

# CONFIDENTIAL

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

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## **HIGH CARBON RETENTION IN CONILON PRODUCTION**

The study GHG Balance in Conilon Growing in the State of Espírito Santo, in free translation of its name in Portuguese, showed that the implementation of sustainable practices in Conilon coffee growing in the state almost triples the retention of equivalent carbon dioxide in the soil as compared to traditional production practices. Three tons of CO2 equivalent per hectare per year can be removed from the atmosphere. Carbon sequestration was quantified in the production of traditional and sustainable Conilon on 25 coffee farms. The study was carried out by the Brazilian Coffee Exporters' Association (CeCafé) in partnership with the State's Sustainable Coffee Farming Development Program that will invest R\$ 5.45 million (US\$ 1 million) until the end of 2026 in 27 projects to implement sustainable practices in eight thousand coffee properties.

Source: Globo Rural

## **GCP AND GFEMS ALLIED TO IMPLEMENT GRIEVANCE MECHANISM IN COFFEE CHAIN**

The Global Coffee Platform (GCP) in Brazil and the Global Fund to End Modern Slavery (GFEMS) went into a partnership to promote good working conditions in the coffee chain. GCP Brazil supports the implementation of a tool called "Nossa Voz" (Our Voice) that was developed by GFEMS and allows workers to report instances of abuse via WhatsApp or telephone. "Nossa Voz" relies on the technical support of Brazilian rural workers' organization CONTAR that provides assistance to the complainant and producer to find a solution for each case. Companies like EISA, Sucafina, COFCO, Agrogenius and Rainforest Alliance have already adhered to the use of the grievance tool.



Source: CaféPoint

## **RURAL WORKERS' INCOME INCREASES BUT REMAINS BELOW AVERAGE IN BRAZIL**

A study by Getulio Vargas Foundation (FGV Agro) shows that formalization of labor contracts and technological advances have accelerated the increase of Brazilian rural workers' income. Between 2019 and 2023, the average wage in agriculture increased 11.3% in real terms (discounted for inflation), the highest of all markets, to be compared with a 1.5% rise for all business sectors. The study also shows that in spite of this increase, rural workers' income is still below the average in the country for several reasons that are being progressively addressed as its relative growth shows.

Source: Globo Rural

## **LARGEST INDONESIAN ROASTER TO IMPORT BRAZILIAN CONILON**

Coffee roaster Kopi Kita will import Brazilian Conilon for the first time. The company also wants to get closer to Brazilian traders and exporters in order to supply coffee to smaller roasters in Southeast Asia. Indonesia is the fourth largest coffee producer in the world but due to droughts that hit the country it has been importing Brazilian coffee in order to supply the high demand for the product in Asia. Brazilian exports to Indonesia increased 19% in 2023. This year, between January and April, Indonesia more than doubled its imports of Brazilian coffee.

Source: Globo Rural

## PRIVATE AGRIBUSINESS FINANCING GROWS AND REACHES ALMOST US\$200 BILLION

The total value of private financial instruments to support Brazilian agribusiness reached R\$ 1 trillion (US\$ 180 billion), 22% higher than in the same period last year. According to Brazil's Ministry of Agriculture, private financial credit and investment in agribusiness include several credit instruments that cater to different needs of the supply chain, from farm to final client. These private sources of credit will be even more relevant next season due to budgetary restrictions and the public focus on measures to rebuild Rio Grande do Sul state after torrential rains and floods.

Source: Globo Rural

## CONILON GROWERS WORRIED ABOUT SIZE OF CROP

Even though Conilon prices have been high and reached historical levels, the moment is not good for its growers. Some of them expected to harvest up to 120 coffee bags per hectare but the actual figure turned out to be 50 or 60. Coffee experts expect a loss of 20% in Conilon production in Espírito Santo state. During the past weeks, the state coffee growers only delivered coffee that had been sold earlier. For the first time in history, Brazil will export coffee during the harvest season without relying on inventories.

Source: Rede Peabirus

## BRAZILIAN COFFEE REVENUES HIT RECORD VALUE

The gross revenue from coffee crops in Brazil is estimated at R\$ 64 billion (US\$ 11.5 billion) for the coffee year 2024 taking as a reference the average prices received by producers in the first five months of this year. This number represents a historic record for the sector. If compared to the previous coffee year of 2023, when it was R\$ 50 billion (US\$ 9 billion), the forecast for gross revenue this year will represent a very significant growth of 29%. Arabica revenue is expected to grow 22% and Canephora 51%.

Source: Embrapa

## COFFEE DRYING TIME IS AFFECTED BY COLOR OF DRYING YARD

Coffee drying yards may be made of brick, cement, asphalt or even soil, i. e., bare ground. The type of material used in drying yards may influence coffee drying through coffee moisture absorption and temperature retention. A study on how different drying yard colors affect temperature and therefore the timing of coffee drying was conducted on a farm in Varginha, state of Minas Gerais. The colors tested were white, red, black and natural cement. The evaluation happened through the control of temperature every two hours during the day until the ideal final moisture of 12% was reached. The best color to absorb moisture and shorten coffee drying time was found to be black.



Source: CaféPoint

## Brazilian Prices

Main Producing Regions / Farm Gate

June 28, 2024

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

Cerrado MG	1,505.00 ↑
Mogiana	1,500.00 ↑
South Minas	1,500.00 ↑

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

Cerrado MG	1,545.00 ↑
South Minas	1,540.00 ↑

+ 3%

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

Colatina-ES fair average price	1,300.00 ↑
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### B3 (US\$/60kg Arabica bag)

Sep 2024	278.05 ↓
Dec 2024	271.80 ↑
Mar 2025	270.30 ↑

### Real R\$ / Dollar US\$

Jun 28, 2024	5.48 ↑
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Source:

www.qualicafex.com.br

## GCP: A PERSONAL 6-YEAR RETROSPECTIVE

Having left the position of chair of the GCP board, I find it useful to share here what I learned during my two terms.

Six years ago GCP was very concerned and interested to improve the beyond-farm-gate enabling environment that makes growers in some countries receive a much larger percentage of the FOB coffee export prices than in others. It was a great idea and a great scope but the plans and attempts to improve the enabling environment showed that it is a task much more for governments than for an organization like GCP. To improve logistics, to make markets more efficient and to improve the tax system, for example, are much more for governments than for GCP to do.

Faced with this finding, GCP started to also focus on what could be done within farm gate. GCP created National Coffee Sustainability Curricula in the countries where it developed National Coffee Platforms, namely, Vietnam, Indonesia, Kenya, Uganda, Honduras and Brazil, that together account for over 60% of the world's coffee production.

Collective Action Initiatives came next, addressing smart use of inputs, working conditions, and youth inclusion. What GCP calls "initiatives" are different from projects, that have a beginning and an end. The results of Collective Action Initiatives are durable, perennial, long lasting because they have implementing partners – extension services – that incorporate their findings into the everyday coffee life of a region or a country. From Collective Action Initiatives GCP evolved into multi-year country programs, also known as GCP Collective Actions. They are being implemented now in the six coffee producing countries mentioned above and include regenerative agriculture in some of them.

At the world level, GCP developed a Coffee Sustainability Reference Code that became a benchmark, a reference for sustainability systems around the world. Most sustainability systems in the world are today equivalent to the GCP Code. Together with the Coffee Sustainability Reference Code came GCP's Technical Committee and Pesticide Action Group, created to update the Code and how it relates to agrochemicals respectively.

The Reference Code and its Equivalence Mechanism became the basis for GCP's Annual Report of Sustainable Coffee Purchases by the Coffee Industry and Retail. This Snapshot is a strong incentive for roasters and retail to buy more sustainable coffee.

In spite of the pandemics, GCP managed to move a long way. But it had to gain scale. This came up with the creation of GCP 2.0, the GCP 2030 Strategic Plan whose ambitious goal is transformational change in farmer prosperity, measured as closing the Living Income gap by at least 25%. The strategy, goal and actions were designed in a business-like way with plans, KPIs and a dashboard of implementation. Important evidence that the GCP 2030 Plan will move forward are the donations for the kick-off fund, the new approach of counterpart funding, the increasing number of members joining GCP, and the growing interest of partners and donors.

My experience with GCP reenforced my conclusion that to address poverty in coffee production we need to empower labor, which also means empowering smallholder coffee growers who are their own labor. I like to say that a person's, a coffee grower's, a coffee picker's arms and ability to do manual work have been the same for centuries but their needs, their cost of living and their aspirations have increased much. That is why labor has to be empowered with technology, with tools, with equipment, with training... and paradigms have to be broken.

Labor can be empowered in at least three ways. The first way is technology, technology of cultivation i.e.: greater sustainable climate-resilient productivity; technology of harvesting i.e.: additional labor empowerment; and technology of processing for doing it alone or together. The second way is diversification: if labor, if growers are empowered they will have the time to work for neighbors or in urban areas. The third way is doing things together to achieve the economies of scale that smallholder growers do not have. Economies of scale can be reached by processing coffee together – there are huge economies of scale there –, buying inputs together, sharing equipment, accessing financing together and selling coffee together.

Unless labor and small-scale coffee growers are empowered, it will not be possible to increase the income and reduce the poverty of all parties involved in coffee production. To reduce poverty is a challenge and target for GCP's Collective Actions in the six countries. It is a challenge for all involved in the coffee business. I believe GCP is very well positioned to play an important role in this process.

## EQUIPMENT FOR SENSORY ANALYSIS OF COFFEE

### SAMPLE ROASTER LABORATTO

Versatile sample roaster that offers the operator the possibility to both create different roasting profiles for the same coffee sample and to replicate coffee profiles in large scale.

- + 2, 4 or 6 barrels with a capacity of 120g each
- + Independent air flow and digital control in each barrel
- + Heating system: conduction
- + Fuel: LPG
- + Roasting time: 10 to 18 minutes
- + Compatible with roasting software (e.g.: Artisan / Cropster)
- + Cyclone, chaff collector, sample spoon and feeding device included



### SAMPLE DISC GRINDER MOP

- + Intake hopper for roasted coffee
- + Disc grinder suitable for coffee labs and shops
- + Grinding adjustment scale
- + Stainable steel parts

### CUPPING TABLE

Cupping table with stainless steel or carbon steel base, granite top over conical rollers that facilitate handling, and water taps. The table has clipboard holders and stainless-steel trays to hold the sample cups. The water taps in the stainless-steel spittoons remove and discard the residues resulting from the coffee cupping process.

