



# Ecuador's Coffee Industry Set to Make a Come-back

For three decades or more, Ecuador has been a leading player in the soluble coffee industry, but production of Arabica and Robusta coffee has been falling steadily. Now, however, this could be set to change, thanks to renewed political and financial support, as Maja Wallengren reports

Even before reaching the Hacienda Victoria coffee and cocoa estate some 20km west of Ecuador's southern commercial capital of Guayaquil visitors are overwhelmed by the intense aroma of millions of coffee flowers. It is one of the most beautiful sights any coffee lover can hope to see, and to the coffee industry in Ecuador it is one of the first signs of a revival in production.

"This plantation has 200 hectares of Robusta coffee, of which 150 are now entering into production for the first time this year," said Francisco Aray, one of the farm managers at Hacienda Victoria, a private investment which was launched less than four years ago.

## Brazilian Planting Material

"All the planting material is from the

Robusta research done in Espirito Santo in Brazil, and the entire area is irrigated, so we can control the flowering to a large extent, ensuring a single main uniform flowering like the one you are seeing here.

"Because of the dry climate here we have no diseases and when the plantation is in full production we expect an average of at least 60 quintals (46kg bags) per hectare," Mr Aray told *C&I* during a visit



Photo Courtesy: Maja Wallengren

Francisco Aray: "new planting material comes from research in Espirito Santo in Brazil"

organized by Ecuador's government promotion board ProEcuador.

At Hacienda Victoria, says Mr Aray, the plan is to expand production to as much as 2,000 hectares, if the price incentive generated from healthy yields can be sustained over the coming years. And that is exactly the type of development the government of Ecuador hopes to see more of in the next 5-10 years.

Ecuador's Agriculture Ministry has laid out ambitious plans to triple production of Arabica and Robusta through the reactivation of at least 80,000 hectares of land. Of this, 30,000 hectares are to be cultivated with new Robusta, and 50,000-70,000 hectares of Arabica coffee are to be renovated and replanted with newer, more productive and disease-resistant varieties.

"We are in the middle of a new phase in the coffee sector in Ecuador," said Silvana Vallejo, Vice Minister for Agriculture, speaking at the Aromas de Ecuador trade fair in Guayaquil in

September. As he noted, Ecuador continues to import coffee to meet the needs of the soluble industry there, but all that could change.

### Reducing Reliance on Imported Coffee

"At the moment, Ecuador has a deficit of 1.5 million quintals and we are importing coffee from Vietnam and Brazil in order to meet the demand in the soluble industry," she explained. "We want to be able to supply all of this demand with coffee produced in Ecuador instead."

With this in mind Ecuador's Ministry of Agriculture has imported the best planting material available from Brazil and has started distributing seedlings as part of a programme that will see thousands of new hectares of coffee planted. Doing so will, it is hoped, see production in the country increase to as much as 2 million 60kg bags in the next 10 years.

"The 'Reactivation Project for Coffee and Cocoa's was launched in 2012.

The aim is to reactivate national production from farms with trees that are older than 30 and 40 years," Ms Vallejo explained. "In August alone, we imported 85,000 tonnes of coffee seeds from Brazil, all of the Acawa, Palma 2 and Catucaí varieties."

### Reversing Decline in Production

Coffee was first introduced into Ecuador in the early 1860s and by the 1994-1995 crop cycle the South American country had reached a peak with total Arabica and Robusta output reaching 1.4 million 60kg bags, according to the Ecuador's National Coffee Council, Cofenac. But years of low prices, lack of farm care and an absence of political support have led to a steady decline.

The best harvest in recent years was reported in 2010-2011 when, according to US Department of Agriculture (USDA) figures, Ecuador produced 650,000 bags, of which 400,000 bags were Arabica, with the balance made up by Robusta.



Arnaud Causse, one of three partners at Las Tolas estate, inspects some of the estate's 70 hectares of coffee

Photo Courtesy: Maja Wallengren

Production in the 2013-2014 cycle is expected to be down to 575,000 bags from 590,000 bags in 2012-2013, which is down again compared with 600,000 bags harvested in the 2011-2012 cycle. The drop in the current year and the last year has been attributed to the outbreak of coffee leaf rust, which has affected 50 percent of the entire 200,000 hectares under coffee cultivation, according to Ecuador's Agriculture Ministry.

## Soluble Coffee Sector Continues to Grow

However, at the same time that production has been falling, domestic use has accelerated, thanks to healthy growth in Ecuador's soluble sector and a new-found interest in roast and ground coffee that is starting to emerge in the country's population.

"The soluble sector has been growing in a very dynamic manner and it is very important to us that we will be able to get more supply locally, from the producers here in Ecuador," said Jorge Salcedo, son of the founder and current president of family-owned Solubles Instantáneos CA, Ecuador's oldest soluble manufacturer. The company's two brands, Don Café and Café Oro, hold a 40 per cent market share in Ecuador's domestic coffee market,

Mr Salcedo said. Exports of soluble produced in Ecuador soon grew to such a level that it attracted other players into the market, including local soluble manufacturer ElCafe.

**"Because of the dry climate here we have no diseases and when the plantation is in full production we expect an average of at least 60 quintals per hectare," Mr Aray told C&CI**

The USDA reports that total coffee exports from Ecuador have doubled in the last five years to 1.675 million bags in green coffee equivalent in the 2012-13 crop cycle. They are expected to continue to surge to 1.75 million bags in 2013-2014 year, up from just 861,000 bags in the 2008-2009 cycle. This is largely due to rapid growth in the soluble sector which accounted for 1.1 million bags of exports in the last year for which figure are available. It is expected to increase to 1.175 million bags in 2013-2014, according to the USDA.

"The coffee sector has suffered extensively from crop pests and low prices. But we are very much aware that we need to strengthen it and the focus on expanding local production is a big part of that commitment," said Manuel Echeverría, Director of

ProEcuador, which works in close collaboration with the Agriculture Ministry.

"We have so many unique characteristics in the coffee sector here because of the many micro climates Ecuador is home to, from the Galapagos Islands to specialty coffee grown at high altitudes," said Mr Echeverría, adding that "from instant coffee to specialty we want to make a product that is fully ours."

## Political Support

Local producers have been quick to take advantage of the new-found political support for the coffee and agriculture sectors in Ecuador since the President Rafael Correa came to power in January 2007. The support so far has come in the form of seedlings, subsidized fertilizer, and an expanded network of technical assistance from agronomists and help to establish direct contacts with foreign markets.

From the key southern-most producing regions of Loja, Zamora-Chinchiipe, across the north-central coastal regions of Jipijapa and Manabí, to the northern Amazon region on the border with Colombia, Ecuador's producers are working to expand production and increase yields whilst at the same time trying to improve the quality of the product. Although most of their efforts at this point are focused on increasing yields, which in many farms average less than 6-8 quintals per hectare, new farms are also starting to emerge. A few areas have also seen a lot of interest from investors, such as the Pichincha region, which is a few hours northeast of the Ecuadorian capital of Quito.

Covered by dense cloud forest, the region is home to a growing number of new farms, which vary in size from just a few hectares like Finca Perla Negra, to farms such as Maputo, La Nube, La Yumbada and Las Tolas, with acreage anywhere between 8 and 70 hectares.



Photo Courtesy: Maja Wallengren

Luca Turello: "Ecuador definitely has potential"

Most of the farms in this area have only been planted in the last three or four years and are just starting to enter production, while a few go back a little over 10 years. Most of these coffee farmers have one thing in common: a deep-rooted passion for coffee and lifelong involvement in the cultivation of coffee and other crops in Ecuador and across the world.

"What I really want to do is to show that you can plant coffee in an area where you never had coffee before and slowly have the existing forest absorb the coffee, and so far it's going well," said Arnaud Causse, a Frenchman and one of three partners at Las Tolas estate, which so far has planted 30 of the estate's 70 hectares with coffee, of which 23 now are in production.



Coffee trees in flower at Hacienda Victoria

An agronomist who has spent his whole life working with coffee and other tropical commodities across the world, Mr Causse acknowledges that at 9 quintals per hectare is not economically sustainable, but he believes that this will soon start to change.

The quality of the coffee, however, is a source of both hope for these new coffee producers, as the beans from the first couple of crops have scored well above the 80-point mark needed to qualify as specialty coffee on the scale developed by the Coffee Quality Institute (CQI).

The CQI scale evaluates cup qualities such as body, acidity and aroma according to a 100-point system and although most of the farms have seen their coffee score 88-90 points one lot, from Finca Perla Negra, scored 92 points.

"The Ecuador Perla Negra, grown by Magdalena Zavala in the town of Nanegal in the province of Pichincha, just outside Quito, far exceeded our expectations, showing an abundance of floral aromas and flavours, peach and green apple," said David Pohl in a

review for his California-based company Equator Coffees and Teas.

Visiting Ecuador makes it clear that the Andean country could have much to offer in the next decade, both in terms of regular coffee and top grade Arabica. "There is definitively potential here. Ecuador has the genetics of the classic varieties, the altitudes and the support by the government. It will be a long road to develop its potential but it will be very interesting to observe," said Luca Turello, a green coffee trader from Italy's Illy Caffè, speaking to C&CI during the Aromas de Ecuador event.

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