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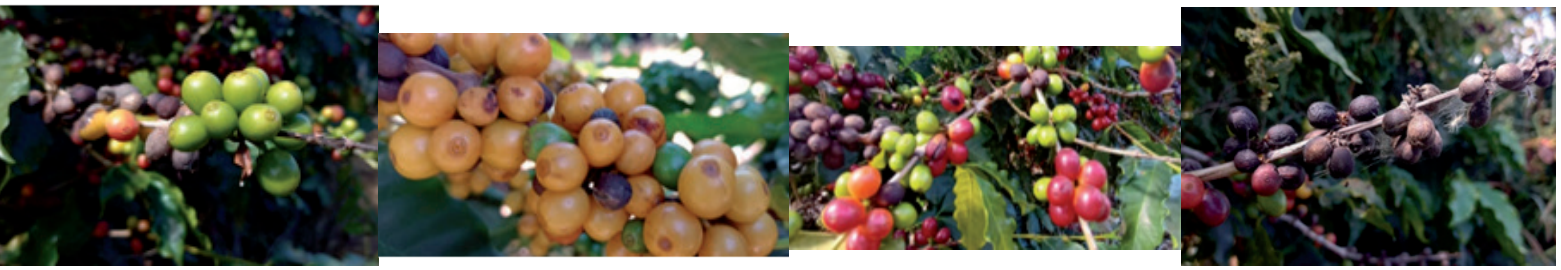
COFFIDENTIAL

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

SMALLER BEANS AND IRREGULAR MATURATION AT BEGINNING OF ARABICA HARVEST SEASON

Arabica coffee harvesting in Minas Gerais has already begun and will last until August. Growers are worried about the quality of the first beans picked. They have smaller than usual sizes and show irregular maturation. Climate adversities, especially lack of rain, temperatures above normal and unusual thermal variation have impacted bean development, caused stress to the plant and resulted in irregular maturation. Since there is little water in the soil, the fruits are drying quickly. This scenario brings two negative impacts for growers: less production and lower quality. The advice is to harvest as soon as possible in order to free the plant for production next year.



Source: Revista Cafeicultura

GROWERS IN THE STATE OF ESPÍRITO SANTO STRUGGLE TO HIRE LABOR FOR HARVESTING

Harvesting has started in Espírito Santo state, the largest Conilon producer in the country. The state government and the labor unions have issued a Joint Statement emphasizing the need to ensure decent working conditions for labor involved in coffee production and harvesting. However, amidst the expectations of a large production of 11 million bags, growers face difficulties to hire labor for harvesting. The main reason is workers' fear of losing social payments made by the federal government. Workers who receive one of these benefits prefer not to sign a formal contract to work due to the uncertainty of being eligible for the benefit again after the temporary work ends.

Source: Revista Cafeicultura

RULES FOR HIRING COFFEE HARVESTING LABOR

The Agriculture and Animal Farming Federation of the State of Minas Gerais (Faemg) and the Organization of Cooperatives of the State of Minas Gerais (Ocemg) have launched a booklet called "Labor Practices in Coffee Growing: a Learning Dialogue with the Coffee Grower". According to the booklet, the first thing one must consider when hiring labor for coffee harvesting is the contract, that will last as long as harvesting does. The employer has the responsibility to provide all medical exams related to occupational health. If the employee is under eighteen, night work or dangerous work is illegal as well as any kind of work for those who are under 16, except when he/she is an apprentice who is enrolled at school and is over 14. It is also possible to hire migrants from other regions, but in this case the employer must provide safe and free transportation, food and stay when needed. An agreement that promotes improvement in work conditions in the coffee sector was signed last month at the Ministry of Labor and Employment in Brasília. The aim is to spread information in order to ensure decent working conditions.

Source: Peabirus / Hub do Café

BIOLOGICAL CONTROL IN COFFEE CROPS USING DRONES

Biological control using drones is a strategy to avoid, reduce and even eradicate pests and diseases. This technology uses products made of natural substances that reduce the use of more toxic products, like agro chemicals. This innovative approach enables biological control of the leaf miner by throwing lacewing eggs via drone. This predator feeds itself from all the immature phases of the leaf miner: egg, grub and pupa. There may be a reduction of the small flies in 80% of the total controlled coffee area.

Source: Peabirus

ARABICA COFFEE REFERENCE GENOME IS SEQUENCED WITH THE PARTICIPATION OF BRAZILIAN RESEARCHERS

A team of researchers from over 15 countries, including Brazil, sequenced the reference genome of Arabica coffee, the world's most consumed coffee species that results from the fusion of two other coffee species, Canephora and Eugenioides. Researchers will now be able to work on genetic improvements to make Arabica coffee more resistant to pests and adverse climate conditions besides adding more value to it. By knowing the genetic details of a plant, it is possible to analyze which genes are related to each of its features, like acidity, aroma and flavor, and also make genetic changes in order to improve quality. The study was published by the journal Nature Genetics last month.

Source: Notícias Agrícolas

FERMENTATION TECHNIQUE DEVELOPED AT UFLA ADDS VALUE AND QUALITY TO COFFEE

Studies developed at the Federal University of Lavras (UFLA) resulted in the invention of a fermentation technique to produce higher quality coffee. Researchers worked to understand the role of the microorganisms involved in the fermentation process of foods like coffee and cocoa. The research started with the microorganisms present in the terroirs where coffee is grown, harvested and processed. They worked on isolating the microorganisms present in coffee grown in different regions and concluded that some of them prevailed in regions where coffee has distinct wanted flavors. They then started working with yeasts and bacteria found in these terroirs to understand their impact on coffee quality. From 2010 on, the group started to use their findings to develop a new method of fermentation called Self Induced Anaerobiosis Fermantation (SIAF). The fruit is placed on bioreactors of polystyrene with yeasts previously selected and isolated that will feed from the sugar in the coffee fruits. During this process, they end up producing important components that improve quality in the cup.

Source: Revista Cafeicultura

NESTLÉ TO INVEST R$ 1 BILLION IN BRAZILIAN COFFEE SECTOR BY 2026

Nestlé plans to invest R$ 1 billion in Brazil by 2026 to expand production capacity and consolidate the brand in response to the demand for higher value-added coffee products that is rapidly growing in the country due to younger consumers. Consumption growth among people under 24 has been 10 times higher than in all other consumer groups. Part of the investment will be directed to expanding out-of-home consumption with 44,000 coffee machines supplied in four years.

Source: DATAGRO

Brazilian Prices

Main Producing Regions / Farm Gate — **May 31, 2024**

Arabica Naturals (R$/ 60 kg bag)	
Cerrado MG	1,345.00 ↑
Mogiana	1,340.00 ↑
South Minas	1,340.00 ↑
Arabica Pulped Naturals (R$/ 60 kg bag)	
Cerrado MG	1,405.00 ↑
South Minas	1,400.00 ↑

+ 4.85%

Conilon / Robusta (R$/ 60 kg bag)	
Colatina-ES fair average price	1,220.00 ↑

B3 (US$/60kg Arabica bag)	
Jul 2024	278.65 ↓
Sep 2024	267.50 ↑
Dec 2024	264.80 ↑

Real R$ / Dollar US$	
May 31, 2024	5.19 ↑

Source: www.qualicafex.com.br

SANTOS INTERNATIONAL COFFEE SEMINAR SHOWS STRENGTH OF CAFÉS DO BRASIL

Held biennially in the beach town of Guarujá since 1973, the traditional Santos International Coffee Seminar had its 24th issue in Santos itself, the largest coffee export harbor in the world. With more than 800 attendees from 25 countries, the Seminar addressed key issues related to the Brazilian and international coffee businesses. The event neutralized the carbon emissions it generated and recycled the rejects it produced.

The two-day program also addressed the geopolitical context and the insertion of the Brazilian economy in the world. Contrary to pessimistic perspectives, the current moment is favorable to the growth of Brazil with opportunities that go beyond the commodity business.

The Brazilian Trade and Investment Promotion Agency (Apex) presented several tools available to add value to Brazilian coffee such as participation in international trade fairs, investments in advertising, barista championships and support to visits to coffee regions in the country.

According to the executive director of the International Coffee Organization (ICO), emergent coffee markets, like Africa and Asia, offer better opportunities for the product, especially among Asians, whose consumption has been growing exponentially. She also mentioned the inclusion of ICO's concerns in the recent Group of Seven (G7) announcement, emphasizing coffee as an example of sustainability.

Harbor infrastructure is one of the issues that deserve more attention at the moment. There is a consensus among Santos harbor agents that its improvement has not kept up with the expansion of the production of commodities. Investing substantially, e.g.: to increase its depth, will provide better conditions for Santos harbor not only to increase shipping volume but also to lower costs through the reception of larger ships.

There is growing concern among importers about the concentration of coffee production in Brazil, resulting mostly from other producing countries' inability to increase their production. Lower inventories and the return of consumption after the pandemic surprised them. High interest rates make the flow of products difficult and prices more volatile. Climate change, wars and lack of labor also contribute to putting world coffee supply at risk.

The panel about climate change showed the innovations that presenters are implementing. Platforms involving initiatives by startups and innovation hubs are the foundations for change that will enable more sustainable coffee growing.

The European Union Deforestation Regulation (EUDR) was discussed by representatives of the European and British coffee associations and the Brazilian Coffee Exporters' Association. All of them agreed that Brazil is the country best prepared to meet the demands of the EU and that this is an opportunity to show its technological advances to the world.

The presentation about marketing showed that Brazil's unique position in coffee production, trading and consumption has not been properly promoted abroad. There are many ways to change this reality and there is advertising knowhow in Brazil to show that the country has been developing its coffee business and should enjoy increased prestige in the coffee world.

The 24th International Coffee Seminar was a display of the strength of the "Cafés do Brasil" agribusiness. The challenges presented and the existing opportunities were outlined, paving the way for the segment to present new achievements in the next Seminar in Santos in 2026.

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IS ROBUSTA PROCESSING THE SAME AS ARABICA? (ROBUSTA PROCESSING RE-REVISITED)

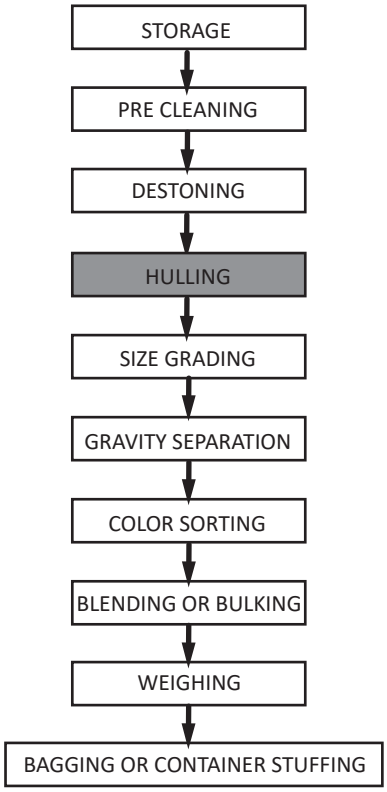
Robusta processing was addressed here last December: https://www.peaconsult.com.br/imgs/pa_coffidential__197__december2023_240105115346.pdf The same machines that process Arabica can process Robusta, on-farm and export processing, with proper setting of machines and flexible mill layouts.

Wet milling of Robusta is much less common than in Arabica but it can be used to add value. What is done in India is a good example to have in mind. Pulped natural / honey is an alternative to be explored.

Drying and dry milling will be the same as in Arabica. A huller may have to be added if Robusta coffee arrives unhulled at mills.

Pinhalense cross-beater cold hullers should be included in the flow *after* pre-cleaning and destoning and *before* size grading. The COMPACT hullers should be used for small mills, CON hullers for mid-size mills and several CONs or larger similar hullers for large mills.

These cross-beater hullers can hull either dry cherry or dry parchment, Arabica and Robusta, with high efficiency – coffee yields can be increased by 1 to 2% – and without damage to beans, overheating of coffee, or loss of coffee beans with husk.



In summary, Robusta processing is the same as Arabica but the hulling of dry Robusta cherries (or parchment) can take place on mid-size to large farms, in hulling units located in producing areas and belonging to associations, cooperatives or traders, or in full-fledged dry mills like the ones supplied for Arabica in many countries of the world. The latter is shown in the flow chart on the right-hand side and in the pictures below.