

**Mr. J. P. Wileman's Weekly Letter**

**“MOSTLY ABOUT COFFEE”**

Caixa 1521, Rio de Janeiro

27th. January, 1914

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Rio de Janeiro, January 26th, 1914.

Santos Spot No. 7 closed at New York on Saturday, 24th January, at 11 1/16 cents and March options at 9.37 cents; May 9.61; September, 9.97; and December 10.12; and at 63 1/2 francs at Havre. At Santos Type No. 4 ruled 5\$650 to 5\$700 for January; 5\$675 to 5\$725 for February; 5\$825 to 5\$850 for March; 5\$925 to 5\$975 for April 6\$025 to 6\$050 for May; and 6\$075 to 6\$125 for June.

Though the revival of entries after the rain was slight, it was enough in the spiritless state of the market to depress prices about 200 reis, in spite of telegrams from London announcing the intention of the Committee to sell no coffee during the current year.

On Friday, 23rd, a report was current that a loan had been negotiated with Schroeder that put a little more backbone into the market. Prices, in consequence, improved 200 reis to 5\$925 for March, only, however, to drop again to 5\$825 as soon as enthusiasm flagged.

On the other hand, certain foreign banks, supposed to be in intimate relations with the S. Paulo Government, have given notice to their clients that they will not renew warrants on coffee at maturity.

It is well to distinguish between the money and capital and to remember that unless an easy money market is backed by an abundance of capital improvement in the former can be but transitory. It will take some time yet for England to digest all the engagements already underwritten and the more new issues are rushed the greater, in all probability, will be the squeeze again later on. At the same time, it is but human to jump at opportunity and at present, at all events, money is cheap, which should be an inducement for bankers of the S. Paulo issue to get ahead of competitors. Already there are two or three new Brazilian issues talked of including one for £4,000,000 for Rio Grande do Sul, a State that never abused its credit, excepting, perhaps, in the S. Leopoldo Railway affair, and might succeed in placing a loan on fairish terms, had not Brazilian credit suffered so severely already from the default of some of the States and bad faith of others with regard to British enterprises.

S. Paulo, however, is an *imperium in imperio* and, moreover, has a collateral security to offer in the shape of the 5 francs tax on coffee exported from that State that could scarcely be improved on.

One of the bogeys of Brazilian finance in general is the dreaded fall of exchange that, doubtless, would be a terrible embarrassment, at least to the Federal Government, who, will undoubtedly, stretch every resource to prevent it.

As regards S. Paulo, at least, a fall of exchange might not prove an unmixed disaster, and would certainly reduce cost of production to a rate more proportionate to taxation. Whatever exchange might fall to, the sterling value would continue to be regulated by the relations of demand and supply of the article and of money as before, and the same amount of coffee would, *ceteris paribus*, suffice to meet the service of S. Paulo's foreign debt with exchange at 16d. as it would if it fell to 6d. But the sterling value of wages would fall and until they reacted and the prices of home production rose likewise, planters, anyhow, would get a pull out of the depreciation of paper, even if the advantage were transitory.

Orders from consuming markets this week were scarce and actual coffee, therefore, neglected, only high qualities fetching high prices. Type No. 4 was dealt with at 5\$800 to 6\$000, with high descriptions up to 6\$200.

Low qualities, below type No. 5, being abundant, met with little interest; type No. 7 ruled about 4\$900; below that type, coffees can only be marketed at a difference of 400 reis for each type.

There is no demand for Pearls, which at one time commanded a premium of as high as 400 to 500 reis above flat beans; the former being dealt in on flat bean basis or even below.

1913-14 Entries at Rio and Santos to 22 Jan	were	11,140,390
1912-13	" " " "	9,493,678
1911-12	" " " "	10,204,653
1910-11	" " " "	9,321,172
1909-10	" " " "	13,299,098

Entries at Rio for the week ending 22nd January show an increase of 5,021 bags, or 12.8 per cent. and of 95,499 bags or 13.3 per cent. at Santos. Together Santos and Rio show an increase for the week of 100,520 bags or 90.8 per cent. and for the crop to 22nd January of 1,646,712 bags or 16.3 per cent., as against 16.7 per cent. on 31st December last.

The amount of coffee cleared to foreign ports for the crop to 22nd January was 9,502,213 bags, or 877,474 bags more than last year, an increase of 11.3 per cent., as against 13.4 per cent. last week, whilst the value to same date was £27,964,168, as against £33,496,799 last year, a shrinkage of 16.51 per cent. as against 14.8 per cent. last week.

#### ROBUSTA.

In reply to enquiries by the Cia. Prado Chaves, the following telegram was received from one of the leading firms of Rotterdam, after 5 days allowed for investigations:

«We calculate number of coffee bearing trees in Java at 87,000,000, of which 15,000,000 Arabian, 7,000,000 Liberian and 65,000,000 Robusta. For Sumatra we calculate the total at 10 to 15,000,000.»

This makes in all 97 to 102,000,000 trees for Java and Sumatra. In his lecture, which we are now publishing, Dr. Navarro puts the number of trees at 300,000,000, a discrepancy so considerable as to lead the *Estado do S. Paulo* to the conclusion that either the Dutch brokers who supplied the above information or Dr. Navarro have made some mistake. Commenting on the figures, Mr. Paulo Prado draws the following conclusion:—

«Either it is true, as Dr. Navarro asserts, that in Java, 82,000,000 trees produced only 82,000 bags of coffee, or only about 4 arrobas per 1,000 trees in 1902, or Java planters must be completely ruined.

We reserve our own conclusions until we have completed the translation of Dr. Navarro's very interesting lecture. But meanwhile would like to point out that the actual yield under the system of Government *cum* native plantations in Java cannot be taken as a criterion of what can be done with practically unlimited capital by English and American planters in Sumatra.

This part of the East is, in fact, the danger point to which particular attention should be given and not so much the plantations of Java, already largely exhausted.

#### HIGH WATER MARK.

A year ago (December 21, 1912) was the last high make for coffee. On that date it was selling at 14.25 cents. Shortly before the close, one of the leading interests sold 85,750 bags to a large roaster at 14.25 cents. After that the course of prices was generally downward until July, 1913, when coffee sold at 8.35 cents. Prices then worked up to a height of 11.75 in October, 1913, but since then have shown an easier tendency.

## MOVEMENT OF GOLD AT THE CAIXA DE CONVERSAO.

	Milreis in Deposit	£
Dec. 28, 1913, to Jan. 3, 1914.	275,679,948	= 18,378,664
Jan. 4, 1914, to Jan. 10, 1914.	279,418,059	= 18,627,871
Jan. 11, 1914, to Jan. 17, 1914	274,164,914	= 18,277,662
Jan. 18, 1914, to Jan. 24, 1914	271,404,921	= 18,493,662

During the week ended 24th January, gold to the value of £184,000 left the Treasury, making £285,000 since 28th December.

## COFFEE IN THE DUTCH INDIES.

### A LECTURE DELIVERED BY DR. NAVARRO, COMMISSIONER OF THE S. PAULO GOVERNMENT.

The Dutch Indies comprise an area of some 698,000 sq. miles, or 3 1/2 times the size of France.

In December, 1905, they counted 37,402,500 inhabitants who, by virtue of national increase and immigration from China and France, should to-day be at least 40,000,000.

Of all the Archipelago, the most interesting are the islands of Java and Sumatra, the first of which, with a population of 32,000,000, distributed over an area not half of that of S. Paulo.

Sumatra is almost double as big, i.e., double the size of S. Paulo, with 455,600 sq. kilometres, of which two-thirds are virgin soil.

Borneo is divided between Holland and England. The Dutch portion measures about 675,000 sq. kilometres, with 1,700,000 inhabitants.

My investigations were limited to Sumatra and Java, the most important islands of the Malay Archipelago, from which competition with Brazil may be expected. Borneo is, of course, enormous and its soil far richer than any of the other islands, where, besides agriculture, considerable mining operations are being carried on with the aid of native labour.

The island of Celebes is the most noted for its coffee and third as regards area, with 190,000 sq. kilometres, being, like Java and Sumatra, traversed from end to end by a chain of mountains.

I paid a visit to this island, where excellent coffee is produced, principally in the district of Menado, in the north.

I also paid a visit to the Dutch portion of New Guinea, the most savage and backward colony of the Dutch Indies, whose Governor, however, advised me not to attempt excursions into the island, as only 15 kilometres from the coast the inhabitants are cruel cannibals. His Excellency offered me every guarantee and even a military escort should I care to attempt an expedition, pointing out the fact at the same time that only a short time before a whole expedition had been massacred and devoured!

The area of the island of Java, which, as stated before, is only half that of S. Paulo, is entirely cultivated under a system of land tenure *sui generis*.

There are no private owners, all the land belonging to the Dutch Government, with the exception of certain concessions effected at the time of the English occupation of the island.

Direct dominion corresponds to the Government and usufruct to foreigners. Leases are usually for 75 years, with the obligation of cultivating same until the eighth year, under pain of heavy fines. Rental runs about 10\$000 per annum per cultivated alquiere and is made obligatory from the fifth year, to prevent more land being taken up by farmers than they can personally cultivate.

When coffee prices fell to their lowest, Government relieved lessees of their rents and so enabled them to hold out.

With the exception of the island of Madura, almost all the islands are traversed by a chain of mountains. In Java, as in Sumatra, the mountains reach a height of 3,000 to 4,000 metres.

The distribution of the population is, however, very different to our's, as out of a total of 3,200,000 inhabitants, only 878,000 are to be found in towns, the rest being spread over the island at the rate of 256 per sq. kilometre, a density greater even than that of Belgium.

Comparison with S. Paulo shows 480,000 inhabitants in the Capital alone, a phenomenon that Dr. Navarro attributes to «protectionism» and the attraction that large cities exercise in drawing the population from the land to the towns.

In spite of the diversity in physical appearance and of the flora and fauna and the great distance between the islands, the geological structure is practically identical, the tertiary formation, however, predominating. Without going into tedious details as regards its constitution, it is sufficient to say that the soil is everywhere appropriate for agriculture and capable of maintaining a vast population.

The fact that a large number of volcanos are found in Java lead to the supposition that the formation was entirely volcanic, whereas, as a matter of fact, not one-third of the island is of volcanic origin.

As regards fertility, Sumatra is more fertile than Java, and Borneo than either, but from this point of view none of the islands can compare with S. Paulo, from either the chemical or physical point of view.

The soil in Java runs from 30 to 40 centimetres in depth, but what constitutes its chief advantage is the high and regular temperature throughout the year from January to December, virtually without alteration of seasons.

The rainfall there is very heavy, reaching on some plantations as much as 10 m.m. per annum and on others 4, 5, and 6.

The climate may be classed as follows:—

*Sumatra.* From May to September dry hot winds from S.E., called «Monsoon», prevail, whilst from November to March, N.E. winds, with heavy rainfall, are prevalent. The seasons are thus sharply distinguished between dry and wet. The temperature is high, as in Java, averaging from 26 to 27 C. and the number of rainy days about 200 per annum, rain being more frequent in the north.

*Borneo.* The heat is extreme and temperature generally between 22 and 27.2 Centigrade. Humidity is also extreme.

*Celebes.* Climate extremely hot, but more unequal and drier than in Java or Sumatra. This probably is the Malay Archipelago.

*Molucas.* Climate hot and dry, similar to the northern part of Australia.

That the soil in Java is inferior to that of S. Paulo from the purely chemical point of view is shown by the fact that neither sugar cane nor Indian corn can be grown for more than two years in the same ground, whilst in S. Paulo they may be cultivated for dozens of years without fear of crop failure.

The conclusion is that in S. Paulo the land supports cultivation for much longer periods.

The production of sugar in Java is enormous and on some of the sugar estates on that island sugar is cultivated on the same land alternately each five years.

As regards the area under coffee in Java and other Dutch colonies, it is impossible to give exact figures.

In 1910, Cramer, the first authority on East Indian coffees, estimates the area of Government plantations under coffee in 1895 at about 50,000 alquieres (120,000 hectares) and private plantations at about the same figure, or

total of 100,000 alquieries, or 240,000 hectares, under coffee for the whole island.

In 1912, the area of Government plantations had fallen to 42,000 hectares; no statistics being available for private plantations.

Although the rental paid per «bouw» is identical, the dissimilarity between planting conditions on one farm and another prevent any accurate estimate of the area under private cultivation being arrived at, seeing, for one reason, that the distance apart at which coffee trees are planted varies with each region and specie.

To add to the difficulties of estimates, coffee has been widely interplanted with rubber, cacao and even kapok,

Not even Cramer, an indisputable authority, cares to risk a definite opinion, whilst believing the area under coffee cultivation in Java to be about 35,500 hectares. This, he desired to be understood, is a mere supposition on his part, and must not be taken as an official estimate, but is confirmed by Dr. Navarro's own estimate of 300,000,000 coffee trees, Government and private all told, distributed over an area of 58,677 alquieres.

Malangue, which may be regarded as the S. Paulo of the Dutch East Indies, possesses 21,288 hectares planted solely with coffee and a total of 35,480 hectares with coffee *cum* rubber, cacao, etc

In 1900, a French writer, Cobaton, stated that the area under cultivation in that island was 124,410 hectares, since inncreased by 50 per cent. This, however, is incorrect because this increase of plantation was generally in substitution of liberian or Arabian coffees by robusta.

The robusta trees on different plantations, Mr. Navarro observed, was the fourth species planted consecutively on the same ground and the 40,000,000 or 50,000,000 robusta trees said to be in existence represent, therefore, merely replantations of exhausted areas.

In the province of Deli in 1900, there were 82 plantations interplanted with rubber. Since then the number has no doubt been much increased. But as coffee is there cultivated as a catch crop with rubber, and the latter is passing through a serious crisis, it is possible that the cultivation of coffee may also fall off or remain stationary, though some planters seem to have resolved to undertake cultivation of coffee separately.

According to the latest statistics, S. Paulo possesses 688,845,410 coffee trees, distributed over an area of 875,000 hectares or 361,571 alquieres. In other words, the area under coffee in S. Paulo is six times greater than in Java, whilst the number of coffee trees planted is nearly double. This difference is explained by the distance apart at which the trees are respectively planted. In Sumatra the cultivated area should be about 25,000 to 28,000 hectares or 10,330 to 11,570 alquieres, planted with a total of 50,000,000 to 60,000,000 coffee trees.

It is very difficult to tell what the planted area may be in the other islands, as there are no organised statistics. The natives only cultivate coffee when obliged, as they have no natural inclination for this kind of agriculture and to deceive the inspectors merely plant a few seedlings to comply with the letter of the law, which are afterwards generally abandoned.

