

CONFIDENTIAL

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

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100 YEARS OF COFFEE MUSEUM’S COFFEE EXCHANGE BUILDING

Opened on September 7th, 1922, to commemorate the 100th anniversary of Brazilian Independence, the Official Coffee Exchange building, that today houses the Coffee Museum, has now become itself 100 years old. Located in Santos, the Museum’s majestic palace has a remarkable tower and clock, monumental paintings by Benedito Calixto and a great stained-glass ceiling above the exchange floor. After the extinction of the exchange, the building was first used by the São Paulo State Finance Secretariat that, starting in 1998, progressively opened space for the Coffee Museum, created that year. Today the Museum (www.museudocafe.org.br) occupies the full building with permanent and temporary exhibitions, a coffee library, a coffee preparation center, auditorium, meeting rooms, a coffee shop and a restaurant to be opened this year. Commemorate the event by listening to “coffee music” compiled by the Museum (open.spotify.com/playlist/7juFRloY7DTjTPPu6GaSAA).



Sources: Notícias Agrícolas and P&A

BRAZILIAN COFFEE SOCIAL NETWORK IS GREAT SUCCESS

The Coffee Social Network (also known as Peabirus) commemorated its 15th anniversary in 2021 with great progress over the years. In its beginning, in 2006, the network broke paradigms in an environment still little known: the virtual environment. The figures show that access to the network has been increasing exponentially. In 2009, the network registered more than 500 thousand visits. Five years later, in 2014, the network had more than 10 million visitors that in 2021 became 24 million. The Peabirus network, today consolidated and considered a rich source of information on coffee, is now redesigning itself for the next 25 years.

Source: P&A



ARARA IS ALTERNATIVE VARIETY FOR MOUNTAINOUS AREAS OF BRAZIL

It is a challenge to produce coffee in the mountainous areas of Brazil due to the difficulty to mechanize both harvesting and cultivation itself. Catuaí is the main variety grown in sloped areas because of its high productivity and small tree size that facilitates cultivation. However, the humid and shady environment resulting from dense Catuaí crops causes the spread of coffee rust whose control is difficult and expensive. The Arara variety is considered a good alternative for mountainous areas because besides presenting high productivity, it is resistant to rust.

Source: Procafé

STUDY TO EVALUATE ADAPTABILITY OF DIFFERENT ARABICA CULTIVARS IN STATE OF ESPÍRITO SANTO

The Agricultural Research and Extension Services Institute of Espírito Santo (Incaper) in partnership with the Federal Institute of Espírito Santo (Ifes) and Natufert, started in 2018 a study entitled “Selection of Arabica Coffee Cultivars

Project” to investigate the adaptability of Arabica cultivars in different regions, climatic conditions and altitudes of Espírito Santo. 18 experimental units were implemented and the cultivars of Arabica coffee used by the project are Red Catucaí 785/15, Yellow Catucaí 2SL, Yellow Catucaí 24/137, Red Catucaí IAC 44, Catiguá MG2, IPR 103, Arara, New Acauã, Tupy and Japi. The first results of the study will be available after the 2022/23 crop when more than 760 coffee samples from the 18 units will be evaluated.

Source: CaféPoint

NEW EDITION OF IAC’S “BEST SELLER” BULLETIN IS LAUNCHED

The new edition of Boletim 100: Recommendations on Fertilizer and Lime Usage for the State of São Paulo, considered the main Campinas Agronomy Institute (IAC) publication, was released in September. The study provides practical recommendations for more than 130 crops of economic interest in the state of São Paulo and subtropical regions of Brazil, coffee included. The book brings together scientific knowledge developed and/or consolidated by 127 scientists and technicians at IAC, São Paulo Agency for Agribusiness Technology (APTA), Secretariat of Agriculture and Supply of the State of São Paulo, universities, and private companies.

Source: CaféPoint



HIGHER DEMAND FOR ROBUSTA COFFEE DUE TO HIGHER PRICES OF ARABICA

Data from the Center for Advanced Studies in Applied Economics (Cepea) show that the increase in the demand for Robusta coffee is linked to the high prices of Arabica, which led industries to change coffee blends and to increase the percentage of Robusta this year. This, in turn, has also led to an increment in the price of Robusta coffees.

Source: CaféPoint

“CAFEZINHO” RESPONDS FOR 10% OF VALUE OF A MEAL IN 2022

According to a survey conducted by Ticket, the cost of a cup of coffee in 2022 corresponds to 10% of the value of a full meal. The average price of a cup of coffee in Brazil is R\$ 4.23 (US\$ 0.8), an increase of 24% over the last five years. The increase in coffee prices and its importance in the Brazilian diet explain why consumption is growing but the average consumer is switching to coffees with relatively lower prices. The ranking of Brazilian regions with the largest share of coffee in the total value of a meal is North, South, Northeast and Southeast.

Sources: CNN Brasil Business and P&A

PATHS TO DOUBLING COCOA PRODUCTIVITY

An initiative of the World Cocoa Foundation (WCF), CocoaAction Brasil has been, since 2018, creating spaces for dialogue and connections between actors in the cocoa chain to promote sustainability. According to CocoaAction Brasil, it is possible to double productivity with little investment. The positive spiral behind the increase in productivity comprises a series of improvements that can guarantee the success of the producer in the long term. The main components of this continuous improvement process are technical assistance, use of technology, soil analysis, density of planting, purchase of inputs, access to credit, income increase, resources to invest and, consequently, better quality of life for growers.

Source: CocoaAction Brasil

CONTROL OF BROWN ROT AND HIGHER PRODUCTIVITY FOR COCOA IN STATE OF PARÁ

For the second consecutive year, the CocoaAction Brasil project in partnership with AIPC (Association of the Cocoa Processing Industry) and ABICAB (Brazilian Association of the Chocolate, Peanuts and Candies Industry) organized a "Press Trip" to the state of Pará with the participation of news and media representatives, supply chain leaders, and industry professionals. The group had the opportunity to go to the field and to learn the local realities of cocoa production and the power of technical assistance to control the brown rot (Phytophthora spp.) disease and to increase cocoa growers' productivity, for example.

Source: CocoaAction Brasil

THE IMPORTANCE OF ORGANIZING PRODUCERS TO EMPOWER THE REGIONAL AND NATIONAL COFFEE BUSINESS

Bringing people together to share a business enterprise is not easy. This becomes even more complex when the business association may involve the sale of the partners' products which is often the case with producers' cooperatives and less so with producers' associations. The case of coffee has additional complexities because this product has great price variations associated with quality whose evaluation is based on sensory analysis by cuppers.

In spite of the difficulties above, there are many success stories of coffee producers' associations and cooperatives in several countries. Cooperatives are the last and most sophisticated step in producers' organizations, that may start small to gain economies of scale in operations such as post-harvest processing and purchase of inputs. The gains in working together are greater for small and mid-size than for large coffee producers.

One of the greatest attractions for producers to come together is to process their coffee in a central mill that can be of any size, from small to very large and including wet milling, drying and/or dry milling. Larger organizations will include more processing steps and coffee storage itself even though the recent micro lot trend makes it feasible for small coffee mills to do it all under one roof, from cherry to green coffee ready for roasting or exports.

Sales of coffee by the organizations can be easier if the ownership of the coffee lot is preserved and more complicated if coffees from different producers have to be blended. The former case is fine for specialty micro and small lots while the latter is better for high quality larger lots of differentiated coffees, in high demand today.

However, the reasons for producers to come together in organizations do not stop there. The joint purchase in favorable conditions of inputs, e.g.: fertilizers, lime and pesticides, may be another reason as well as the promotion of the local or regional coffees for foreign and domestic markets, the latter including even roasting and branding.

At a higher level, coffee producers' associations may together become influential at the regional and national government level in a way that even large coffee producers cannot. This lobbying can help to improve training and extension services for coffee production as well as logistics, e.g. better roads, to create financing programs and to lower taxes on coffee, to mention a few benefits.

Producers' associations and cooperatives are no silver bullet but they can be an essential tool to increase small coffee producers' income, to streamline the coffee supply chain with benefits to all, trade and industry included, to develop domestic coffee consumption, and to promote the country's coffee abroad.

Brazilian Prices

Main Producing Regions / Farm Gate

August 31+, 2022

Arabica Naturals (R\$/ 60 kg bag)		Conilon / Robusta (R\$/ 60 kg bag)	
Cerrado MG	1305,00 ↑	Colatina-ES fair average price	768,00 ↑
Mogiana	1300,00 ↑		
South Minas	1300,00 ↑		
Arabica Pulped Naturals (R\$/ 60 kg bag)		BM&F (US\$/60kg Arabica bag)	
Cerrado MG	1425,00 ↑	Sep 2022	280,90 ↑
South Minas	1420,00 ↑	Dec 2022	279,00 ↑
		Mar 2023	281,65 ↑
		Real R\$ / Dolar US\$	
		Aug 31, 2022	5,20 ↑

Source: www.qualicafex.com.br

DRY WET MILLING OR WET MILLING WITH MINIMUM WATER CONSUMPTION AND RECYCLING?

The availability of dry pulpers, that do not require water to pulp coffee, has created the false impression that the problem of water consumption and contamination in the otherwise called wet milling of coffee has been solved. There are many reasons why this is not true. Dry pulping is indeed an important step to minimize water consumption and contamination in wet milling but it is one of several steps to be addressed and not the most important.

First, it is not impossible to use some types of conventional pulpers without water. The trouble with dry pulping, in conventional or newly designed “dry” pulpers, is two fold; damage to coffee and inadequate separation of products. Dry pulping is more damaging to coffee than pulping with little water. The percentages of pulp mixed with parchment and parchment lost with the pulp are greater when pulping is done without a minimum volume of water. Bearing this in mind, it should not be surprising that many users of “dry” pulpers add water for economic reasons, i.e., to avoid physical damage and product mixtures that affect their profitability. From an environmental *and* economic perspective, it may be better to use as little water as possible and to recycle it!

Second, there are no mucilage removers that do not consume water. If the mucilage has to be removed from parchment, either a mechanical mucilage remover or fermentation must be used. Conventional dry fermentation consumes less water than wet fermentation but either requires much more water than a modern mucilage remover.

Third, even where modern water-saving pulpers and mucilage removers are used, water consumption will be large if the feeding and discharge of the machines are performed by channels or pipes that use water to transport the products. The way the wet mill is designed, with conveyors and elevators that do not use water, is critical to lower water consumption.

Fourth, the recycling and reuse of the little water that is used is necessary to minimize water requirement even further and to concentrate the contamination load. It is cheaper to treat and dispose off a small volume of water with high contamination than a large volume of water with the same volume of contaminants dissolved in it. In other words, water recycling is a must!

Fifth and last, the water used in wet milling must be treated in one of many possible ways before its disposal into rivers or streams.

To make a long story short, the “dry” pulping solution alone is very far away from creating ecological wet mills. This requires addressing other water-consuming stages, adequate design with dry feeding and discharge, and recycling and treatment of waste water. All this must be done bearing in mind the quality of the final product and that quality losses reduce the profitability of the operation. A proper balance must be sought to achieve solutions that are in fact environmentally friendly *and* economically feasible.

Please contact the Pinhalense / P&A agent nearest to you or P&A itself to learn more about comprehensive wet milling solutions with high-performance equipment, minimum water consumption, water smart dry fermentation, and recycling of water.