

# CONFIDENTIAL

**YOUR BEST SOURCE OF INFORMATION ABOUT THE BRAZILIAN COFFEE BUSINESS. THIS ISSUE:**

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- NEW PRODUCT LAUNCH: DENSIMETRIC TABLE MVF-3S (PAGE 4)

## **☞ BRAZILIAN ROASTERS FACE DIFFICULTIES TO TRANSFER COFFEE PRICE INCREASES TO CONSUMERS**

Restricted supply, lack of carryover stocks and the consequent high coffee prices, on one side, and the current economic crisis induced by the pandemic, on the other side, are “squeezing” Brazilian roasters that are trying not to increase prices to consumers as required to retain profit margins. Brazilian government coffee stocks are no longer available which increases the sector’s concern about domestic supply and exports. It is expected that Brazil will not be able to supply enough coffee to its domestic and international markets this crop year. In addition, the 2022 coffee crop may also be negatively affected by adverse weather.



Source: Notícias Agrícolas

## **☞ PANDEMIC HAD LIMITED ADVERSE EFFECT ON RURAL ACTIVITIES**

According to a survey carried out by the Brazilian Rural Marketing Association (ABMR&A) in partnership with IHS Markit, 64% of growers interviewed affirmed that the pandemic had little impact on their activities, 11% had a medium impact and 25% a high impact. WhatsApp is used in their business by 76% of growers, 57% access websites, 48% join social networks and only 6% of the respondents use e-mail. Previous research, carried out in 2017, showed that 61% of growers had a smartphone at home whereas the current share is 94%. The number of rural growers interviewed was 3,048 in 16 Brazilian states between October 2020 and January 2021.

Source: Valor Econômico

## **☞ SUCCESSFUL CASE OF BRAZILIAN COFFEE SECTOR IS PRESENTED AT UN SUMMIT**

The Brazilian Coffee Exporters' Association (Cecafé) represented the national coffee production chain during the round of debates at the United Nations’ Food Systems Summit. The successful case of the Brazilian coffee sector resilience was presented, focusing on its organization, synergy, and efficiency, which generates value addition and greater transfer of the export price to coffee growers. The percentage of farm-gate to FOB price has ranged from 80% to 91%, far above the 40% to 60% average of other coffee producing countries. This scenario is feasible due to the presence of the socio-economic and environmental sustainability tripod. On the economic side, rural credit from government as well as private banks can be easily accessed. Brazil increased its productivity from 6 bags per hectare in the 1960s to 33 bags/ha in 2020/21 while the planted area was reduced from 5 to 2 million hectares. On the environmental side, several actions are taken by Brazilian coffee growers, such as integrated pest management and biological control, carbon balance, and preservation of natural resources such as water and native forests in rural areas. On the social side, Cecafé is active in programs to promote good agricultural practices and to mitigate and prevent illegal activities in the field. A study by Embrapa shows that the Human Development Index is higher where coffee growing is present. Today, 72% of the Brazilian coffee growers are smallholders.

Source: Cecafé

## **☞ BRAZILIAN COFFEE PRODUCTION MAY FALL 22.6%**

The second survey on the current Brazilian 2021/22 coffee crop, released by the Ministry of Agriculture Agency in Charge of Warehousing and Crop Estimates (CONAB), indicates that Brazilian production may reach only 48.81 million bags. The

volume is 22.6% lower than the last year’s record of 63.08 million bags. Arabica coffee production is expected to reach 33.4 million bags and Conilon 15.4 million bags, a decrease of 31.5% and an increase of 7.9% over 2020/21, respectively. The table on the right-hand side shows the estimates for the main coffee-growing states with smaller crop losses where Conilon is grown.

Source: Valor Econômico

REGION	CURRENT ESTIMATE (million bags)	% OVER PREVIOUS COFFEE CROP
Minas Gerais	23.3	32.6% lower
Espírito Santo	13.6	2.4% lower
São Paulo	4.0	35.0% lower
Bahia	4.0	0.8% lower
Rondônia	2.2	10.2% lower

### BSCA LAUNCHES WEBSERIES TO COMMEMORATE ITS 30TH ANNIVERSARY

To commemorate its 30th anniversary the Brazilian Specialty Coffee Association (BSCA) is launching a webseries that will present its journey over these three decades. The videos will show the importance of the stages that coffee beans go through before reaching the consumer. The video series, entitled “Special Coffee History - BSCA's 30-year view”, was launched on May 24, Brazilian National Coffee Day, and consists of 30 seven-minute videos to be released one each week. The videos are available at BSCA's YouTube channel (<https://bit.ly/34YuSsH>) and Espresso Magazine's Instagram (<https://bit.ly/3v2gPgq>).

Source: CaféPoint

### AMAZON RECEIVES THE WORLD’S FIRST GI FOR SUSTAINABLE ROBUSTA COFFEE

Matas de Rondônia has just received the world’s first Geographical Indication (GI) for sustainable Robusta coffee in the modality of Denomination of Origin (DO). The concept of sustainability was introduced as a result of the partnership with the Global Coffee Platform (GCP) and the use of its Coffee Sustainability Curriculum to support and control the sustainability criteria added to the IG. This is a historic landmark for Brazil and the world. The entire Rondônia coffee production chain must now work to make out the best of this recognition and achieve new markets.

Source: Embrapa Rondônia

### ESPÍRITO SANTO CONILON COFFEE RECEIVES ITS FIRST GI ON THE MODALITY OF INDICATION OF SOURCE

Espírito Santo Conilon has recently received its Geographical Indication (GI) in the modality of Indication of Source from the Brazilian Patent Office (INPI, for its initials in Portuguese). This is the first time that an Indication of Source is granted for Conilon coffee which can be very relevant in terms of quality recognition and price. Espírito Santo state already counts with another two GIs but in the modality of Denomination of Origin. Conilon coffee is the main agricultural product in the state of Espírito Santo and contributes greatly to employment and income generation.

Source: MAPA

### POLLINATION BY BEES AND ZERO CARBON PROGRAMS ON BRAZILIAN FARMS

Nescafé has launched a program to pollinate coffee trees by distributing bee boxes provided by the startup Agrobee throughout coffee plantations during flowering. The insects do their natural work of pollination and this results in higher productivity and larger beans. On another front, Nescafé has established a partnership with a group of coffee growers to reach a zero-carbon target in some of its products by the end of 2022. This partnership was initiated by educating and supporting growers in sustainability as well as recognizing and rewarding them for quality. Although the zero-carbon market is still small in coffee production, continuous progress is expected.

Source: Estadão

## Brazilian Prices

Main Producing Regions / Farm Gate

May 31, 2021

Arabica Naturals (R\$/ 60 kg bag)		Conilon / Robusta (R\$/ 60 kg bag)	
Cerrado MG	865,00 ↑	Colatina-ES fair average price	488,00 ↑
Mogiana	860,00 ↑		
South Minas	860,00 ↑		
Arabica Pulped Naturals (R\$/ 60 kg bag)		BM&F (US\$/60kg Arabica bag)	
Cerrado MG	915,00 ↑	Jul 2021	192,35 ↑
South Minas	910,00 ↑	Sep 2021	194,65 ↑
		Dec 2021	196,50 ↑
		Real R\$ / Dolar US\$	
		May 31, 2021	5,22 ↓

+ 9.4%

Source:

[www.qualicafex.com.br](http://www.qualicafex.com.br)

## ENVIRONMENTAL IMPACTS OF CHERRY COFFEE PROCESSING

The previous Outlook (<https://bit.ly/3vc7l20>) has elicited questions and comments about water consumption and contamination in the pulped natural process and in wet processing in general as compared to the processing of natural coffees.

Natural coffee processing may not require water at all if the cherries are not separated by density (i.e., moisture content) to be dried separately. Water may be consumed in such separation, but very little if mechanical siphons are used instead of the traditional siphon tanks or water channels. In addition, this water is much less contaminated than that produced by wet processing. In summary, water consumption and contamination are not a concern in natural coffee processing.

Pulped natural coffee that is left with all mucilage attached requires less water than washed coffee because no demucilaging is required. Pulped natural coffee that has some mucilage mechanically removed requires the same amount of water as washed coffee that is mechanically demucilaged but it contaminates this water somewhat less because not all mucilage goes with the waste water. Finally, the system that consumes and contaminates water the most is washed coffee that is fermented.

There are two important sources of environmental impact in the processing of coffee cherries: water consumption and contamination, already mentioned above, and solid waste production. Let's now address the former in further detail and also the latter.

The removal of impurities and stones and the separation of floaters (over-ripe and partially dry cherries) and sinkers (unripe, under-ripe and ripe cherries) may consume a lot of water if done in siphon tanks or water channels. The eco-friendly alternative is mechanical siphons that consume very little water.

The choice of pulpers to be used should consider low water consumption to the extent that it does not affect performance, i.e., loss of parchment with pulp, pulp mixed with parchment, and physical damage. The same holds for mechanical mucilage removal, with emphasis on the trade-off between water consumption and physical damage to parchment and green bean.

Fermentation of parchment, if used, is by far the greatest source of water requirement and contamination in wet processing. Dry fermentation consumes somewhat less but not much less water because fermentation tanks are usually loaded and unloaded with the help of water in either type of fermentation. Even though the pollution load that derives from the mucilage is basically the same in fermentation or mechanical removal of mucilage, in the latter case the volume of waste water is much smaller and less costly to treat, if necessary, or dispose off.

The water contamination from wet processing can be spread over many smallholder farms or concentrated in small, mid-size or large central wet mills. It is usually complex to decide which case is the least harmful to the environment. If it is apparently easier to dispose of small volumes of contaminated water by infiltration into the ground, they may contaminate the underground water table. On the other hand, the larger volumes concentrated in central mills can be treated which is often not an option for small holders.

There is today an interplay between zero or minimum water usage and damage to coffee. There are pulpers with zero water consumption or at least sold with this claim. However, when growers buy them and realize that the water-saving claim is associated with damage to coffee and a consequent loss of income, they simply add water to the point the damage is minimized or eliminated. Pending further development in pulpers, actual zero-water consumption may depend on buyers compensating growers for the income losses involved. This is part of the on-going discussion about how to build a future for coffee growers that is both financially and environmentally sustainable.

The solid waste produced by the wet milling of pulped natural and washed coffee is coffee pulp that should be used as a fertilizer after it decomposes. It can also be used as fuel for coffee driers after it dries. These are ideal recycling situations, the latter feasible also in the case of central milling, subject to a cost-benefit analysis.

## NEW PRODUCT LAUNCH: DENSIMETRIC TABLE MVF-3S

The MVF-3S is equipped with a new ventilation system that provides greater airflow. This improves sorting efficiency and increases processing capacity.



### DIFFERENTIALS AND ADVANTAGES

**MVF-3**

**MVF-3S**

**Greater Capacity**

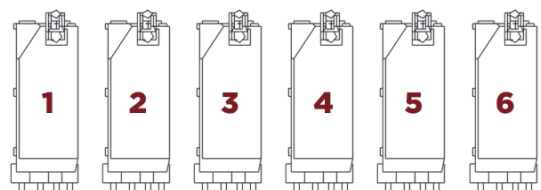
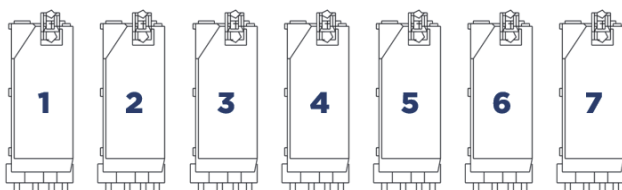
5.050 / 6.800 kg/h



6.060 / 8.160 kg/h



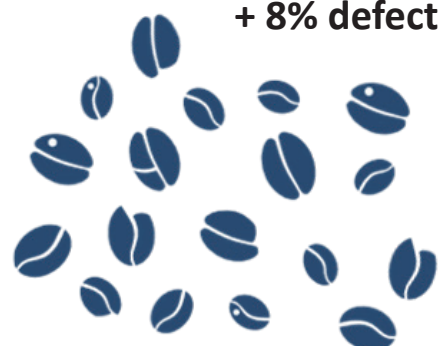
**Lower Power Consumption and Maintenance Costs**



**Better Separation of Defects**



**+ 8% defects out**



Capacities presented are for green coffee (density = 0.7 t/m<sup>3</sup>)