

# CONFIDENTIAL

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

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## **Ⓛ BACTERIA USED IN BIOLOGICAL CONTROL OF COFFEE RUST**

Research supported by FAPESP, the Research Foundation of the State of São Paulo, analyzed the role of a bacterium in the biological control of coffee leaf rust, a disease traditionally controlled with pesticides. The work consisted of a process of isolating the bacteria that inhabit coffee tree leaves. The *Pseudomonas* was identified and collected. Its DNA was then extracted and sequencing was performed, receiving the name MN1F. After several experiments, it was detected that MN1F was able to reduce the development of coffee rust. The full article “Functional genomics analysis of a phyllospheric *Pseudomonas* spp with potential for biological control against coffee rust” can be accessed at <https://bit.ly/3Fs3IS4>.

Source: Agência Fapesp

## **Ⓛ BIOLOGICAL MANAGEMENT TO REDUCE COSTS AND INCREASE PRODUCTIVITY**

Expocaccer, the coffee cooperative in the Cerrado Region, created the first group of coffee growers to use a locally developed biological management methodology called TMT. The method aims at using biological control agents to improve soil health, reduce costs and increase productivity with environmental responsibility. The cooperative trained their agronomists, who will apply the methodology with the cooperative members. Productivity associated with the reduction of chemical inputs will be used to evaluate the results obtained. The decrease in the emission of greenhouse gases will be also calculated.

Source: Expocaccer

## **Ⓛ CARBON DIOXIDE (CO2) REDUCES THE INCIDENCE OF LEAF MINER IN COFFEE**

A study developed by Embrapa Environment indicates that the increase in carbon dioxide (CO<sub>2</sub>) emissions reduces the incidence of leaf miner, one of the worst coffee pests in Brazil, that can cause production losses of up to 50%. The conclusion is the result of a FACE (Free Air Carbon-dioxide Enrichment) experiment, the first of its kind in Latin America and the world. Few studies consider the effects of climate change on plant diseases and pests and knowing them is essential to point out the best management strategies in the future.

Source: Embrapa Meio Ambiente



## **Ⓛ BUSINESS GENERATED AT CAFÉ SHOW SEOUL INCREASES 200% IN 2022**

The Brazilian participation at the Café Show Seoul 2022 may generate up to US\$30 million in business. This figure represents an increase of 200% compared to the US\$ 10 million generated by the 2019 edition. The Café Show Seoul 2022 event had 672 exhibitors that offered 3,533 brands from 35 different countries and received 160,000 visitors from 80 different nations. The participation of Brazil is part of the “Brazil. The Coffee Nation” project, developed by the Brazil Specialty Coffee Association (BSCA) and the Brazilian Trade and Investment Promotion Agency (ApexBrasil).

Source: ApexBrasil

**☉ PASSION FRUIT INTERCROPPED WITH COFFEE IS ATTRACTIVE OPTION IN ESPÍRITO SANTO**

Coffee growers in Jaguaré, in the north of Espírito Santo, have been intercropping passion fruit with coffee as an alternative to diversify and to increase income. Passion fruit adapts perfectly to tropical conditions that have more than 11 hours of daylight, an average temperature of 25°C and altitudes of 900 to 1,000 meters above sea level. Passion fruit has its flowering almost year around, enabling growers to sell their product for up to 10 months per year. Costs can also be shared, e.g., irrigation, that works for both cultures.



Source: Folha Vitória

**☉ GOVERNMENT RELEASES US\$ 30 MILLION FOR RECOVERY OF COFFEE PLANTATIONS DAMAGED BY ADVERSE WEATHER**

Minas Gerais coffee growers requested government assistance for coffee growers affected by heavy rain and hail. According to the Cooxupé cooperative, the hail that hit the region last October and November affected more than 28 thousand hectares and there may be a loss of at least 230 thousand bags. The Ministry of Agriculture informed that there are R\$ 6 billion (US\$ 1.15 bn) available for the sector out of which R\$ 160 million (US\$ 30.6m) are for the recovery of coffee plantations damaged by adverse weather. Coffee insurance in these areas will have a subsidy of 40%.

Source: Agência Câmara de Notícias

**☉ BRAZILIAN RURAL CREDIT FOR COFFEE CULTIVATION INCREASES**

Financial institutions already disbursed R\$ 173.5 billion (US\$ 33.2 bn) in rural credit between July and November of this year, an increase of 19% compared to the R\$ 145.1 billion (US\$ 27.8 bn) released in the same period of 2021. Credit lines for cultivation represented 65% of the total, which is 45% higher than last year. Credit for industrialization also increased compared to 2021 but financing of investment and commercialization decreased.

Source: Valor Econômico

**☉ NATURAL COFFEE AUCTIONED FOR US\$ 11.8 THOUSAND PER BAG**

The 10th Cerrado Region Award and Auction, held last November in Uberlândia, selected the best coffees of the region in the 2022 crop. The contest received a record of 370 samples in three categories: Natural, Pulped Natural (Honey) and Induced Fermentation. The winner in the Natural category scored 90.94 points and received the highest bid of R\$ 62 thousand (US\$ 11.8 thousand) per bag.

Source: Revista Cafeicultura

**Brazilian Prices**

Main Producing Regions / Farm Gate

November 30, 2022

Arabica Naturals (R\$/ 60 kg bag)		Conilon / Robusta (R\$/ 60 kg bag)	
Cerrado MG	1055,00 ↑	Colatina-ES fair average price	712,00 ↑
Mogiana	1050,00 ↑		
South Minas	1050,00 ↑		
Arabica Pulped Naturals (R\$/ 60 kg bag)		BM&F (US\$/60kg Arabica bag)	
Cerrado MG	1145,00 ↑	Dec 2022	211,75 ↑
South Minas	1140,00 ↑	Mar 2023	212,90 ↑
		May 2023	210,90 ↑
		Real R\$ / Dolar US\$	
		Nov 30, 2022	5,20 ↑

+ 9.04%

Source: [www.qualificafex.com.br](http://www.qualificafex.com.br)

## GCP 2030 COUNTRY GOALS AND COUNTRY PLANS TOWARDS FARMER PROSPERITY VIA MULTISTAKEHOLDER SUSTAINABILITY PLATFORMS

Country goals 2030 and Country Plans were presented at the Global Coffee Platform (GCP) Member Assembly 2022, whose theme was “Aligning for Impact”. The new goals and plans are an inflection point at GCP with country plans that are more focused and detailed and targets that are tangible and measurable.

The new country plans are different from previous ones. They are anchored in GCP 2.0 goal to achieve transformational change for more than 1 million farmers by 2030. Their strategies focus on farmers’ prosperity and are driven by ambitious goals. A bottom-up approach is used for the development and the delivery of the plans through local structures using a cohesive business framework focused on results and peer-to-peer support across countries. This will ensure moving forward a more focused long-term thinking and planning, execution and measurement, which will make it easier to communicate GCP’s work and value to members and the sector and to facilitate funding.

The goals and strategies of the six country platforms in GCP’s network are summarized below in the same order they were presented in the Member Assembly.

### BRAZIL

Goal: Increase climate change resilience to ensure farmer prosperity for 120,000 farmers (mostly smallholders) by 2030.

Strategy:

- Technical: Increase the adoption of Regenerative Agriculture Practices;
- Finance: Economic incentives to adopt Regenerative Agriculture practices;
- Market: Ensure access to national and international coffee markets; and
- Organizational Development & Partnerships: to scale impact & mobilize resources.

### INDONESIA

Goal: Close the Living Income gap 10% and ensure market access for 126,000 smallholder coffee farmers by 2030.

Strategy:

- Improve sustainable coffee productivity via implementing Good Agricultural Practices and agroforestry best practices; and
- Ensure the responsible use of agrochemicals to maintain access into international markets.

### VIETNAM

Goal: Ensure the prosperity of 210,000 coffee farmers by 2030, while improving workplace safety and health and conserving the natural resources.

Strategy:

- Achieve optimum yields, increase quality and consistency;
- Decrease production costs, particularly for agrochemicals and ensure MRLs are respected;
- Ensure OHS for coffee growers; and
- Increase climate resilience.

### HONDURAS

Goal: Close the living income gap by 50% for 85,000 Honduran smallholder coffee farmers by 2030.

Strategy:

- Reduce costs by enhancing labor productivity by introducing modern harvesting and processing technologies and correspondent marketing; and
- Improve the farmgate/FOB price ratio by addressing atomization of farmers (dispersion and scale).

### KENYA

Goal: Close the Living Income Gap for 85,000 coffee farmers by 25% by 2030, by doubling the average income per hectare.

Strategy:

- Convening for national alignment and better enabling environment; and
- Improving productivity and farmer resilience.

### UGANDA

Goal: Pilot and scale evidence-based models to reduce the living income gap of 120,000 smallholder coffee farmers in Uganda by 15% by 2030.

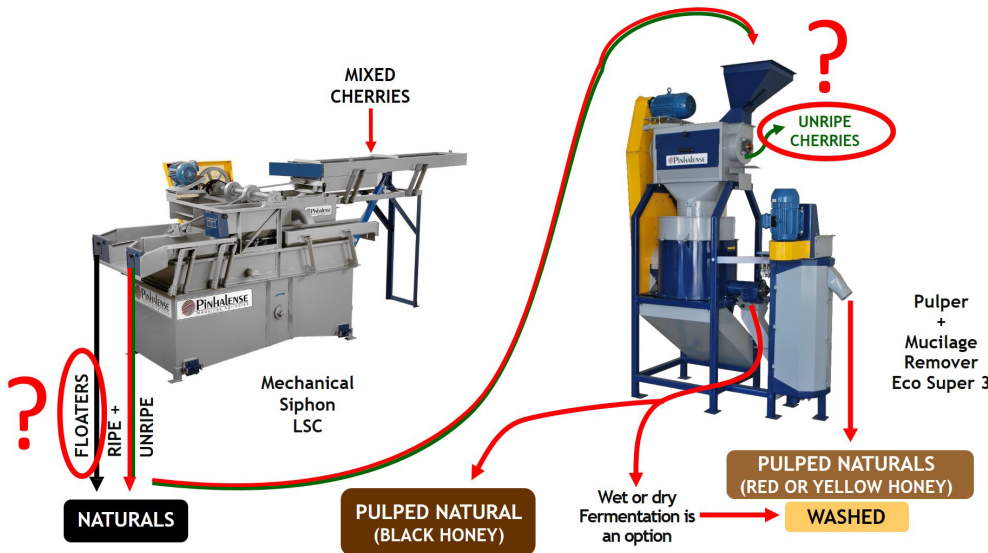
Strategy:

- Improve service delivery to farmers through information provision, training and advocacy; and
- Deliver innovative rehabilitation, renovation and climate resiliency services to farmers through Youth Coffee Service Providers.

Ambitious as these goals are, they set the bar at a much higher level for GCP to move towards coffee growers’ living, prosperous and sustainable income with due concern for social and environmental responsibility in the 6 countries where the GCP network of country platforms are currently active. Positive GCP 2.0 results will set the path to expand to 10 countries.

## NATURAL, PULPED NATURAL / HONEY AND WASHED COFFEES... AND MORE – PART II: HONEYS FROM OTHER THAN RIPE CHERRIES

The last Machine of the Month article and its picture repeated below have not exhausted the types of coffee that may come out of a latest generation Pinhalense wet mill.



The same machines in the scheme on the left-hand side may be used to process floaters and unripe cherries further instead of drying them as natural coffees.

Floaters can be separated in **over-ripe cherries** and **partially dry cherries** and the former may be processed into **honey coffee** that may attract better prices than natural over-ripe cherries.

**Unripe cherries** and **partially ripe cherries** can be separated together at once. Also, and as allowed by the Pinhalense ecological pulpers with unripe cherry separators installed

before the pulper, the partially ripe cherries may be pulped together with the ripe cherries. What to do is a cost benefit decision. Either unripe cherries alone or unripe and partially ripe cherries together can also be processed into **honey coffees** that may attract better prices than natural unripe and partially ripe cherries.

Smaller coffee producers or groups of these smallholders may use the same machines portrayed above to produce honey coffee from under-ripe, partially ripe and over-ripe cherries using specific procedures and minor pieces of ancillary equipment while mid-size and large coffee producers or producer groups may prefer to add separate lines to obtain these honeys.

There are many cases of coffee growers who have sold their black honeys made from over-ripe cherries at a price close to that of their best priced coffees.

It is no longer true that because of selective picking there are no over-ripe and under-ripe and green cherries in washed coffee producing countries. Even with selective-picking, the percentage of under-ripe and green cherries harvested may run from 3 to 5% in the best case to 10 to 15% in the worst case in most of these countries.

Floaters from hollow and defective beans are also picked throughout the harvesting season and specially towards its end. Strip harvesting of all cherries, usually done at the end of the season to control berry borer, usually increases the percentage of floaters, in this case over-ripe and partially dry ones besides hollow and defective cherries.

The production of higher priced honeys from what would otherwise be byproducts – other than fully ripe cherries – is a great way to minimize what may be losses from less selective picking!

Last but not least, there is still another argument, that it is better to pulp all cherries mixed together. This may indeed be recommended if there is a *very small* percentage of non-ripe cherries; in this case the unripe cherry separator may be bypassed in Pinhalense machines. However, if significant percentages of non-ripe cherries are harvested, which is the usual situation today, pulping all cherries together will produce lower quality washed coffees at a time when substantial premiums are paid for high quality coffees and high premiums are paid for specialty coffees!

It is all a question of market prices, access to markets and the availability of flexible wet milling equipment to arrive at the ideal cost-benefit decision about how to process the cherries each year and even along the harvesting season.

Please consult the P&A/Pinhalense experts or their agent nearest to you to evaluate the possibilities above in your specific case.