position and develop brands for Vietnamese renewable energy products in the international market. In order to realize the goals set for agriculture, forestry and fisheries in general and coffee in particular of the project, the Government has launched a number of implementation plans: (1) Development of supporting industries, processing to improve VAT of renewable energy products through investment in the development of supporting industries in agriculture: post-harvest technology, preservation technology, storage... NLTS goods. Develop programs and projects on development of deep processing and refined processing for each renewable energy product to meet the requirements of export markets; (2) Building national brands for cultivated products (coffee, pepper, cashews, fruits), fishery products (pangasius, shrimp); (3) Trade promotion and development of renewable energy market.

Decision 858/QD-TTg dated 20/07/2022 of the Prime Minister on approving the Strategy for development of agricultural mechanization and agro-forestry-fishery processing to 2030. The objectives of the strategy: (1) ensuring productivity, quality, economic and social efficiency and protecting the agricultural environment in mechanized concentrated commodity agricultural production areas; (2) Develop modern, efficient and sustainable agricultural product processing to meet the needs and regulations of the consumption market; strive to make Vietnam become an agricultural product processing center in the top 10 leading countries in the world by 2030. Development orientations for processing and preserving agricultural products to 2030, vision to 2045 are (1) using advanced technology, environmentally friendly technology, modernizing agricultural product preservation and processing equipment to diversify processed products, reduce post-harvest losses, lowering costs; intensify deep processing to create high added value, increase agricultural product competitiveness; control quality, food safety and product traceability; (2) To encourage new investment and expansion of processing and preservation establishments to ensure sufficient processing and preservation capacity for key commodities associated with concentrated raw material production areas.



In addition to the state policies promulgated, in 2023, some localities have developed orientation plans aimed at supporting organizations and individuals in the province in coffee processing and trading activities. As follows:

On May 11, 2023, Son La province issued a plan 150/KH-UBND on organizing the implementation of Conclusion 863-KL/TU on high-tech coffee production, processing and consumption in Son La province until 2030.

Kon Tum province issued Decision 790/QD-UBND dated 20/12/2023 on approving the project to restore and develop cold country coffee trees in Tu Mo Rong, Dak Glei and Kon Plong districts associated with processing industry and consumption market until 2025.

2.4.3. Some policies of export markets

On April 19, 2023, the European Parliament passed a new law banning the import of goods allegedly linked to deforestation, in a bid to boost global efforts to combat climate change. This can be said to be a historic decision, a move to combat illegal deforestation for timber; At the same time, prevent deforestation to get more land for crops or livestock. This decision also represents a strong step towards Europe's green economic development goals.

The new rules will apply to coffee, cocoa, soybeans, lumber, palm oil, cattle meat, printing paper and rubber, and derivatives, from countries around the world. Products in this category that are involved in deforestation will be banned from importing into the EU.

Companies bringing such products to Europe will have to provide certification that their products are not prohibited. Accordingly, companies are required to provide in-depth due diligence results and verifiable information about whether their products were not planted or cared for on vacant lands acquired by deforestation after 2020.

EU authorities will carry out inspection procedures according to the exporting country's risk level rating. Violating companies will be subject to heavy fines, which can result in fines of up to 4% of annual turnover in an EU member state.



The new law aims to eliminate incentives for deforestation in the supply chains of many European everyday consumer products. The EU insists the new law is not aimed at any country. The law has been agreed by EU regulators since 2022 and will come into force once adopted by member states.



III. OUTLOOK FOR COFFEE IN 2023

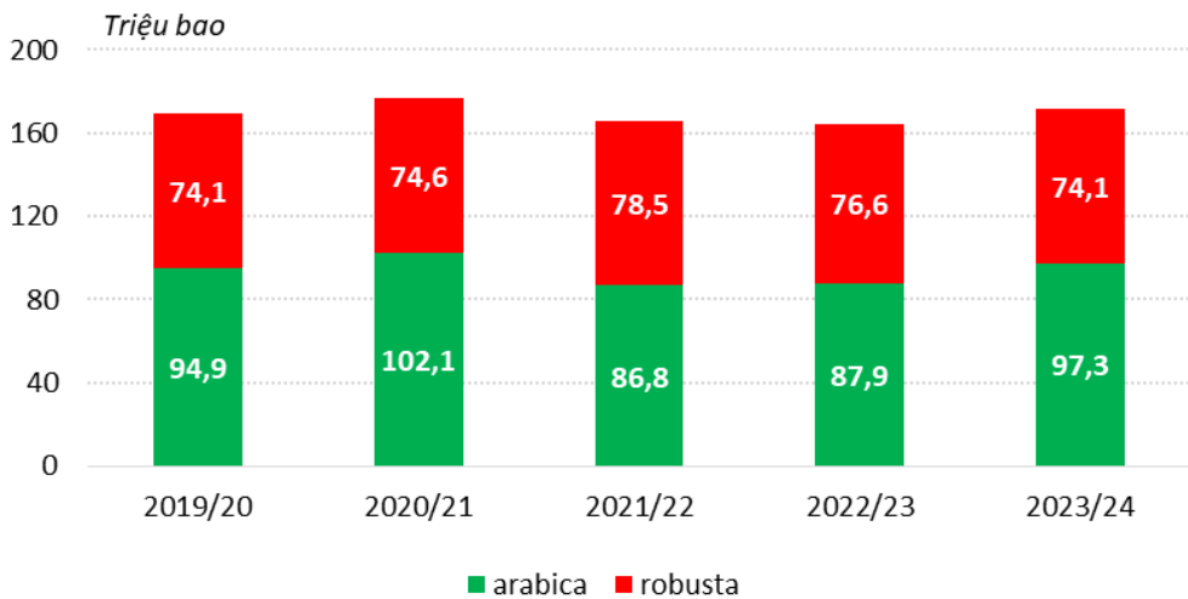
3.1. World

3.1.1. About production

According to USDA, global coffee production in the 2023-2024 crop year is forecast to reach 171.4 million bags (60 kg / bag), up 4.2% or 6.9 million bags compared to the previous season. Increased production in key Arabica coffee producing countries such as Brazil, Colombia and Ethiopia is expected to offset declines in Indonesia, one of the main robusta producers in Southeast Asia.

With this forecast, global Arabica coffee production in the 2023-2024 crop year is expected to increase by 9.4 million bags to 97.3 million bags. In contrast, Robusta decreased for the second consecutive year to 74.1 million bags compared to 76.6 million bags in the previous season and the lowest level in the last four crop years.

Figure28: Estimated global coffee production in 2023/2024



Source: USDA

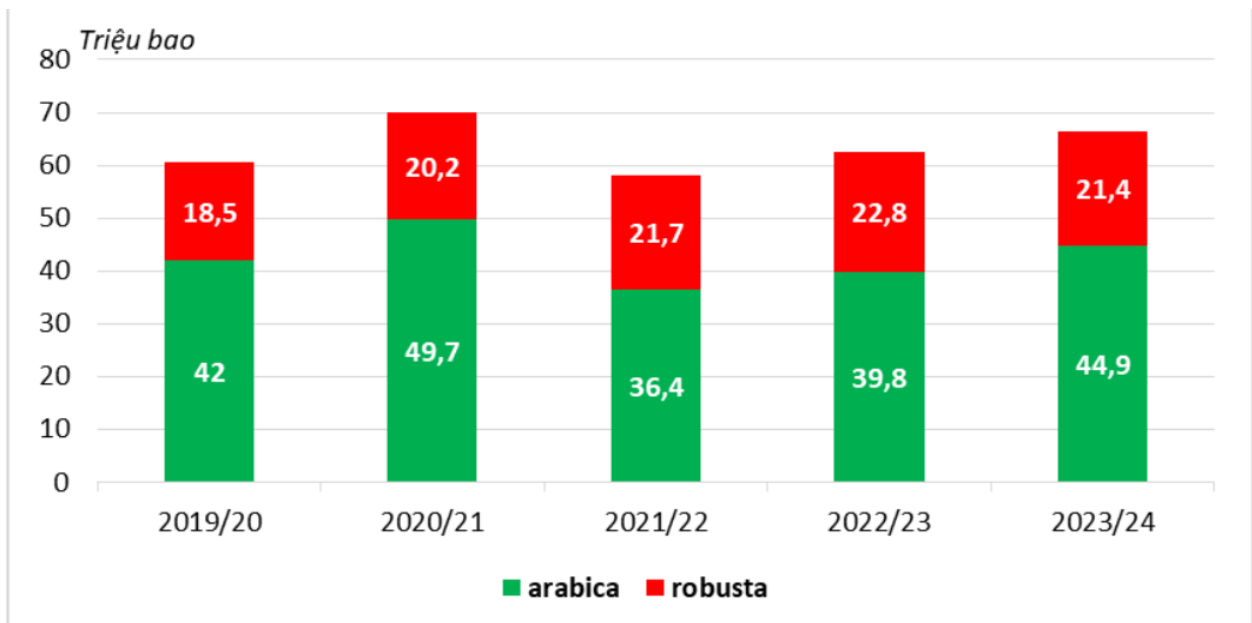
Brazil: In the 2023-2024 crop year, Brazil's coffee production is forecast to increase by 3.7 million bags to 66.3 million bags. This was mainly due to an increase in Arabica coffee production of 5.1 million bags to 44.9 million bags.



Arabica coffee crops in many producing regions of Brazil continue to recover after severe frosts, high temperatures and below-average rainfall that occurred in 2021 caused coffee production to decline in the 2021-2022 and 2022-2023 crop years. Even so, Brazil's Arabica coffee production is still significantly lower than the peak of nearly 50 million bags in previous seasons.

In contrast, Brazil's Robusta coffee production is forecast to decline for the first time after 6 consecutive years of growth with a decrease of 1.4 million bags to 21.4 million bags. Reduced rainfall and low temperatures during the flowering period reduce yields in the state of Espirito Santo, Brazil's main Robusta coffee producing region.

Figure29: Brazilian production estimates



Source: USDA

Colombia: Colombia's arabica coffee production is forecast to increase by 800,000 bags to 11.5 million bags thanks to higher yields. Despite this, Colombia's production is still nearly 15% below the annual average as coffee growers limit fertilizer use due to high prices. Colombia mainly exports coffee to the US and EU,



its coffee exports are forecast to increase by 1.2 million bags to 10.8 million bags due to strong demand.

Indonesia: Indonesia's coffee production is forecast to decrease by 2.2 million bags compared to the previous season, to 9.7 million bags in the 2023-2024 crop year. This was mainly due to a decrease in Robusta production of 2.1 million bags to 8.4 million bags. Excessive rainfall during the growing phase of coffee fruit has reduced yields in the lowlands of South Sumatra and Java, which account for about 75% of Indonesia's Robusta area. Arabica coffee production is also forecast to decrease slightly to 1.3 million bags. With this forecast, Indonesia's green coffee exports are expected to decrease by 2.7 million bags to just 5 million bags in the 2023-2024 crop year.

India: Coffee production is forecast to be almost unchanged from the previous season, at 6 million bags. Coffee exports are forecast to increase by 300,000 bags to 4.3 million bags due to a slight decrease in inventories. For the 2023-2024 crop year, India's Arabica coffee production is forecast to decline by 200,000 bags to 1.4 million bags, mainly due to a prolonged drought from December 2022 to March 2023 followed by weak activity of monsoon rains. While Robusta production is expected to increase by 300,000 bags to 4.5 million bags thanks to higher yields.

3.1.2. About import

In general, coffee imports of most major consumption markets are forecast to increase in the 2023-2024 crop year.

EU: EU green coffee imports will recover and increase by more than 2.5 million bags compared to the previous crop year to a record 47 million bags in the 2023-2024 crop year, mainly due to increased coffee exports from Brazil. While imports of roasted and instant coffee were unchanged at 1.4 million bags and 3.7 million bags. EU coffee imports are mainly unroasted green coffee, accounting for about 90% of the share. The region's top suppliers for the 2022-2023 crop year (October to September) include Brazil (32%), Vietnam (26%), Uganda (7%) and Honduras (6%). The fact that the EU imports more coffee from Vietnam and reduces purchases from Brazil, shows that roasters tend to use more Robusta



United States: the world's second-largest importer of coffee beans and is forecast to drop by 500,000 bags to 24.8 million bags in 2022/23. Top suppliers include Brazil (30%), Colombia (19%), Vietnam (10%) and Honduras (7%). End-of-period inventories are forecast to decline slightly to 6.1 million bags.

3.2. Viet Nam

According to USDA, Vietnam's coffee production in the 2023-2024 crop year is forecast to increase by 300,000 bags compared to the previous season to 27.5 million bags, with nearly 95% of which is Robusta coffee.

USDA forecasts Vietnam's Robusta coffee production in the 2023-2024 crop year at about 26.6 million bags, up 1.2% compared to the previous season; while Arabica fell 11.1% to 880,000 bags.

However, Vietnam's total supply is still lower than the previous season as inventories in the 2022-2023 crop year shifted to only 390,000 bags, down sharply from 3.58 million bags in the 2021-2022 season.

Table 3. Vietnam's coffee production, export and consumption

Unit: thousand bags of 60kg

	2021/22	2022/23	2023/24
Arabica production	1.100	900	880
Robusta Yield	30.480	26.300	26.620
Total production	31.580	27.200	27.500
Export Coffee Bean	26.100	25.400	2.300
Export Coffee Roasters	550	450	350
Export Instant Coffee	2.350	2.080	1.650
Total Exports	29.000	27.930	4.300
Domestic consumption	3.200	3.200	3.200

Source: USDA



Vietnam coffee market forecast in 2024 According to Vicofa, domestic coffee consumption tends to increase. Specifically, the domestic coffee market is expected to reach about 150,000 tons of roasted and processed coffee. Total domestic coffee consumption can increase to 350,000 - 400,000 tons / year. In 2024, the output of instant coffee is estimated at 100,000 tons, equivalent to 230,000 tons of green coffee and is expected to increase in the near future due to many investment projects and expansion of production plants. It is forecast that coffee exports in the 2023/2024 season can still reach 4.5-5 billion USD thanks to coffee prices continuing to increase while output decreases



The newsletter is compiled from the following sources:

- | | |
|---|---|
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