

CONFIDENTIAL

YOUR BEST SOURCE OF INFORMATION ABOUT THE BRAZILIAN COFFEE AND COCOA BUSINESSES. THIS ISSUE:

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☉ RURAL CREDIT UNIONS EXPAND THEIR BUSINESS

In spite of uncertainties related to climate change, the well known rural credit unions Sicredi, Sicoob and Cresol are expanding their participation in the agri-credit market, which used to be dominated by traditional financial institutions. Sicredi expects to finish this crop year with 320 thousand deals closed adding up to R\$ 60 billion (US\$ 12.1 billion), 90% of them with smallholder growers. Sicoob plans to increase 33% of its credit offer during this crop, reaching R\$ 52 billion (US\$ 10.5 billion). Cresol, third place in the ranking, may reach 85% of its goal, almost R\$ 13 billion (US\$ 2.6 billion). The traditional bank's participation has fallen from 90 to 50% in the past ten years and the reason is probably the closer relationship between the rural credit cooperative unions and the producers.

Source: Globo Rural

☉ ONLINE PLATFORM OFFERS FREE SUSTAINABILITY AND TECHNOLOGY COURSES

The Produtor Informado Platform offered by the Brazilian Coffee Exporters' Association (Cecafé) was developed for producers and professionals in the coffee sector in Brazil. The free courses are now available in the distance learning format in partnership with the Global Coffee Platform in Brazil (GCP Brazil). The program includes sustainable practices in coffee growing based on the Coffee Sustainability Curriculum developed by the coffee chain and coordinated by GCP Brazil as well as three technology modules developed by Microsoft. The online format enables the dissemination of several educational materials that when applied to coffee growers' routine may improve sustainability in rural properties and enable the access of their coffees to more demanding markets that rely on ESG criteria.

Source: Agro Estadão

☉ EMATER-MG EXPANDS RESEARCH ON COVER CROPS IN COFFEE

The Technical Assistance and Rural Extension Institute of Minas Gerais (Emater-MG) has expanded its projects to stimulate the cultivation of cover crops / mulching in coffee growing. This type of cultivation has been tested in the state, especially in the semi-arid regions and Cerrado Mineiro where the weather is dry and the temperatures are higher. According to Emater-MG, cover crops improve soil conditions with positive impact on productivity. They have been working with eight species of plants, combining two or more types in each demonstrative plot and using different species in each region so that producers can evaluate which plants bring greater benefits to them. There are specific cover-crop combinations to deal with erosion and to control weeds and nematodes, for example.



Source: Globo Rural

☉ EXPOCACER COOPERATIVE OPENS LOGISTICS HUB IN THE UNITED STATES

The Cerrado Coffee Growers' Cooperative (Expocacer), that works with 700 coffee producers and is located in Patrocínio in the state of Minas Gerais, has opened a logistics hub in Delaware in order to increase sales volumes and delivery efficiency in North America. Expocacer expects the logistics hub to support sales growth of up to 15% in the US in its first year of operation. Besides traditional exports, it also plans to invest in the international specialty coffee market.

Source: SNA

STANDARD FOR ROASTED COFFEE ESTABLISHED BY MINISTRY OF AGRICULTURE

A new standard for roasted coffee sold in Brazil created by the Ministry of Agriculture and Livestock has been in effect since January 1st. With the official standard defined in response to a demand by the industry, the supervisory body is able to verify and control the quality, hygienic and sanitary conditions, and the identity of the products offered to consumers, which may further increase coffee consumption. Coffee variety, intensity of roasting and the indication “not conforming” in case the product does not reach the minimum standards will be on the package. Based on sensory analysis there are already four different categories of roasted coffee – gourmet, superior, traditional and extra-strong. ABIC will continue to act as a certifier for roasted coffee and together with the Ministry of Agriculture carry out market monitoring in order to avoid fraud.

Source: Hub do Café

COCOA AGROFORESTRY SYSTEM IN THE SPOTLIGHT

The relevance of recovering degraded areas to mitigate global climate change and to address other social issues increase the importance of growing cocoa in the Amazon region. Cocoa production is a key strategy to detain deforestation. In the Amazon state of Pará it is family based and relies on agroforestry systems that generate profits, recover forests and advance sustainability. Cocoa production in Pará has surpassed that of the state of Bahia with an income that accounts for 50% of the country’s total of R\$ 3.5 billion (US\$ 705 million).

Source: Valor Econômico

HIGH PRICES CHALLENGE SUPPLY OF FINE COCOA

The tight supply of cocoa continues to influence prices at the London and New York terminals. The problems in Africa concern the market and raise an alert for Brazilian production of fine cocoa. Despite investments by multinationals and the focus on Brazil's recovery in this market, Brazilian production of fine cocoa is still moving at a slow pace. The rise in cocoa prices after many years of stability is considered good by the sector but can create bottlenecks for this type of production.

Source: Notícias Agrícolas

LARGE BRAZILIAN PARTICIPATION AT LEADING INTERNATIONAL COCOA EVENT

The World Cocoa Foundation (WCF) 2024 Partnership Meeting took place on February 6 and 7, gathering 500 participants in Amsterdam. CocoaAction Brasil, a sustainability initiative coordinated by P&A for WCF since 2018, led a large delegation of Brazilian players to attend the event, including representatives of growers (CNA/FAEB), cocoa processing industry (AIPC), chocolate industry (ABICAB), technical assistance (CIAPRA), non-profit organizations (Arapyaú and CIC) and government representatives from Bahia and Pará states. Brazilian participation was well received and generated a strong impression among attendees. The collective work, optimism and union of the Brazilian cocoa sector were well noted by several stakeholders. Topics most tackled during the event included living income, EUDR and deforestation. It was announced at the end of the event that the 2025 WCF Partnership Meeting will take place in São Paulo, in March.

Source: CocoaAction Brasil

OPPORTUNITIES FOR BRAZILIAN COCOA GROWERS

There is a growing perception that cocoa is an excellent option to preserve existing forests and to reforest other areas with income accruing to those who do it. Environmental conservation gains a business motivation. It is this besides other motivations, e.g.: possibility to increase productivity and quality; private and government support; and union of the sector, that places Brazil in a strong position to recover its former leading position in world cocoa production with the advantage of being a sustainable supplier.

Source: P&A

Brazilian Prices

Main Producing Regions / Farm Gate

February 29, 2024

Arabica Naturals (R\$/ 60 kg bag)		Conilon / Robusta (R\$/ 60 kg bag)	
Cerrado MG	1,005.00 ↓	Colatina-ES fair average price 875.00 ↑	
Mogiana	1,000.00 ↓		
South Minas	1,000.00 ↓		
Arabica Pulped Naturals (R\$/ 60 kg bag)		B3 (US\$/60kg Arabica bag)	
Cerrado MG	1,045.00 ↓	Mar 2024	245.50 ↑
South Minas	1,040.00 ↓	Sep 2024	222.65 ↓
		Dec 2024	221.10 ↓
		Real R\$ / Dollar US\$	
		Feb 29, 2024	4.97 ↑

+ 4.5%

Source: www.qualicafex.com.br

BRAZILIAN COCOA: OPPORTUNITIES FOR A SUSTAINABLE COMEBACK

Native to the Amazon region, cocoa is grown by more than 93,000 rural establishments in Brazil, according to the 2017 Agricultural Census. Approximately 69,000 cocoa properties (74%) are in Bahia and 18,000 (19%) are in Pará. Together both states account for 93% of the properties dedicated to cocoa production in Brazil. Cocoa is also grown in Espírito Santo and Rondônia states.

Brazilian cocoa output is currently around 220,000 tonnes. For years low productivity has been a major issue, with the national average of 300 kg/hectare well below other origin countries (still a side effect from the Witches' Broom disease that devastated plantations in the 1980s). Brazilian cocoa production is based on agroforestry systems. Cocoa is grown in the shade of the Atlantic Forest in Bahia and of the Amazonic Forest in Pará. It is a driver of reforestation that increases and conserves biodiversity, helping to restore previously degraded areas now used as pasture land.

In 2018, CocoaAction Brasil, a World Cocoa Foundation Initiative, was launched to improve the sustainability of the Brazilian cocoa supply chain. CocoaAction works together with its members – Barry Callebaut, Cargill, Dengo, Harald, Mars, Mondelez, Nestlé and ofi – and partners to prioritize efforts in the areas of knowledge dissemination and dialogue and institutional engagement with the goal of advancing sustainability in all segments of the supply chain. The initiative does not work alone as all efforts are built pre-competitively encompassing companies, governments, and civil society.

CocoaAction, coordinated by consulting company P&A in Brazil, has so far managed to mobilize the different supply chain stakeholders, and to convene and organize the sector attracting and channelling investments to cocoa and implementing collective efforts that address the main bottlenecks faced by the Brazilian cocoa sector.

An example is the work developed in partnership with SENAR (National Rural Learning Service) to improve farmers' access to technical assistance and to increase productivity. When CocoaAction started, only 300 cocoa growers were reached by SENAR nationally; nowadays 5,390 cocoa growers are being assisted on a regular basis by the entity in Brazil, an expressive growth.

Brazil can easily double or triple its productivity without resorting to opening new areas or deforesting. With average cocoa yields between 150-300 kg/hectare in South Bahia, and around 750-1,000 kg/ha in Pará (Amazonic area), it is feasible to reach a national average of 1,000-1,500 kg/ha, which would provide economic viability to farmers with the adoption of basic agricultural practices such as fertilization, pruning, pest and disease control, and shade management. Not a complex technological challenge!

Brazil is an agricultural powerhouse leading global production and exports of products like coffee, sugar, orange juice and soybeans. The country has a well-developed "enabling environment", i.e strong institutions, good logistics and efficient supply chains, that need to be brought to cocoa in order to boost production in a country that is the world's 5th largest chocolate consuming market. Boosted by collective actions, positive change and optimism brought to the sector by the CocoaAction initiative, the Brazilian cocoa sector is now more united and committed to accelerate development on the ground.

In November 2023, the Ministry of Agriculture, via its Cocoa Crop Executive Commission (CEPLAC), launched 2030 Inova Cacau (2030 Innovate Cocoa) in cooperation with CocoaAction Brasil. This is a strategic sectoral plan that aims to accelerate the development of the producing sector and consolidate Brazil as a sustainable cocoa supplier to the world, focusing on conservation and fair working and living conditions.

Among the Plan's goals toward 2030 are: to double national cocoa production (reaching 400,000 tons per year); to provide technical assistance to 30% of the existing cocoa producers (about 30,000 farmers); 30 million cocoa seeds and/or seedlings distributed to cocoa farmers; 30% of cocoa producers organized in cooperatives and/or associations; US\$ 50 million per year in credit accessed by cocoa farmers; to promote reforestation through sustainable production models that include cocoa, and to eliminate child labor and modern slavery in cocoa producing areas.

CocoaAction Brasil enters its second phase (2023-2027) working together with the private sector (cocoa processing and chocolate industries), government at federal, state and municipal levels, sectoral entities and associations, as well as civil society to unlock access to credit, drive investments, and empower growers to increase efficiency, productivity and living income with environmental conservation and decent labor conditions.

There are huge opportunities for Brazilian cocoa in this process toward a sustainable comeback!

COCOA PROCESSING EQUIPMENT: EFFICIENCY AND QUALITY

Click on the link near the picture to see the equipment working.



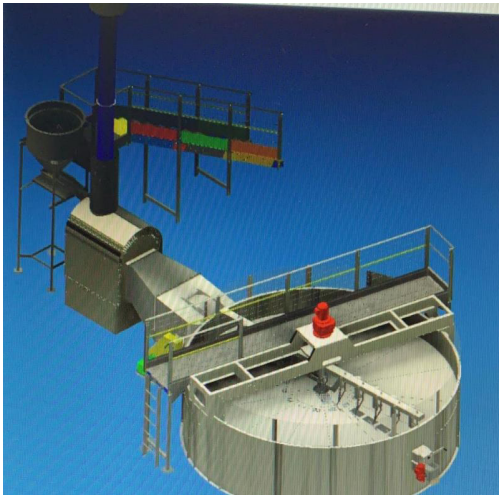
pod breaker

1,200 kg of seeds/hour
<https://youtu.be/eF0B-EySCuY>



pulper

3,600kg of seeds/hour
<https://youtube.com/shorts/186NnyAJ3AU>



pre-drier



dumper for fermentation boxes



rotary drier

https://youtu.be/-H1_M_HrQn4



pre-cleaner



destoner



size grader



silos



transport equipment



Please contact the Pinhalense/P&A agent nearest to you or P&A itself to learn more about the equipment above and to request projects and/or quotations.