

HARVEST REPORT: GUATEMALA, EL SALVADOR, COSTA RICA 2021



Battling the rain

Central America saw a lot of rain in the second half of 2020, especially at the end of the year and in the first few weeks of 2021. Though the consequences of this varied a great deal amongst countries and producers, the harvest in all three nations has been delayed from 2 weeks to more than one month in certain areas. More than half of the growers we spoke to also reported a reduction in volume, with El Salvador's production expected to reach a new record low.

The weather seemed to bounce back in 2021 and the dry season has been favourable to post-harvesting. Combined with more rigorous sorting practices applied by producers to compensate for the rains, the overall quality of the coffees has gone up from the previous year. Also, growers seem to be optimistic about the 2021-2022 cycle not only because their trees will be further recovered but also because Brazil forecasts 2 years of lower volumes.

Between a rock and a hard place

This season has been particularly hard for small cooperatives. Internal prices have gone up in Guatemala and Costa Rica due to a reduction of available seasonal workers and higher differentials. Whilst large cooperatives can afford to reduce margins and be more competitive on the market, small groups have been squeezed by farmers demands of higher prices and internal buyers expectations of price reductions due to COVID-19.

All producers and exporters consulted by Algrano said the situation at roads, warehouses and ports is stable and that delays as seen in 2020 are not to be expected this year. Issues may arise from a global container shortage and higher shipping rates, which are being widely reported by shipping companies and affect all origins, not only Central America. The container shortage is expected to ease by the summer but freight rates should remain high until the end of the year.





El Salvador

A new record low: Continued low prices, a lack of government strategy for the sector and financing for fertilizers (many banks are not willing to lend money to coffee producers), issues with leaf rust, uncertain weather and labour shortages due to COVID-19 led to a downward trend in volume, forecasted to reach 475.000 bags against 505.000 bags in 2019-2020, a new record low.

Weather crisis: El Salvador was hit not only by hurricanes Eta and Iota in November 2020 but also by tropical storm Cristóbal and hurricane Amanda in May and June, leading to landslides and an oversaturation of water in many farms. There have also been reports of more rain this January. An increase in humidity has led to outbursts of leaf rust. More established farms have been able to navigate through this without big losses. However, the weather changes have impacted coffee picking and led to a higher production of lower grades.

Post-COVID coffee: The agricultural sector never stopped during the pandemic. In a research run by Enveritas in May and June 2020, El Salvador was the only country in which 100% of coffee farmers reported being affected by labour shortages, lack of access to inputs and difficulty to access credit.

Many contracts were cancelled in the middle of 2020 but buyers came back at the end of the year. Some growers also redesigned their portfolio to be able to offer cheaper blends (high commercials). Otherwise, prices remain similar to previous years.

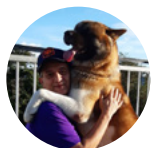
Keep up the good work: A solid sunny and dry period starting from January meant producers had great conditions for processing, which highly benefited the quality of the mid-altitude coffees. Café Pacas started drying coffee at the farms, where the temperature is cooler, and changed post-harvest practices to improve quality. Finca San Antonio Amatepec produced only natural coffees this year. The higher altitude coffees from Finca Las Brisas and Sicafé were less impacted by the rains of late 2020. They are well rested for cupping and coming up clean and complex.

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“What our partners are saying

“This year’s harvest has been very positive for me. I expect my production to increase 30% because of my efforts in renovating the farm 5, 6 years ago. We had off-season rains, yes, but it wasn’t too bad. Farmers that only grow Bourbon were much more affected than me because the variety needs at least 5 months of dry weather. And that is why I don’t grow it. The flowering was prolonged because of intermittent rains. We had 3 flowerings last year. So far this year we haven’t had any rain yet so the flowerings should be more concentrated. Prolonged flowerings means you need to do more passes on the trees to make sure you are picking only ripe cherries but I didn’t suffer from labour shortages. So many farms have been abandoned that there are always people to work.”



Carlos Pola,
Finca Las Brisas

“The start of the picking season was delayed by the storms but we didn’t have a lot of problems with quality. The cherries were still green when the hurricanes hit so they were not damaged.”



Federico Pacas,
Cafe Tuxpal

“We had some rains in January when they normally don’t happen. This forced us to pick coffee earlier to avoid cherries dropping to the floor and we had to cover coffees that were drying on the patio.”



Maria Pacas,
Cafe Pacas

“Water patterns were completely unstable and unreliable. The flowering occurred as expected, however, afterwards we had many tropical storms that oversaturated our farm. Maturation started off well but we soon saw it wasn’t homogenous. Many cherries didn’t ripen at all, leaving us with a lot of green coffee. As for coffee drying, it’s supposed to be 100% completely dry during the harvest but we still experienced a few rainfalls which damaged our coffee on the patio and also made it dangerous for our workers to navigate the farm during picking. We couldn’t risk there being another landslide. We had many landslides which completely destroyed our roads. For example, during one of the storms, my dad was stranded in his house without electricity for a few days because the roads were damaged and he couldn’t evacuate. He also had a few shade trees fall on his house and had to completely rebuild his entire roof. Throughout the farm we had many of our older shade trees fall on the coffee trees.”



Karla Boza,
Finca San Antonio Amatepec





Guatemala

Low for the second year in a row: Coffee production in Guatemala is expected to decrease this season for the second consecutive year. The reduction is small, however, and hard to precise as coffees from Honduras are still smuggled into the country. There is also a big gap between producers who have better prices and can invest in fertilizers and other inputs and those who lack resources for farm management. In the El Quiché department, for example, producers reported 30% less volume than in the previous year.

Good weather makes for good coffee: The harvest has been delayed by the rainy period in the end of the year (October and November) and by the hurricanes Eta and Iota. Normally, this is a dry period in the country. There were reports of higher incidence of leaf rust and anthracnose in some areas, like Antigua, at the end of the year. However, producers report the weather has been mainly favourable throughout 2020 and trees are generally healthier. The storms of 2020 have affected mainly San Marcos, Huehuetenango and El Quiché but the weather events haven't affected the quality of the coffee overall: no oversaturation or cracked cherries.

Premiums to pickers: Labour shortage was the main impact of the pandemic in the country, which has been able to control the rise of new cases through enforced use of PPE after the first lockdown of 2020,

when a curfew was in place. Restrictions of movement between zones and countries translated to a rise in prices of basic food items and producers are having to compensate for that by adding premiums for pickers. According to cooperatives, the rise in labour costs is a trend observed for a few years as migration of rural workers pushes producers to pay more in order to keep them.

The internal plaza: Speculation in the internal market and high differentials have had a significant impact for producers this season, especially small cooperatives. Many producers reported contracts being cancelled, volumes dropping and quality expectations changing throughout 2020. With a reduction in volume all over Central America and higher market differentials, producers are keeping prices up whilst international buyers are pushing for reductions and cheaper qualities.

A fine vintage: This year's quality is looking exceptional for Guatemala, with most of the coffees received by our lab in Zurich showing higher scores than before. Producers are comparing the cycle to the 2017-2018 crop, when quality was also really high. This is largely due to a stable weather for most of 2020 and good conditions for drying the coffee in 2021. The cups are overall more transparent and expressive with marked flavour notes.

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“What our partners are saying

“High differentials is one of the most important factors to consider at the moment. Our suggestion to roasters that want to be more competitive is buying pre-harvest or very early in the season. For many specialty roasters this is difficult because they like the traditional process of receiving offer samples, playing around with roasts, profiles, etc and taking a while to decide. We believe it is becoming a better idea to contract the coffee early (easier to get better pricing) and then receiving pre-shipment samples (replacement basis). Those who wait too long to make a decision might find themselves without offers or just higher prices. It has happened for several clients already who took too long.”



Adrian Cabrera,
San Miguel Coffees

“COVID has led to buyers cancelling contracts (6 contracts were cancelled last year) and asking for lower prices. They are less willing to pay prices that cover our cost of buying the coffee from farmers, processing and exporting it. They ask for lower quality coffee so they can pay less. It has been very hard for us to compete in the internal market given all the speculation. The quality of the coffee is good and the crop volume has been getting smaller in Guatemala, thus pushing prices up.”



Juan González,
FECCEG

“The rain patterns were much better this year than in 2019. But you have to bear in mind that we have been dragging consequences of last year (when it rained a lot and there was a big struggle with roya and anthracnose). Just as an example, my farm looks much better now due to good rains but my production is still on the floor. What this year’s weather did was to make coffee plants healthier so that the next harvest is improved. Overall, we have been seeing the cherries mature well and homogeneously even if the storms and cooler temperatures at the end of the year delayed the harvest in over a month. This is the first time I have coffee to dry in March! On the plus side, the quality has improved. We have seen that the coffees are more expressive, with more pronounced flavour notes.”



Mario Alarcon,
Finca El Recuerdo and founder of The Guat Lab

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Costa Rica

From bumper to bummer: Costa Rica had initially forecasted a bigger crop this season with 1.500.000 bags. However, producers reported in February that these predictions were not being sustained mainly because of the impact of the weather with farmers in Tarrazu reporting anything from 15% to 50% reduction. 2020 was a dry year with sparse rains, which led to uneven flowerings and a prolonged maturation period. The rains brought by hurricanes Eta and Iota were more harmful than the storms themselves. Last December, producers we spoke were anxious about January. “Fingers crossed it won’t rain,” said Stefan Wille of Coricafe. Unfortunately, rain did come... The rains hit plantations right before harvest or at the very beginning of the picking season. Cherries that were starting to ripen fell from the trees, leading to big losses. The weather has stabilized again and the first flowerings for the 2021-2022 season already started to appear.

US\$ 100 to cross the border: Similar to what happened in Guatemala, the weather delayed the harvest by a month in certain regions, like Tarrazu and Central Valley. Though this put pressure on producers, it helped organize pickers for the harvest. In the South, where the harvest came earlier, was severely affected by labour shortages. Costa Rica needs to bring pickers from Nicaragua and Panama but the borders were closed prior to November.

There were illegal workers at farms and also Panamanians who didn't manage to go back to their countries in 2020 when lockdown started. Luckily, by the time the harvest finally began, the government had opened the borders again. Growers still had to pay US\$ 100 per COVID test to bring in workers but it allowed the season to move forward. Some cooperatives had to harvest faster to avoid losing workers to other areas of the country.

The coffees are flying: The internal market is high, with producers reporting an increase of 15%-20% on the price paid for cherry due to the reduction in volume and the delays in shipments which happened in the early days of the pandemic. Cooperatives report a large percentage of their coffees had already been pre-contracted in the beginning of the harvest so exporters could fill contracts. Groups also mentioned that the presence of multinational companies on the ground has been pressuring local businesses and increasing price competitiveness. Growers also state they are being asked for more experimental micro-lots despite expecting the price for specialty coffee to be reduced.





Candy land: Some of our partners in Costa Rica sent us some truly amazing coffees this year: super fruity, complex and even candy-like. The weather helped when it came to drying but the main culprits are the wet and dry mills. Growers have been investing in better grading and sorting to improve the results on the cup and it's working. Overall yields have been lower but the post-harvest efforts mean the coffees are outstanding. If anything, some coffees might need more resting time to unlock their potential as the drying period was prolonged.

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“What our partners are saying

“In Costa Rica, we suffered this year because the rains came in the moment when the coffee had to be picked, the ripening time. The excess of water affected the condition of the coffee on the trees. The impact of the hurricanes was felt in the infrastructure. The big deal was on roads, access to farms and transporting coffee. We had to invest as a cooperative paying different trucks and transport services.

2020 was a very dry year, but 2021 started with a lot of rain when it must be dry. Now, at the end of the harvest, we are into the dry season and starting to fertilize the farms. The first flowering was very good, as is the condition of the trees and the rust is under control. Maybe the next crop is going to be a better one. We are very small as producers and the projections for the next harvest are good because the producers are planting new varieties, which improve productivity.”



Jonathan Duran,
Coopeagri

“COVID did have an impact on the supply of labour for the harvest season. Initially, prior to November, the borders stayed quite tightly closed and the entrance of Nicaraguans in the country to provide labour for the harvest was severely affected, especially for regions in the Southern part of Costa Rica where the harvest started earlier. ‘Thankfully’ for the Tarrazu region and other parts, the harvest was delayed (by pure incidence) by a month, and by then the policy had slightly eased up for migrants to travel. It didn’t mean it wasn’t costly for producers - they had to pay additional ~US\$100 per person coming to work for them on the farm, plus provide private transport from the border to their farm, etc., to ensure that they could get labour support.

From what we hear, a lot of the labor was from Panama (the indigenous groups that have citizenship in both Costa Rica and Panama) and those from Nicaragua that didn’t ‘manage’ to go back to their home after last year’s harvest because of COVID-19 and travel restrictions. We organized a call center initiative with ICAFE to connect pickers and producers.”



SungHee Tark,
Bean Voyage

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