



COFFEE INDUSTRY BOARD

ANNUAL REPORT

FOR YEAR ENDED 31ST JULY, 1989

39 YEARS OF THE COFFEE INDUSTRY BOARD

Hillside Farmers Support Project

The Coffee Industry Board was given responsibility for the technical support for the coffee component of this Project which was being administered by the Agricultural Credit Bank. The ACBank provides credit to farmers through People's Cooperative Banks which are located in the five (5) Watershed areas of Rio Pedro in St. Catherine, Wag Water and Hope River in St. Andrew, Upper and Lower Yallahs in St. Thomas.

The targets for the coffee component were—

New Establishment	—	1,565	Acres
Resuscitation of Existing coffee	—	1,301	"
TOTAL	—	2,866	Acres

Although the project was begun in December 1988, field operations had not commenced up to the end of July 1989.

National Restoration Programme

The terrible Hurricane Gilbert on 12th September, 1988, affected the entire island and damaged 78% of Blue Mountain coffee farms and between 40 and 45% of the Lowland farms. It was estimated that the overall damage to coffee trees, farm infrastructure, processing facilities and consequential losses of income amounted to J\$200M and that a national restoration programme for coffee would require financing of some J\$138M or US\$38M. Funding for such a programme was to be provided by the GOJ and OECF under the Claverty Cottage/Shirley Castle Project and from loans made available by the Japanese importers of Jamaican coffee who had agreed to lend the CIB a total of US\$12M to assist with the industry's restoration programme. In addition, Ueshima coffee Company (UCC), the leading Japanese Coffee Company, had also agreed to lend the CIB US\$4M for its restoration programme.

As a result of Hurricane Gilbert the CIB had suffered very severe damage to its farms, farm buildings, its factories and warehouses. The damage was estimated at J\$12M for coffee damaged in its warehouses and J\$15M to the processing infrastructure. Approximately 21,000 acres of coffee were damaged (11,000 acres needed to be rehabilitated, 5,000 resuscitated and 5,000 replanted). Most of the damage (78%) was done to the Blue Mountain farms.

Self Insurance Scheme

CIB's Coffee Crop Insurance Scheme

After an extensive review by the CIB it was decided to establish a Self Insurance Scheme to protect the coffee farming community.

With the continued implementation of the CIB's development programmes, an increasing number of farmers had established many pure stand coffee farms and

large sums of money were being invested in coffee. It was therefore vital for the industry to have some protection against catastrophe.

A Coffee Crop Insurance Scheme was therefore put in place on 1st June, 1989 by the CIB with the approval of the Minister of Agriculture. Until the Crop Insurance Fund was built up sufficiently for the Scheme to become self-financing, the CIB was continuing to insure the annual industry production with overseas and local insurers. This scheme is compulsory for all coffee farmers. The CIB's "Growing Coffee" Insurance Booklet sets out in detail how the scheme is operated.

Japanese Traders Loan

The seven traditional Japanese Traders in Jamaican coffee had quickly agreed to assist the CIB with funding to begin restoration of the Jamaican coffee industry which had been severely affected by the September 1988 hurricane. By December 1988 a loan agreement had been signed with the Traders for CIB to receive US\$7.9M with equal contributions from each trading company. In addition, UCC made a separate loan of US\$4.1M to the CIB for coffee restoration. Repayment of these loans would be made in the equivalent value in green coffee beans. Implementation of these projects began in the Spring of 1989.

Nursery Programme

CIB's nurseries distributed only 1,554,000 seedlings and private nurseries 669,000. This small number of seedlings could not satisfy the needs of the farmers who needed to replant their farms. However, CIB's nurseries as well as the private nurseries had also suffered damage and as a result their seedling production was inadequate to supply the high demand of coffee growers.

Operations of the CIB's Central Factories

Receivals of cherry coffee at the Board's central factories during the year under review are set out below:

Factory	Receivals	
	1987/88 boxes	1988/89 boxes
Aenon Town	71,360	31,304
Bog Walk	75,218	31,780
Clarendon Park	55,828	33,053
Maggotty	42,509	19,995
Trout Hall	77,672	16,452
Sub-total	322,587	132,544
Wallenford	<u>59,024</u>	<u>23,481</u>
TOTAL	<u>381,611</u>	<u>156,025</u>

The low intake of coffee at the factories was due to the severe damage to coffee farms by the September 1988 hurricane.

Coffee Co-operatives

The 16 Lowland Co-ops continued to send their coffee to the Board's pulperies. Supplies from these Co-ops are set out below:

Co-operatives	1986/87 boxes	1987/88 boxes	1988/89 boxes
Catadupa	3,364	9,692	4,190
Central St. Catherine	16,500	21,674	4,515
Central St. Mary	9,057	3,709	1,493
Darliston	501	2,100	269
East St. Ann	6,113	4,746	2,147
Frankfield	34,172	53,837	8,557
Guys Hill	15,487	9,432	2,849
North Manchester	14,348	21,657	7,236
North East Clarendon	23,657	24,822	7,351
North West St. Catherine	34,403	32,003	10,019
St. Elizabeth	7,233	13,132	3,490
South Clarendon	7,762	6,642	5,145
South Manchester	21,495	26,149	18,863
Trelawny	2,486	6,059	624
Western St. Andrew	1,510	2,434	184
Western St. Ann	12,507	23,767	4,386
TOTAL	<u>210,595</u>	<u>261,855</u>	<u>81,318</u>

(1 box equivalent of 60 lbs. cherry coffee approx.)

The very low production of the Co-operatives was due to the hurricane of 12th September, 1988, which destroyed 45% of the coffee trees grown in the cooperative areas outside of the Blue Mountains.

Price to Farmers

Prices paid by the CIB to coffee growers for the 1988/89 crop were J\$208 per box for Blue Mountain coffee and J\$78 per box for Lowland coffee compared to J\$208 for Blue Mountain and J\$80 for Lowland in the previous year. These payments were considered reasonable in view of the problems which the industry had suffered during the year.

Industry Cess

An industry cess of \$35.80 was charged on each box of Blue Mountain coffee and \$15.96 per box for Lowland coffee for the 1988/89 crop. Owing to the low production for the year under review, the cess obtained by the CIB was negligible

when compared to the expenses of the CIB during the year to lead and assist the industry in its recovery programme from the disastrous effect of the September 1988 hurricane.

Marketing

Jamaica continued to be a member of the International Coffee Organisation. Although demand for Jamaican coffee was high, the very low production made it impossible for the CIB and private roasting companies to meet their usual overseas arrangements in their traditional markets. Jamaican coffee was therefore very scarce on the overseas market and as a result export prices were increased to buyers.

	SALES			
	Export		Local	
	Quantity 132 lb bags	Value US\$	Quantity 132 lb bags	Value J\$
1987/88	22,500	9,245,800	9,126	16,071,573
1988/89	12,265	7,759,627	8,105	14,702,232

The CIB continued to export Jamaican coffee to its traditional suppliers in Japan, the U.S.A. and the U.K.

