

# CONFIDENTIAL

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

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## COFFEE GROWERS' OPINION: HARVESTING LATE AND SLOWLY

There is a tendency every year to say that the harvesting season will start early... and this actually happens not as often. This year harvesting of Arabica and Robusta are delayed. In the case of Arabica, this is due to very uneven cherry maturation and unexpected rains in some regions. In the case of Conilon, the reasons are rain again but specially late maturation and lack of labor. The harvesting season is starting late and will last longer.

### 📌 BUSINESS GENERATED AT SCA EXPO 2023 MAY REACH US\$ 120 MILLION

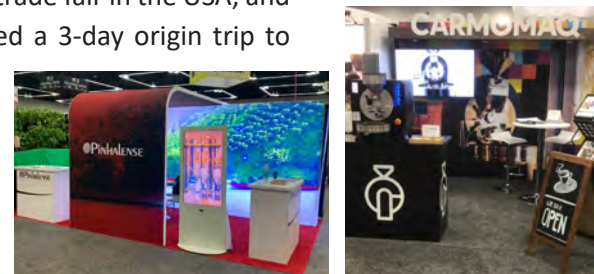
As part of the project "Brazil. The Coffee Nation", developed by the Brazilian Specialty Coffee Association (BSCA) and the Brazilian Trade and Investment Promotion Agency (APEX-Brasil), 29 Brazilian coffee entrepreneurs participated at the SCA Expo 2023 held by the Specialty Coffee Association (SCA) in Portland, USA, from April 21 to 23. Around US\$ 19.8 million in business were closed at the event and there is a prospect of another US\$ 100.1 million to be closed over the next 12 months. Brazil's booth offered espresso and filtered coffee from different regions. Cupping sessions, meetings and more than 723 commercial contacts were made, 417 of which with new partners.

Source: BSCA

### 📌 PINHALENSE AND CARMOMAQ AT THE MAIN SPECIALTY COFFEE TRADE FAIR IN THE USA

Pinhalense and Carmomaq exhibited during the SCA Expo, the main coffee trade fair in the USA, and presented their latest developments and special offers. Pinhalense offered a 3-day origin trip to Brazil raffled during the CQI Annual Luncheon. Many new potential contacts were made at the event and deals were closed on site, including the sale of the 1-kg Stratto electric roaster featured at Carmomaq's booth.

Source: P&A



### 📌 REDISCOVERING INSTANT COFFEE

A recent study shows that consumers' preference for instant coffee is increasing. While the consumption of R&G coffee fell 1.12%, instant coffee consumption increased 1.36% in 2022 compared to the previous year with an average growth of 3.6% per year since 2016. The explanation for this growth, that became more evident during the pandemic, is that consumers are looking for practical and quick preparation methods without compromising quality. Today 20% of world coffee consumption is instant but only 5% in Brazil. Therefore, there is a lot of room to expand instant coffee consumption in the second largest coffee market in the world.

Source: CCCMG

### 📌 ABIC DONATES PACKAGES OF COFFEE TO VOLUNTEER PROJECTS

The Brazilian Coffee Roasters' Association (ABIC) donated packages of coffee to Voador Project, a volunteer group from Rio de Janeiro that offers breakfast for homeless people as well as hospitality and activities for their development since 2005. The initiative is part of ABIC's Café Faz Bem (Coffee is Good) Campaign that has donated 740 tons of coffee since 2020. The campaign has helped several volunteer projects in São Paulo and Minas Gerais.

Source: ABIC

**LATE MATURATION, LACK OF LABOR AND RAIN MAY DELAY CONILON HARVESTING IN BRAZIL**

Harvesting of Arabica coffees is yet to start in most areas and has already started in some. Conilon harvesting, that traditionally begins earlier than in Arabica, is likely to be delayed. Cherry maturation is yet to reach its ideal point while the lack of labor and forecasts of higher than usual rainfall will reduce the pace of Conilon harvesting in Brazil. According to CONAB, the Ministry of Agriculture agency in charge of warehousing and crop estimates, Conilon production may reach 17.51 million bags this year.

Source: Notícias Agrícolas

**EXTENSION SERVICE HELPS SMALL PRODUCER FROM GROWING TO SELLING**

Spain, Saudi Arabia and coffee shops in São Paulo, Rio de Janeiro, Curitiba, and the Northeastern states are among the customers for the specialty coffee grown at Rochedo Farm located at Caparaó municipality, in the Mata de Minas region. The property is one of those assisted by the Café+Forte Technical and Managerial Assistance Program offered by the Federation of Agriculture and Livestock of the State of Minas Gerais (FAEMG) in partnership with the Federal Agricultural Extension Service (SENAR). Besides training small producers on coffee growing techniques, the program also helps them on the management of their business and marketing of their product. It encouraged the assisted growers to participate at the 2022 International Coffee Week event to reach new potential clients and to sell their coffee for better prices.

Source: Conexão Safra

**LARGEST CONILON COOPERATIVE INVESTS IN A NEW STORAGE UNIT IN BAHIA**

Coabriel, the largest Conilon coffee cooperative in Brazil, will build a new warehouse in Camacã, Bahia state. The total construction area will exceed 5,000 square meters and the first phase, for the reception and storage of 120 thousand bags, must be finalized in January 2024. The storage capacity will be expanded in the second stage, reaching 240 thousand bags. The investment in this new structure aims at providing adequate conditions for storage and preserving the color, quality and cup features of coffee. According to the cooperative, its investment responds to the increased volume of coffee produced in the region.

Source: Revista Cafeicultura

**EXPOCACER TO OPEN A BRANCH IN THE US**

Expocaccer, the Cerrado Mineiro Region Coffee Cooperative, is preparing to open a branch in the United States. Expocaccer’s US office will facilitate access to Cerrado Minas coffee by its American partners and distributors. More than 122 countries import Brazilian coffee and the United States alone imports 20% of the total exported by Brazil. Expocaccer exported 1,085 million bags in 2022, with a net income of R\$ 1,459 billion (US\$ 290 mn), an increase of around 65% over the previous year.

Source: Revista Cafeicultura



**Brazilian Prices**

Main Producing Regions / Farm Gate

April 28, 2023

**Arabica Naturals (R\$/ 60 kg bag)**

Cerrado MG	1055,00 ↓
Mogiana	1050,00 ↓
South Minas	1050,00 ↓

**Arabica Pulped Naturals (R\$/ 60 kg bag)**

Cerrado MG	1125,00 ↓
South Minas	1120,00 ↓

+ 7.15%

**Conilon / Robusta (R\$/ 60 kg bag)**

Colatina-ES fair average price	690,00 ↑
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**BM&F (US\$/60kg Arabica bag)**

May 2023	229,90 ↑
Sept 2023	224,90 ↑
Dec 2023	222,80 ↑

**Real R\$ / Dolar US\$**

Apr 28, 2023	4,99 ↓
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Source: [www.qualicafex.com.br](http://www.qualicafex.com.br)

## **IMPACTS OF NEW EUROPEAN LEGISLATION ON COFFEE SUPPLY CHAIN\***

On April 19, 2023, the European Parliament approved a new legislation on combating deforestation in the production chains of certain commodities and related products: livestock, cocoa, coffee, palm oil, soy, wood and rubber, as well as derived products (such as meat, charcoal, printed paper, leather, chocolate or wooden furniture). The Parliament also secured a wider definition of forest degradation including the conversion of primary forests or naturally regenerating forests into plantation forests or other wooded land. The legislation is a part of the European Green Deal, a set of European Union legislative proposals that promotes climate, energy, transport and enforcement policies.

From the provisions of the legislation, importers and traders of the products mentioned must (i) prove that the imported product fits the definition of "deforestation-free"; (ii) prove the adequacy of the production according to the laws in force in the country of production; and (iii) present a declaration of due diligence, attesting that the imported goods comply with the requirements. Failure to comply with any of the requirements will result in a ban on placing these products on the European market and the penalties for non-compliance shall be proportionate and dissuasive and the maximum fine must be at least 4% of the total annual turnover in the European Union of the non-compliant operator or trader.

The definition of "deforestation-free" is one of the biggest innovations of the regulation, considering that it is conceptualized based on the parameter that the relevant commodities and products – including those used or contained in relevant products – were produced on land that was not subject to deforestation or forest degradation after December 31, 2020.

Regarding the requirement of adequacy to the laws in force, the companies will be required to confirm their compliance with the relevant regulations of the country of production, including those aimed at human rights and ensuring respect for the affected indigenous population, including through free, prior and informed consent.

Concerning the final requisite, three steps will be required for the proper implementation of the due diligence rules: collection of information and documents - information, documents and data relating to the due diligence statement should be preserved; risk assessment - companies will need to use information from the areas where goods were produced to analyze and assess risk in the production chain; and risk mitigation - operators will need to take appropriate and proportionate mitigation measures if no non-existent or negligible risk of non-compliance with legislation by a particular commodity or product is found.

In order to comply with the requirements, European authorities will have access to relevant information provided by the companies involved, in particular on the origin and geolocation of products. In addition, the European Commission will classify countries as low risk, standard risk or high risk, and for products imported from low-risk countries a simplified due diligence procedure will be applied, with exemption from the steps and risk mitigation to Operators. The classification of countries will matter for the checks carried out by the European authority to attest to the regularity of the imports subject to the legislation. The authorities will carry out checks on: 9% of operations involving high-risk countries, 3% of operations involving standard risk countries and 1% of operations involving low-risk countries.

The obligations will take effect within 20 days of the publication of the standard in the Official Journal of the European Union. Once the Regulation is in force, companies will have 18 months to implement the new rules, and for micro and small companies a longer period of adaptation will be applied.

*\* This is a summary of the presentation made by Amanda Athayde Linhares Martins Rivera, with the participation of René G. S. Medrado and Paula Susanna Amaral Mello, at the April 2023 meeting of the Coffee Department of SRB - Sociedade Rural Brasileira / Brazilian Rural Association, the oldest agriculture association in Brazil.*



# **SOLUCIONES COMPACTAS PARA PROCESAMIENTO DE CAFÉ**

## **COFFEE PROCESSING SOLUTIONS FOR MICROLOTS**

# BENEFICIO HÚMEDO Y SECADO

## WET MILLING AND DRYING



SIFÓN MECANICO PARA CAFÉ  
COFFEE WASHER AND SEPARATOR  
capacidad/ capacity: 2.000 - 6.000 Kg/h



CONJUNTO DE DESPULPE Y  
DESMUCILAGINADO - ECO SUPER 3  
ECOLOGICAL WET MILL - ECO SUPER 3  
capacidad/capacity: 1.000 - 1.800 kg/h



CRIBA TUBULAR DE SELECCIÓN  
PARCHMENT SEPARATOR

CONTROLADOR DE SECADO  
PINHALENSE - CSP  
PINHALENSE DRYING  
CONTROL SYSTEM - CSP



SECADORA ROTATIVA - SRE  
ROTARY DRIER - SRE  
capacidad/capacity: 500 - 5.000 kg

# BENEFICIO SECO

## DRY MILL



TRILLADORA COMPACTA  
*COMBINED HULLER COMPACTA*

Conjunto compacto de prelimpeza, despedregado, trilla e selección.  
*Combined unit to clean, destone, hull, repass and sort coffee.*  
capacidad/ *capacity*: 60 - 600 kg/h (café almendra/*green coffee*)



TRILLADORA DE MICROLOTES - C2DPRC  
*MICROLOT MILL - C2DPRC*

Conjunto de trilla, pulido e selección.  
*Combined set to hull, polish and size grade.*  
capacidad/ *capacity* : 300 kg/h  
(café almendra/*green coffee*)



TRILLADORA Y PULIDORA - DBD-05  
*HULLER AND POLISHER - DBD-05*

Para pergamino / *For parchment*  
capacidad/ *capacity*: 300 kg/h  
(café almendra/*green coffee*)



CLASIFICADORA DE TAMAÑO  
DE FLUJO ASCENDENTE - PFA  
*UPWARD FLOW SIZE GRADER - PFA*  
capacidad/ *capacity*: 300 - 1.800 kg/h



SEPARADORA DENSIMETRICA - MVF  
*GRAVITY SEPARATOR - MVF*  
capacidad/ *capacity*: 500 - 3.000 kg/h