



COFFEE INDUSTRY BOARD

ANNUAL REPORT

FOR YEAR ENDED 31ST JULY, 1990

40 YEARS OF THE COFFEE INDUSTRY BOARD

the terrible hurricane Gilbert on 12th September, 1988, continued to adversely affect the crop under review.

Post-Hurricane Gilbert rehabilitation and resuscitation programmes were being carried out to get coffee farms back into production and some recently established farms also contributed to the year's coffee production.

**Development Programme
Commonwealth Development Corporation (CDC)
3,000 acres Blue Mountain Loan Programme**

CIDCo continued to be responsible for developing its Blue Mountain farms but after the September 1988 hurricane, CIDCo devoted its efforts to replanting, rehabilitation and resuscitation of the acreages which had been destroyed or damaged.

By the 31st July, 1990, private farmers had established 1,359 acres, making a total of 2,592 acres established under this programme.

EEC 1,500 acres Coffee Development Programme

This programme began in the Autumn of 1986 and at the end of the year under review 621.25 acres of coffee had been established. The fifty (50)-acre mother farm had been established by CIDCo at Seven Rivers in the parish of St. James during the year 1986/87 and private farmers had developed only 571.25 acres out of the 1,450 acres which were available to be developed by them under the programme. The slow progress of this programme was as a result of small farmers not being able, or having great difficulty, to show proof of ownership of their lands.

**CC/SC 3,500 acres Blue Mountain Programme funded
by the OECF JAPAN and Government of Jamaica**

For the year under review, a total of 242 acres of coffee were planted. This achievement was by private farmers only as CIDCo concentrated on rehabilitating and resuscitating its numerous farms. There were also some difficulties experienced in obtaining loan funding under the programme.

Up to 31st July, 1990, a total of 1,000 acres of coffee had been planted.

Small Farmers Rehabilitation Programme

In February 1990 the Government of Jamaica made available a grant of \$1.5 million to the CIB to assist small farmers in restoring their coffee production following the devastation of hurricane Gilbert. The 1,068 farmers who benefited under this programme were selected by their parish communities. They provided their own labour and the CIB supplied them with small tools, fertilizers, seedlings and pesticides.

Nursery Production

During the year under review 2,124,500 seedlings were distributed to farmers. Of this total private nurseries had distributed 875,000 seedlings and CIDCo 1,249,500.

Operations at CIB's Central Factories

Receipts of cherry coffee at the Board's central factories during the year under review were as follows:

Factory	Receipts	
	88/89 (Boxes)	89/90 (Boxes)*
Aenon Town	31,304	31,885
Bog Walk	31,780	34,640
Clarendon Park	33,053	43,381
Maggotty	19,995	25,585
Trout Hall	16,452	54,580
Sub-Total	132,584	190,071
Wallenford (BM Coffee)	23,481	19,848
Total	<u>156,065</u>	<u>209,919</u>

Coffee Co-operatives (*1 box approx = 60 lbs. cherry coffee)

The coffee supplied by the sixteen (16) Lowland Co-operatives to the CIB is outlined below:

Co-operative	Year		
	1987/88 Boxes	1988/89 Boxes	1989/90 Boxes
Catadupa	9,692	4,190	3,762
Central St. Catherine	21,674	4,515	8,797
Central St. Mary	3,709	1,493	2,061
Darliston	2,100	269	949
East St. Ann	4,746	2,147	2,431
Frankfield	53,837	8,557	43,002
Guy's Hill	9,432	2,849	3,611
North Manchester	21,657	7,236	13,016
North East Clarendon	24,822	7,351	13,320
NW St. Catherine	32,003	10,019	12,958
St. Elizabeth	13,132	3,490	9,532
South Clarendon	6,642	5,145	5,208
South Manchester	26,149	18,863	16,703
Trelawny	6,059	624	1,854
Western St. Andrew	2,434	184	215
Western St. Ann	23,767	81,318	14,751
	<u>261,855</u>	<u>158,250</u>	<u>152,175</u>

Price to Farmers

The net prices paid by the Coffee Industry Board to coffee farmers for the 1989/90 crop were J\$255 per box for Blue Mountain coffee and J\$96 per box for lowland coffee compared to J\$208 and J\$78 paid for Blue Mountain and Lowland coffee, respectively, in the previous year.

The devaluation of the Jamaican dollar against its US counterpart and slight improvement in quality of the coffee resulted in the increased prices paid to farmers.

Industry Cess

An industry cess of \$30.80 on each box of Blue Mountain coffee and \$13.96 for lowland coffee was charged by the CIB on the 1989/90 crop. This cess assisted in paying for the cost of administration, extension, research, nursery activities and the national crop protection programme.

MARKETING

Jamaica continued to be a member of the International Coffee Organisation (ICO).

Demand for Jamaican coffees on the overseas market remained high. Export sales for the year under review totalled 14,780 bags* valued at US\$8,724,012.00 while local sales totalled 7,170 bags valued at J\$14,251,564. Total coffee sales (local and export) were valued at J\$70,431,405.

Comparative figures for the CIB's Sales and Value of Sales over the last five years are listed below:

CROP YEAR	LOCAL SALES (60-kilo bags)	VALUE J\$	EXPORT SALES (60-kilo bags)	FOB VALUE US\$
85/86	7,998	10,929,012	16,455	7,697,258
86/87	10,442	15,121,319	15,600	7,095,333
87/88	9,126	16,071,573	22,500	9,245,800
88/89	8,105	14,702,232	12,265	7,759,626
89/90	7,170	14,251,564	14,780	8,724,012

*1 bag = 132 lb/60 kg.

The CIB continued to export coffee to its traditional buyers in Japan, USA, U.K. and CARICOM.

Local roasters continued their efforts to export roasted coffee to the U.S.A. and Canada and a few Caribbean countries but their main efforts were placed on the U.S. market.

COFFEE INDUSTRY BOARD AND ITS SUBSIDIARY

Notes to the Financial Statements

July 31, 1990

1. The Board and the Group

The Board is established as a body corporate under the Coffee Industry Regulations Act.

The principal activities of the Board are the cultivation, processing, manufacture, purchase and sale of coffee and coffee products, and the granting of licences to companies, associations and individuals for these purposes.

The Board has a wholly-owned subsidiary, Coffee Industry Development Company Limited (CIDCo), whose principal activities are coffee farming and provision of finance and extension services to coffee farmers involved in coffee expansion programmes.

The Board and its subsidiary are collectively referred to as "the Group".

These financial statements are presented in Jamaican dollars.

2. Significant accounting policies

(a) Accounting convention:

The financial statements are prepared under the historical cost convention, modified for the inclusion of certain fixed assets at valuation.

(b) Basis of consolidation:

The consolidated financial statements include the financial position and results of operations of the Board and its subsidiary, made up to July 31, 1990.

(c) Depreciation:

Fixed assets, with the exception of land, on which no depreciation is provided, are depreciated by the straight-line method at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:

Buildings and barbecues	2½%
Machinery and equipment	12½%
Furniture and fixtures	12%
Motor vehicles	20%
Waterways and roadways	20%

(d) Plantations:

The cost of development is capitalised up to maturity; costs thereafter are expensed.

Capitalised costs of mature coffee plantations are amortised over a period of thirty-three years.

COFFEE INDUSTRY BOARD AND ITS SUBSIDIARY

Notes to the Financial Statements (Continued)

July 31, 1990

2. Significant accounting policies (cont'd)

(e) Inventories:

Inventories are valued at the lower of cost, determined principally on the first-in, first-out basis, and net realisable value. In the case of finished products, cost includes a relevant portion of labour and overheads.

(f) Foreign currencies:

Foreign currency balances at the balance sheet date are translated at the rates of exchange ruling on that date.

Transactions in foreign currencies are translated at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in the profit and loss account.

