P&A COFFEE NEWSLETTER
international marketing
Year 02 - No. 15 - October 07, 2008

COFFIDENTIAL

ISSUES NOS. 1 TO 14 OF COFFIDENTIAL CAN BE FOUND AT SITE www.peamarketing.com.br

2008 ASIC CONFERENCE BREAKS RECORDS OF SCIENTIFIC WORKS AND ATTENDANCE

Over 480 researchers, professionals and country delegates from 35 producing and consuming nations attended the 22nd International Conference on Coffee Science that took place in Campinas, state of São Paulo, on September 14th to 19th. The Campinas Agronomy Institute (IAC) hosted the conference that had a record number of 371 papers presented in both oral and poster sessions. The event had two central themes "Trends in Coffee Consumption and Science" and "Coffee and Health". P&A's Carlos Brando made the first presentation about the former theme, with the title Can Coffee Science Blend Quality, Price and Pleasure to Increase Consumption? A brief summary of this presentation will be featured in the Outlook session of November's Coffidential. The participants went on field visits to IAC's "Alcides Carvalho" Coffee Center and Santa Elisa Research Farm and to the 200-year-old Tozan coffee farm. Dr. Ernesto Illy's life-time work in favor of coffee science and quality was remembered several times at the opening ceremony when his family received a posthumous decoration granted by the Government of the State of São Paulo.

Source: ADS, Cafépoint, CoffeeBreak and P&A

COFFEE TECHNOLOGY TO COPE WITH GLOBAL WARMING

Major Brazilian coffee research centers such as the Campinas and Paraná Agronomy institutes (IAC and IAPAR, respectively) are studying coffee husbandry techniques and genetic improvement in order to cope with global warming. Weed management, shade growing and higher density planting are being addressed at IAC whereas IAPAR is working on new varieties such as IPR 103.

Source: Cafépoint

IMPROVED TECHNOLOGY TO HANDLE WASTE WATER FROM WET MILLING

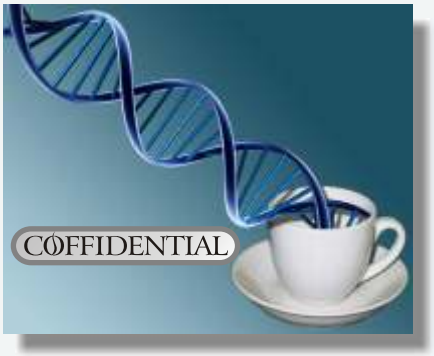
The 6th Agriculture Technology Exposition "Science for Life", promoted by EMBRAPA in Brasília, introduced improved technology to handle waste water from wet milling and to make use of its nutrients. Filters, settling tanks and other pieces of equipment that facilitate waste-water cleaning and recycling were presented along with techniques to use the water's nitrogen, phosphorus, potassium, calcium, magnesium and micro nutrients in the coffee plantations themselves.

Sources: Embrapa Café and CoffeeBreak

GROWERS REDUCE FERTILIZER PURCHASES AND SWITCH TO ORGANIC NUTRIENTS

Brazilian coffee growers are reducing chemical fertilizer purchases and favoring the use of organic materials in order to reduce production costs as fertilizer prices reach historical peaks. Soil analysis is used to determine minimum requirements and manure and other organic materials, usually available on the farms but seldom used in the past, are now recognized as good sources of nutrients.

Source: Reuters



CONAB REVISES CROP SLIGHTLY UPWARD TO 45.8 MILLION BAGS

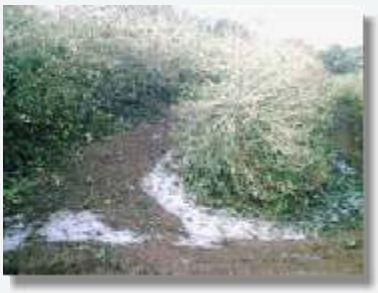
CONAB, an agency of the Brazilian Ministry of Agriculture, raised its estimate for Brazil's 2008/09 coffee crop to 45.85 million bags, up from the 45.5 million projected in May. The current crop benefited from rainfall regularization, good husbandry practices and irrigation systems. Patrocínio, in Minas Gerais state, now the largest coffee growing municipality in Brazil will produce about 700 thousand bags of coffee.

Source: Agrolink, Cafépoint and CONAB

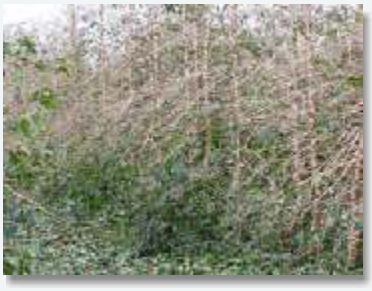
HAIL DAMAGE TO COFFEE PLANTATIONS IN SOUTH MINAS

Heavy hailstorms hit Minas Gerais state, specially the South Minas coffee region in September. Important coffee areas of the municipalities of Muzambinho, Três Corações, Perdões, Campos Gerais and Carmo de Minas as well as the state capital, Belo Horizonte, suffered from heavy rains and hail. Some coffee farms were severely damaged, as shown by the photos below.

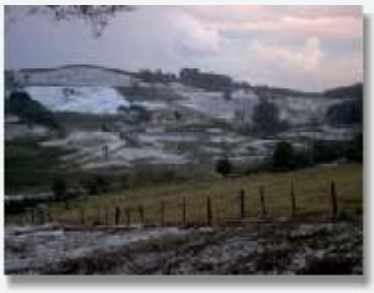
SOURCE: Portal UAI, Revista Cafeicultura and Cafépoint



Muzambinho - MG



Três Corações - MG



Muzambinho - MG

Três Corações - MG

SHORTAGE OF COFFEE PICKERS IN SOUTH MINAS GERAIS BOOSTS SALES OF HARVESTERS

Increasing job opportunities in urban areas and low wages in coffee growing regions contribute to labor scarcity. It is becoming increasingly harder to find workers who know how to efficiently pick coffee and are willing to take the job. The sales of mechanical harvesting equipment of all types have soared in the past season and some companies are already sold-out for the next harvesting season.

Source: O Tempo and P&A

BSCA ANNOUNCES BRAZIL CUP OF EXCELLENCE 2008

The Brazilian Specialty Coffee Association (BSCA) opened inscriptions for the 2008 Cup of Excellence competition, to be held in partnership with the Alliance for Coffee Excellence (ACE). The 9th competition will take place in the Coffee Excellence Center in Machado, Minas Gerais, on November 10th to 14th. ACE has already selected, out of 45 candidates, the 12 cuppers that will be in the Brazilian jury. The contest is open for Brazilian Arabica growers from all producing regions. The Cup of Excellence coffee quality competition was developed and first tried in Brazil as part of the International Coffee Organization's Gourmet Project which was funded by the Common Fund for Commodities.

SOURCE: Varginha Online, BSCA press release and P&A

SARA LEE TO ACQUIRE ANOTHER COFFEE BUSINESS IN BRAZIL

Sara Lee Corp. announced on September 17th that it signed an agreement to acquire Café Moka, a family-owned coffee business well positioned in the São Paulo metropolitan area. The transaction, expected to be completed in October 2008, will have to be submitted to the Brazilian anti-trust authorities for review and approval. Sara Lee is the roast-and-ground coffee market leader in Brazil with five leading brands: Pilão, Caboclo, Café do Ponto, União and Seleto.

Source: Business Wire

BRAZILIAN ROASTER JOINS 4C

RJ Baiardi, a small roaster from Monte Carmelo, Minas Gerais, is the first Brazilian coffee industry to become a member of the 4C Association, a world-wide organization that promotes sustainability in the coffee supply chain. Only multinational companies such as Sara Lee, Nestlé and Melitta had joined 4C before. RJ Baiardi roasts about 70 bags of 60 kg per month, most of it produced on its own Fazenda Juliana, and it exports 10% of its roasted coffee to Angola.

Source: Agrolink

THE CHALLENGE OF INCREASING COFFEE CONSUMPTION IN BRAZIL

The fact that 93% of the Brazilian population already consume coffee poses special challenges to increase domestic consumption. One of the strategies to increase per capita consumption has been to counter wrong consumer perceptions about the effects of coffee drinking on health by means of education programs focused on medical doctors. Income growth and other macroeconomics indices may positively affect Brazilian coffee consumption too. There are also good opportunities in the specialty coffee segment but consumers have to be educated about quality to be willing to pay more for a good cup of coffee.

Sources: Jornal do Brasil and Cafépoint

Picture of the month

Coffee community of La Pintada
City of Atoyac de Álvarez, Mexico

Photo sent by Mr. Armando García Olid
from Mexico
THANKS!
Send us your photo:
coffidential@peamarketing.com.br

Brazilian prices

September 30, 2008

Main Producing Regions / Farm Gate

Arabica Naturals (R$/ 60 kg bag)	
Cerrado-MG fair average quality T.6	260,00
Mogiana-SP fair average quality T.6	260,00
South Minas fair average quality T.6	260,00

Arabica Pulped Naturals (R$/ 60 kg bag)	
Cerrado-MG	272,00
South Minas	260,00

Conilon/ Robusta (R$/ 60 kg bag)	
Colatina-ES fair average quality	216,00

BM&F (US$/ 60 kg)	
Dec 2008	154,50
Mar 2009	159,50
May 2009	160,50

Dolar US$/ Real R$	
September 30	1,92

In order to commemorate the ASIC Conference in Campinas we are replacing this month's sessions above by an article on how Pinhalense and P&A have contributed to coffee science in recent years.

PINHALENSE, P&A AND COFFEE SCIENCE: AN IMPORTANT DIFFERENTIAL AND ADDED VALUE FOR CLIENTS

As manufacturers and suppliers of coffee processing equipment and traders and consultants in the area of post-harvesting techonology, marketing and promotion of coffee consumption, Pinhalense's and P&A's activities are closely related to coffee science in many different ways, from the transformation of basic and applied research results into actual machines to the inducement of research in areas where the two companies detect the need for new products and solutions. Pinhalense has its own highly specialized research and development team that is devoted to post-harvesting processing. Pinhalense and P&A also have an important role in the introduction and dissemination of technologies and habits, from new processing techniques to coffee consumption. A few examples of Pinhalense's and P&A's involvement with coffee science are found below.

THE PULPED NATURAL / SEMI-WASHED PROCESS: coffees that dry with part of or all the mucilage, gain body and sweetness, and have become a key component of espresso and other blends.

Pinhalense in Brazil and P&A abroad were instrumental in the creation of this new, intermediate processing system that enabled, first, the repositioning of Brazilian coffees as a high quality product and then moved abroad to change and modernize the concept of wet milling elsewhere.

A NEW PARADIGM IN WET PROCESSING: coffees that derive from 100% ripe cherries irrespectively of the harvesting system; processing coffee that is free from adstringency and other defects for a new world of high pressure extraction and new coffee products.

Pinhalense and P&A are pioneering efforts to wet mill coffee not only to obtain top quality parchment but also other product fractions that are processed to maximize their qualities for specific markets. This ensures maximum returns for growers and processors in spite of the fact that the selectivity of harvesting is falling as a result of labor costs and scarcity.

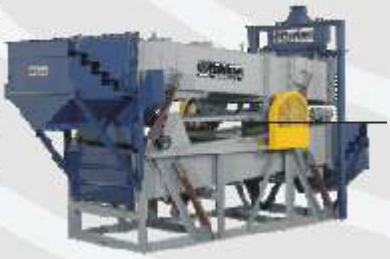
Pinhalense and P&A are spear-heading efforts to ensure that grower and labor incomes are protected and enlarged with the use of modern appropriate harvesting and post-harvesting technology.

COFFEE DRYING TECHNOLOGY: world leadership in the drying of parchment, cherry and green coffee.

A lot of research and development has gone into perfecting the line of SRE rotary driers that are today the world's best selling drying machines, with close to 20,000 units sold in over 50 countries. Today Pinhalense can produce one large SRE-150X drier per hour with the help of computer - operated machine tools and robotics. Pinhalense is now launching a new line of highly efficient heat exchangers with different options of temperatures, air flows and fuels in order to supply hot clean air to dry quality coffee efficiently.

PROCESSING GREEN COFFEE ACCORDING TO MARKET REQUIREMENTS: providing the grades and qualities that clients require.

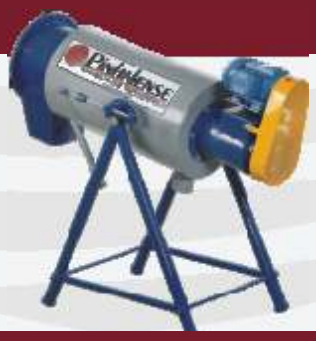
The lines of Pinhalense size and shape graders and MVF gravity separators make use of the latest scientific findings and the company's own research to prepare any type of product the market requires with the highest efficiency. Pinhalense and P&A have helped introduce size grading and size-dedicated densimetric separation in several countries in order to meet the demands of both the specialty and commercial markets, with important gains for traders and processors.



LOGISTICS AND PROCESS FLOW IN A COST-CONSCIOUS ENVIRONMENT: bulk-handling, big-bags, mechanization and automation.

Not only processing machinery has benefited from coffee science but also coffee handling equipment, with the introduction of big-bags, bulk-handling, full mechanization and even automation in high labor cost environments. CAD-Computer Aided Design - has greatly empowered Pinhalense's long-standing and well-known expertise to conceive and design process flows that meet the specific needs of all clients and markets. It has never been so true that the success of a coffee mill depends both on the quality of the machines and the efficiency of the design flow and equipment layout. Pinhalense has already designed over 15,000 coffee plants of all sizes and types and for all needs in 76 producing and importing countries.

A BETTER ENVIRONMENT INSIDE AND OUTSIDE: dust aspiration, noise reduction, energy conservation and control of contamination.



Coffee science has greatly enhanced Pinhalense efforts to create a better environment for workers in coffee mills, for the mills' neighbors, and for the wider environment that has to absorb water and air emissions from the mills. A wide array of environmental protection items has been added to Pinhalense's product line in recent years: energy-saving machines, water filters, dust suction hoods, cyclones, air filters, low-noise fans, etc.

PROMOTION OF COFFEE CONSUMPTION: expanding markets and developing uses for all types of coffee.

P&A created the ICO Guide to Promote Coffee Consumption and applied its recommendations to develop programs in India, Mexico, El Salvador and Colombia. Both the ICO Guide and the techniques that P&A has been using in its Consumption Workshops incorporate a scientific marketing approach to promote coffee consumption that P&A developed based on the experiences of Brazil and other countries. P&A has been recently combining its expertise in both coffee processing technology and consumption development to create an integrated approach that uses promotion in producing countries as a means to add value to coffee and to create markets for the different coffee qualities that derive from less selective harvesting. P&A is currently carrying out another ICO project, this time to develop a network in the internet that is fully devoted to coffee matters, the CoffeeClub Network (www.coffeeclubnetwork.com).

COFFEECLUB NETWORK
www.coffeeclubnetwork.com

P&A (peamarketing@peamarketing.com.br) has associated companies in the fields of coffee marketing and advertising (GSB2 - gsb2@gsb2.com.br) and coffee trading / exporting, blending and quality evaluation (QualicafeX - qualicafex@qualicafex.com.br).