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

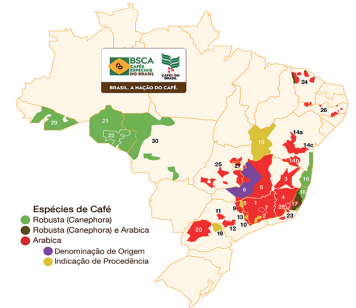
- AN INCREDIBLE NEW COFFEE WORLD (PG. 3)
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COFFEE GROWER'S OPINION: QUALITY AND PRICE

There has been a lot of enthusiasm with Boram Um's victory in the World Barista Championship: a Brazilian using his country's coffees! The Brazilian coffee origins were featured in the Brazilian booth at the same event, the World of Coffee in Athens. Brazil is progressively positioning itself as a key supplier of specialty and high-quality coffees in addition to being the world's largest supplier and second largest consumer of the product. It is high time the country is duly recognized for its role in these high-quality demanding markets, its coffee origins are properly communicated to consumers, and Brazilian coffees receive the price premiums they deserve.

BRASILIAN "CONTROLLED COFFEE ORIGINS" PRESENTED AT WORLD OF COFFEE

The Geographical Indications of Brazilian coffees were presented at the country's booth at SCA's World of Coffee event and trade fair in Athens. These indications of origin are part of the project Controlled Coffee Origins developed by the Brazilian Service of Support for Micro and Small Enterprises (SEBRAE) in partnership with the Brazilian Agency for Industrial Development (ABDI) and the Brazilian Confederation of Agriculture and Livestock (CNA). The project aims at developing a digital system of control and traceability in order to guarantee the origin and the quality of specialty coffees produced in the Geographical Indications recognized by Brazil. This platform will contain information about who produces these coffees, where they are produced and their quality and sensorial features. Scheduled to be available in about 10 months, the platform will reinforce the image of Brazil as a key player in the specialty coffee market. As one half of Brazilian coffee exports go to Europe, the participation of its origins in the event reinforced Brazil's position and built a perception of the diversity and flavors of the products shipped to there.



Source: Agência Sebrae

RONDÔNIA'S AMAZON ROBUSTAS: 500% MORE PRODUCTIVITY IN 75% LESS AREA

The growth of Robusta Amazônico production in Rondônia draws attention not only for its volume but also for the use of technology and the concern for sustainability by those who produce it. According to CONAB, the Ministry of Agriculture agency in charge of warehousing and crop estimates, 3.1 million bags are estimated for the current crop in the state. But the timeline of advances in coffee production in this region in the past years and its numbers are even more significant. In the last 22 years Rondônia had a decrease of 75% in area planted with coffee but registered an increase of 64% in production and 518% in Amazon Robusta productivity according to the Brazilian Agricultural Research Corporation (Embrapa). Around 2 million bags were produced in the state 20 years ago in an area of about 300 thousand hectares against 3 million bags on 70 thousand hectares nowadays. The average productivity today is 48 bags per hectare but growers who invest more heavily in technology are reaching up to 100 bags per hectare.

Source: Notícias Agrícolas

IAC TO RELEASE NATURALLY DECAFFEINATED COFFEE VARIETY

The excellence in scientific research applied to the agribusiness is leading Brazilian coffees to new levels of quality. After over 20 years of research, the Campinas Agronomy Institute (IAC) reached an important stage in developing naturally decaffeinated coffee varieties with considerable commercial potential to appeal to consumers in the USA and Europe. Researchers are crossbreeding different coffee plants that have very low caffeine content to reach varieties that produce beans without caffeine. Today, decaffeination is only obtained through industrial processes that make costs higher than those of a 100% natural product. IAC

researchers will assess whether naturally decaffeinated coffee may be produced at a commercial scale in two or three years, when coffee trees will start to produce their first cherries. Considered one of the most important coffee research institutions around the world, IAC develops and recommends Arabica coffee cultivars not only for the state of São Paulo but for the whole country and global industry. Today, 90% of the coffee grown in Brazil and 70% of that grown in the world are or derive from IAC cultivars.

Source: DATAGRO

COFFEE INCOME IN SOUTHEAST BRAZIL ACCOUNTS FOR 88% OF COUNTRY’S TOTAL

The 2023 Gross Production Value of the Brazilian coffee crop is estimated at R\$ 51.48 bn (US\$ 10.7 bn). This revenue is calculated using the volume of Brazilian coffee production and the corresponding average price effectively paid to growers from January to May. Brazilian coffee is produced in five geographical regions. The Southeast region, that comprises Minas Gerais, São Paulo, Espírito Santo and Rio de Janeiro states, ranked the first place with an estimated income of R\$ 45.5 bn (US\$ 9.5 bn) or 88.4% of the total. The Northeast region (primarily Bahia state) comes second with R\$ 2.6 bn (US\$ 537.5 million) or 5%. Next comes the North region (Rondônia, Amazonas, Pará and Acre states) with R\$ 2.20 bn (US\$ 462.5 million), or 4.2% of the total, the South region (Paraná state) with R\$ 729.6 million (US\$ 152 million) or 1.4%, and the Midwest region (Goiás, Mato Grosso do Sul and Brasília) with R\$ 417.8 million (US\$ 87 million), less than 1% of the total.

Source: Revista Cafeicultura

FIRST PROFESSIONALS GRADUATED BY ABICS FOR INSTANT COFFEE SENSORY ANALYSIS

The Brazilian Soluble Coffee Industry Association (ABICS) carried out its first cupping course for Instant Coffee Graders (IC Graders) last May. The objective was to prepare professional cuppers to evaluate instant coffee quality according to the methodology of ABICS’ recently published White Paper. Coffee cuppers from Nestlé, Cocam, JDE and Native attended the course to learn to use this innovative methodology to evaluate instant coffee quality based on attributes rather than scores. The evaluation using identified features helps communication among industry professionals and can be transmitted to consumers in a clear and objective way to make it easier to choose instant coffees available in the market.

Source: Agência P1

BRAZILIAN WINS WORLD BARISTA CHAMPIONSHIP IN GREECE

Brazil made history in the World Barista Championship carried out at the World of Coffee Expo in Athens, Greece. The first Brazilian to win the title, Boram Um used 100% Brazilian coffee which reinforces the country’s position as a supplier of top-quality coffees. The new world champion used a Geisha in the espresso, a blend of Geisha with Pink Bourbon produced by his family in the milk drinks and a Pink Bourbon grown on his father’s farm for the signature drinks. This was a great achievement for Boram Um and his country.

Source: Revista Cafeicultura

PARÁ TO GROW MINI-FORESTS WITH COCOA AND IPÊ TREES TO RECOVER UNPRODUCTIVE AREAS

In Paragominas, a municipality in the state of Pará, a combination of cocoa, açaí, banana and Ipê trees is used in an agroforestry system for the recovery of unproductive areas. The corresponding revenues range from R\$ 24 to R\$ 30 thousand (US\$ 4.9 to US\$ 6.1 thousand) per hectare from the fifth year of implementation onward. The idea of planting the Ipê trees together with other cultures is to generate legally produced hard wood after 30 years, in a kind of long-term savings. Growers can also plant cassava, corn, rice or beans to finance the implementation of the system in the first two years and to guarantee initial income.

Source: Globo Rural

Brazilian Prices

Main Producing Regions / Farm Gate

June 30, 2023

Arabica Naturals (R\$/ 60 kg bag)

Cerrado MG	825.00 ↓
Mogiana	820.00 ↓
South Minas	820.00 ↓

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

Cerrado MG	905.00 ↓
South Minas	900.00 ↓

+ 10.4%

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

Colatina-ES fair average price	668.00 ↓
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BM&F (US\$/60kg Arabica bag)

Jul 2023	184.45 ↓
Sept 2023	189.20 ↓
Dec 2023	189.20 ↓

Real R\$ / Dolar US\$

June 30, 2023	4.78 ↓
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Source: www.qualicafex.com.br

AN INCREDIBLE NEW COFFEE WORLD

I have written before about the multiple types of coffee that can be obtained by using different on-farm processing systems. I now add other types, move from raw material – green coffee – to finished products, and address diversity at the consumer end, with new beverages and preparation systems and the repositioning of specific types of coffee.

After centuries of having natural and washed coffees only, the 1990s saw the addition of the intermediate pulped natural system, developed in Brazil, and whose product is called CD, for the initials of Cereja Descascado, and also honey. Afterwards, again in Brazil and slowly elsewhere, pulped naturals made of over-ripe and under-ripe cherries improved the cup quality of other than ideal raw materials.

Another phenomenon was the breakage of the paradigm or myth that countries produced either washed or natural coffees. Following the progressive washing of Arabica coffee in Brazil and Ethiopia and Robusta coffee in India, Arabica naturals started to be produced more recently in just about every origin known for washed coffee supply and Robustas started to be washed in countries like Uganda and Brazil.

The most recent development in on-farm processing has been fermentation other than the traditional one often used in the washed system. Fermentation of coffee recently harvested or in other stages of processing using different techniques, e.g.: addition of yeasts or carbonic maceration, can change the cup profile and appeal to specific consumers.

This wide variety of green coffees now available can reach the consumer cup using both traditional and new preparation systems. At the same time both Robustas and instant coffees are undergoing a process of repositioning in the market.

The upper end of the market has been flooded by new preparation systems while single-serve (e.g.: capsules) appeal to a wider public. Cold beverages and cold brew may have an interesting impact on consumption figures that are known to fall in the warm summer months in most consuming countries.

Robustas are being repositioned in the market in an effort that has been largely led by the Coffee Quality Institute (CQI), whose Robusta cupping event at the World of Coffee in Milan last year attracted a surprising number of people. CQI's Robusta Processing Courses are now available and the level two, one-week-long course has already been taught in the Philippines and India this year.

The Brazilian Soluble Coffee Industry Association (ABICS) is in turn pioneering an effort to reposition instant coffee in the market. Its White Paper "Quality Assessment of Instant Coffee: A Sensory Science Development" proposes to evaluate quality using three categories – Classic, Premium and Excellent – rather than scores. ABICS is currently training cuppers to implement the system in the Brazilian market and is willing to share the findings of its White Paper with other producing and consuming countries in order to improve consumers' perceptions about instant coffee and to promote its consumption.

If, on the one hand, a lot of the efforts to increase the appeal of coffee to consumers have focused on the specialty or mid-to-high income market, on the other hand, the repositioning of both Robustas and instant coffee appeals to a much wider segment of consumers who respond for the majority of coffee consumption in any market. This new coffee world is indeed fascinating because it is taking innovation, from green coffee to finished product, also beyond the realm of specialty coffee and making it accessible to consumers in all income segments.

STANDARD OR FLEXIBLE DRY MILLING?

The Outlook article “An Incredible New Coffee World”, that precedes this text, shows that *many* types of green coffee reach the market today and that several of these types may come from the *same* origin or even farm but processed in *different* ways: washed, pulped natural or honey (black, red and yellow), natural, pulped natural from unripe or over-ripe cherries, fermented, etc.

Dry mills have to receive all these types of green coffee and to process them for export or roasting. This poses new and unique challenges for dry mills of all sizes and interesting opportunities for small and mid-size dry mills, that are usually closer to coffee growers.

These challenges are reflected in specific milling requirements that are addressed in two key ways: (1) flexibility in mill design, i.e.: equipment layout, and (2) ability of the machinery to process the types of incoming products received and to deliver the finished products required by clients. These two requirements above question the concept of relying on standard mills that may be simple to install, look better on paper or on the screen, and whose flow may be easier to understand. Reality is that they may not deliver what millers and specially their clients need!

Pinhalense excels in addressing the first challenge: flexible equipment layout to receive and deliver different products, to reprocess coffee where needed to increase millers profits, to bypass equipment that may not be required in specific cases, etc. Pinhalense can do it by adopting the technology it uses in large mills around the world to the specific needs of mid-size and small mills anywhere, bearing in mind that different origins also have demands of their own. There is not one solution that fits all...

Pinhalense also excels in addressing the second challenge: state-of-the-art, coffee specific machines that respond to the processing requirements of incoming coffees and finished products, as summarized below:

- Pre-cleaners and destoners that can process dry parchment (washed and honey coffee), dry cherry (natural coffee) *and* green (hulled) coffee and can also separate parchment and cherry in the case of green coffee processing;
- Hullers that can process parchment *and* cherry coffee and polish green coffee if required;
- Size graders that can separate in up to 8 different sizes in order to enable improved gravity separation and color sorting and to deliver products that respond to clients' requirements;
- Gravity separators that have different types of adjustments (and yet are easy to adjust) to enable better separation, to increase millers profits – this is a key step in it! – and to deliver the qualities required;

There are other details about layout and machines, including reprocessing, blending and bagging that are not added here to make the article short. However you can learn about them by contacting the P&A/Pinhalense agent nearest to you.

Question answered: Pinhalense flexible dry mills are a great way to help millers – cooperatives, traders of all sizes and exporters – to make more money. They are also an excellent opportunity to position mid-size and small millers in the market or to open space for them to enter it. The process of selection of a new mill must go *beyond costs and looks* and address *the best benefit for millers*.