

CONFIDENTIAL

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

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COFFEE GROWER'S OPINION

There is much concern this crop about higher than usual temperatures at harvesting time. The result is cherries moving from unripe to over-ripe faster than usual and less chance to wash coffee to produce pulped natural / honey coffee. The offer of Brazilian honeys will be smaller this crop. Concerns are also growing about the size of the next crop due to high daily temperature variation and forecasts of short droughts at critical plant and cherry development times.

PROJECT PROMOTES NEXT GEN IN COFFEE GROWING

Forty young coffee growers participated in a training program that addressed coffee from cultivation to cupping and took place in São Sebastião do Paraíso, South Minas. The project Coffee Makers (Fazedores de Café, in Portuguese) has two versions, the Urban and the Rural one, the latter focused on family succession in coffee growing. The Urban version was created 10 years ago by a coffee shop in São Paulo, Sofá Café, and Nestlé joined the project later. In 2019, they decided to create a new version in rural areas focusing on family succession in coffee farming. One of the goals of the project is to promote sustainable production of quality coffee to create a better family succession scenario.

Source: Revista Cafeicultura

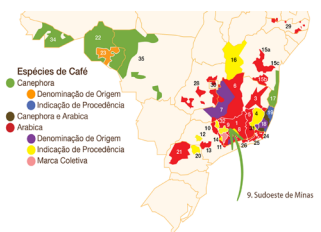
COFFEE ASSOCIATIONS PROPOSE ACTIONS TO EXPAND TRACEABILITY AND PROMOTE SUSTAINABILITY

In response to new regulations regarding global trading, like the EU Deforestation Regulation, and social requirements approved in Germany, France, and the United States, Brazilian coffee supply chain associations – Cecafé (exporters), ABIC (roasters), Abics (soluble markers) and CNC (coffee growers) – are working together to grant resources to use traceability to inform importers about the quality and sustainability of Brazilian coffees. The plan is to access resources from the Brazilian Coffee Fund (Funcafé) to invest in digital tools for traceability and ESG monitoring and to structure and implement a National and International Plan for Communication and Promotion of Brazilian Coffees and Their Sustainability.

Source: Cecafé

SUDOESTE DE MINAS IS FIFTH COFFEE GEOGRAPHICAL INDICATION (GI) IN STATE

Sudoeste de Minas has received the initial type of Geographical Indication (GI) – “Indicação de Procedência (IP)” – from the Brazilian Patent Office (INPI, for its initials in Portuguese). This is the fifth area in Minas Gerais to receive a Geographical Indication for coffee. This achievement resulted from work developed by the Sudoeste de Minas Growers’ Association and the Brazilian Agency for the Promotion of Small Business (Sebrae). The 21 municipalities in the region produce about 2.5 million bags of coffee that account for 10% of the state’s coffee production. The caramel, chocolate and nuts flavored coffees produced in this region are grown at altitudes that range from 700 and 1250 meters above sea level, with annual temperatures between 5°C and 28°C and average rainfall of 1350 mm.



Source: Notícias Agrícolas

METHODOLOGY TO IDENTIFY GENETIC PURITY OF BOURBONS DEVELOPED

Researchers at the Brazilian Agricultural Research Corporation (Embrapa) and the Campinas Agronomy Institute (IAC) have developed a simple method to differentiate varieties of the Bourbon group from other Arabica coffees grown in Brazil. The methodology is based on genetic markers, as explained at Embrapa’s website, and responds to Bourbon consumers’ demands

for more transparent information about the product beyond roasting type and variety and including the origin of the genetic material, production and processing systems, sensorial and physical aspects and traceability, among others. The research project identified the genetic marker that differentiates Bourbon from other varieties and then tried to confirm this marker’s power of discrimination to evaluate the purity of leave and seed samples obtained from plants identified as old Bourbon cultivars.

Source: Revista Cafeicultura

EXPERTS WARN ABOUT THE IMPACT OF HIGH TEMPERATURES AND IRREGULAR RAINFALL ON 2023/2024 CROP

Heat, droughts, rainfall, clouds, hail, off-season cold weather and frosts are the seven factors that hit coffee at the end of this 2022/2023 crop and concern growers about the coming crop. These factors, that derive from the past La Niña and current El Niño, will impact productivity and quality. Record high temperatures in the world and high daily temperature variations in Brazil are changing the coffee plant growing cycle and flowering may be the most affected stage, with corresponding difficulties in harvesting. Experts claim that the next crop is still a mystery and that growers will have to detach from the calendar and watch over plant behavior. After three years of crops below expectations, can we have a better crop year? This can make us think that the on-off year pattern may be changing.

Source: Globo Rural

BANK CREDIT DOES NOT REACH MAJORITY OF COFFEE GROWERS

More than 70% of Brazilian coffee growers, specially smallholders, fail to get the credit they demand. The reasons include lack of documents (e.g. land titles), weak projects and lack of management know-how to apply for financing. Coffee, the main agricultural activity in many areas, provides income, avoids rural-urban migration, contributes for sustainable development in these communities and, very important, preserves the environment. Financing to adopt sustainable practices, such as the correct waste disposal and the use of growing techniques that minimize environmental impact, is essential to ensure the continuity of coffee production in the long term.

Source: CaféPoint

PRODUCING COUNTRIES IMPORT ONE MILLION BAGS OF BRAZILIAN COFFEE

Brazilian exports to producing countries exceeded one million bags and accounted for 5.4% of total exports in the first semester. The main destinations were Colombia (67%), Mexico (10%), Indonesia (7%), Vietnam (6%) and the Dominican Republic (4%), besides other 10 producing countries.

Source: Observatório do Café (Embrapa)

COCOA FORUM AND WCF VISIT SHOW OPPORTUNITIES FOR BRAZILIAN COCOA

The 6th Annual Cocoa Forum organized by CocoaAction Brasil took place in Ilhéus, state of Bahia, in July with over 900 participants, the majority of which cocoa growers and leaders of the supply chain from bean to bar, followed by a visit to Brazil by the President of the World Cocoa Foundation (WCF), in August. These two events showed that there are growing opportunities for Brazilian cocoa growers. Brazil today imports cocoa to meet the country’s demand and the cocoa grinding industry has excess capacity. Projections of the national and global cocoa demand for 2030 indicate that there is a growing space for the sustainable cocoa that CocoaAction promotes. Active in Brazil since 2018, CocoaAction is a precompetitive initiative that gathers stakeholders from the cocoa and chocolate industries in partnership with WCF. Three out of the four leading cocoa producing states in Brazil – Bahia, Pará, Espírito Santo and Rondônia – are also coffee producers with the exception of Pará, where cocoa production has been growing at a faster pace.

Source: P&A Consult

Brazilian Prices

Main Producing Regions / Farm Gate

August 16, 2023

Arabica Naturals (R\$/ 60 kg bag)		Conilon / Robusta (R\$/ 60 kg bag)	
Cerrado MG	805.00 ↓	Colatina-ES fair average price	672.00 ↑
Mogiana	800.00 ↓		
South Minas	800.00 ↓		
Arabica Pulped Naturals (R\$/ 60 kg bag)		BM&F (US\$/60kg Arabica bag)	
Cerrado MG	875.00 ↓	Sept 2023	189.50 ↑
South Minas	870.00 ↓	Dec 2023	182.00 ↓
		Dec 2024	182.15 ↑
		Real R\$ / Dollar US\$	
		August 16, 2023	4.98 ↑

+ 9.37%

Source:

www.qualicafex.com.br

EMPOWERING COFFEE GROWERS

Mechanization of coffee cultivation, harvesting and processing is not a new thing in Brazil. It has been behind the growth of Brazilian coffee production and its share of the world market. Mechanization is also one of the main reasons why Brazilian coffee growers, smallholders included, earn more money than their counterparts in most other producing countries.

What is new to me is that many of the things that are done in Brazil can be transferred to other producing countries to make labor more efficient, be it small farmers' own labor or the labor that is hired by coffee farmers. The large number of visitors we received this year, many of them interested to improve the livelihood of small farmers, led us to identify smallholder coffee growers to be visited in Brazil in order to understand what they are doing. Our choice fell on small farms, under 4 or 5 hectares, some 2 hectares, that are mechanized and process their own coffee.

The growers visited rely on terracing to facilitate cultivation and harvesting, that are both mechanized in different ways. What we learned from visitors and from what we have seen in a few countries is that it is possible to use terraces in many of them, with due concern for the specific features of each country. Terraces facilitate spraying, weed management and pruning. Although manual strip harvesting and mechanical hand-held harvesting may be feasible without terraces, they are easier to carry out and more efficient when terraces are available.

To improve harvesting efficiency so that growers themselves or hired labor can make more money is a key requirement for profitable coffee production in most producing countries. Lack of labor due to rural-to-urban migration and legal or illegal immigration as well as its rising cost, specially in selective hand picking, make harvesting the main component of the cost of coffee production in many countries today. That is why hand-held mechanical harvesters brought about what I call a "social revolution" in coffee production in Brazil.

Stripping and hand-held mechanical harvesting raise the questions of cherries with different degrees of maturation, removal of flower buds and damage to the coffee trees. The issue of mixed cherries, specially unripe and partially ripe cherries mixed with ripe ones, is already a reality. Anywhere from 3 to 5% to over 10% of other than ripe coffee cherries are being harvested today with "selective" hand picking. This is not much different from what has been obtained in trials in these countries using either stripping or mechanical harvesting with hand-held machines.

Visitors to Brazil are amazed by the way flower buds are left behind and not affected by mechanical harvesting of any type. Also, they see that there is no damage to the coffee trees other than the dropping of leaves, most of which were likely to fall down soon after for several reasons. There is a long history and records of next-year production not being affected by stripping or mechanical harvesting in the year before.

The mixed cherries picked by any harvesting system used today require cherry separation according to the degree of maturation – unripe, partially ripe, ripe and over-ripe cherries – before pulping and/or drying. This is another area that impresses visitors to Brazil. Not only are cherries separated but unripe and over-ripe cherries are pulped to improve their quality for both exports and the local market.

To sell standard quality coffees – green or roasted – to promote domestic consumption is yet another way to empower growers. Brazilian growers have been doing this for a long time and I have seen examples in other producing countries. The best proof that there is room for this, that it is possible and doable to increase growers' profits with sales in the domestic market, is that Brazil is exporting coffee to some of its key producing country competitors.

In the case of small holders it is necessary to bring together their small quantities of other-than-top-quality coffees. This may be done by local or regional brokers, by traders or by growers milling their coffee together in small central wet mills and drying facilities. Coffee growers' cooperatives can also do this and also roast coffee for the local, regional and national markets. There are many examples of such cooperatives in Brazil and in a few other producing countries.

A final concept for empowering growers is that their main objective should be to maximize profit and not necessarily quality. This concept is behind most of what has been written above, e.g., mechanization and the provision of different qualities of coffee to different markets.

ECO SUPER 3 PULPING AND DEMUCILAGING SET FOR SMALL FARMERS

Increasing sales to many coffee producing countries are positioning the ECO SUPER 3 as a great solution to produce washed coffee and/or honeys in an ecological way.

Designed to respond to the needs of groups of smallholder growers or small farmers, the ECO SUPER 3

- separates unripe and partially ripe cherries, that it can pulp later,
- comes with three types of pulping channels that can be selected to suit country, region or coffee specific requirements,
- pulps and demucilages coffee with no damage to parchment or green coffee,
- has no parchment lost with the pulp,
- excels in separation of pulp out of parchment, and
- consumes very little water, reason why it is called an ecological set.

Because the unripe cherry separator is located before the pulper, the user can select the degree of unripeness in the cherries to be separated, for example, to pulp partially ripe cherries for markets that are less quality demanding and to pulp only fully ripe cherries for specialty coffee. The unripe cherry separator can be bypassed if the coffee received has no unripe cherries or the user wants to pulp together all cherries at different degrees of maturation.



A latest technology Pinhalense mucilage remover is attached to the pulper with the unripe separator in order to make the ECO SUPER 3 a compact machine easy to install, to feed and to operate. This compact setup also saves water as parchment moves directly from the pulper to the demucilager.

Even though it is supplied attached to the pulper, as part of the ECO SUPER 3, the mucilage remover can be detached and installed after fermentation tanks or silos in order to either complete the removal of mucilage after partial fermentation or simply wash parchment that has been fully fermented.

The Pinhalense ECO SUPER 3 unripe cherry sorting, pulping and demucilaging set has a capacity of 1.2 to 1.8 tons of cherries per hour.

The P&A/Pinhalense agent nearest to you and P&A itself can both help you with more details about the ECO SUPER and prepare layouts that may include this machine alone or also mechanical siphons, elevators, conveyors and silos if required, and even driers.