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COFFIDENTIAL

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

PROGRAM LAUNCHED TO PROMOTE PRODUCTION OF CANEPHORAS IN STATE OF SÃO PAULO

In order to strengthen the coffee sector and to boost the regional rural economy, the Government of the State of São Paulo, through its Secretariat of Agriculture and Food Supply, has launched a program that promotes the cultivation of Canephoras in the state. The program aims to increase the state's production of this variety of coffee in order to meet the growing demand from the national and international markets and to promote coffee sustainability and innovation. The guidelines include production of seedlings with high genetic and phytosanitary quality, technological showcases and pilot areas in strategic locations, and training of technicians and producers.

Source: DATAGRO

CHAPADA DIAMANTINA REGION IS FIRST DENOMINATION OF ORIGIN IN STATE OF BAHIA

The Brazilian Patent Office (INPI) has granted a Denomination of Origin (DO) for coffee produced in the Chapada Diamantina region, which is made up of 24 municipalities in the state of Bahia. Local and environmental factors in the area give the beverage a unique flavor and features like full body, sweet with citric acidity, notes of nuts and chocolate, and a long finish.

Source: CaféPoint

COOPS MEMBERS OF CNC IN TOP 1000 BRAZILIAN COMPANIES

The National Coffee Growers' Council (CNC for its initials in Portuguese) celebrates the positioning of the member cooperatives Cooxupé, Coagril, Cocatrel, Camda, Cocapec, Expocacer, Capebe and Coopama among the top 1000 Brazilian Companies of the Year 2024 in a rank made by Valor, the leading Brazilian business newspaper. These coops are among the best and most solid companies in Brazil reflecting their hard work, dedication and commitment in order to promote more innovative and sustainable coffee growing. Brazilian coffee coops stand out for their high-scoring coffees, which increases the competitiveness of their members.

Source: CNC

ALUMINUM FROM COFFEE CAPSULES USED IN COSMETICS PACKAGING

Nespresso has partnered with the cosmetics brand Natura to recycle the aluminum from used coffee capsules into packaging for Ekos Castanha hand moisturizers. More than two tons of capsules per year may be reused as a result of this partnership that benefits the environment and both companies.

Source: Exame

BRAZIL TARGETING TO DOUBLE COCOA PRODUCTION BY 2030

Brazil's plan to double its cocoa production to 400,000 tons by 2030 is achievable due to productivity gains and growing farm investments. This evaluation was made by the president of the World Cocoa Foundation (WCF), Chris Vincent, after visiting cocoa producing areas in Brazil. According to WCF, there are cocoa growers in Bahia and Pará, smallholders included, harvesting over a ton per hectare using sustainable practices. Therefore, it will be possible to increase productivity with expansion of technical assistance, correct agricultural management and other investments at scale, especially under the current scenario of record high cocoa prices in the global market.

Sources: Reuters and Notícias Agrícolas

JAPAN STANDS OUT AS LEADING BRAZILIAN SPECIALTY COFFEE BUYER

During the past three years Japan has increased its demand for Brazilian coffee and has become one of Brazil's main clients, one of the top five countries that import its coffee. The main reason is that Japanese people have become "addicts" of specialty coffees and Brazil has been investing a lot in this market. According to Brazilian experts, Japan may import up to US$ 50 million of Brazilian coffee in the next 12 months.

Source: Globo Rural

BEES HELP INCREASE PRODUCTION, QUALITY AND VALUE OF COFFEE

A study by the Brazilian Agricultural Research Corporation (Embrapa) has confirmed the increase in productivity and quality of coffee produced using pollination by bees. According to them, one of the factors that influences quality is the impact on the caffeine content that fell to 2.78% and resulted in higher grading on sensorial analysis. Productivity increased by 16.5%. Considering the hypothetical scenario of using this technique of bee pollination in all Brazilian Arabica coffee crops, producers' annual turnover could increase more than R$ 22 billion (US$ 3.5 billion).

Source: Agro Estadão

Brazilian Prices

Main Producing Regions / Farm Gate — October 31, 2024

Arabica Naturals (R$/ 60 kg bag)	
Cerrado MG	1,545.00 ↑
Mogiana	1,540.00 ↑
South Minas	1,540.00 ↑
Arabica Pulped Naturals (R$/ 60 kg bag)	
Cerrado MG	1,705.00 ↑
South Minas	1,700.00 ↑

+ 10.7%

Conilon / Robusta (R$/ 60 kg bag)	
Colatina-ES fair average price	1,530.00 ↑

B3 (US$/60kg Arabica bag)	
Dec 2024	299.95 ↓
Mar 2025	299.50 ↓
May 2025	299.15 ↓

Real R$ / Dollar US$	
Oct. 31, 2024	5.78 ↑

Source: www.qualicafex.com.br

ORGANIZATIONAL, FISCAL AND SOCIAL ACTIONS TO EMPOWER SMALLHOLDER COFFEE GROWERS

In recent decades, much has been said and done about increasing the income of growers in a coffee world where the majority of them have under 1.5 ha devoted to its production and make less money than needed to have a decent life, themselves and their families.

Proposed solutions have currently included improving training and extension services to increase productivity and involving younger generations, to mention only a few. However, little has been done to address the limitations associated with their small size, for example, barriers to buy inputs and sell coffee for fair prices, to access financing and to process their coffee efficiently.

It is known that smallholder growers tend to both pay more for fertilizers, pesticides and tools that they buy and to receive less for the coffee they sell. In addition, there are large inefficiencies associated with processing the small volumes of coffee they produce. On the one hand, the prices of coffee processing equipment, e.g. pulpers, do not fall proportionally when the capacities of the machines required are smaller. On the other hand, smallholder coffee growers have processing machines idle for a much longer time than their larger counterparts even if using smaller capacity machines.

The way to address the limitations above is to bring smallholder growers together to access production technology, to have more market power to buy and sell, and to process their coffee more efficiently. In other words, the solution is to empower these growers by having them work together.

Are there real-life successful examples of smallholder coffee growers working together or cooperating? Although smallholder growers in Brazil have coffee areas that are larger than those held by their counterparts in other producing countries, they also make less money than larger coffee producers in their country. However, several studies show that they earn a decent sustainable income, especially those that are members of cooperatives. Cooperatives improve smallholder growers' access to markets and financing as well as to other elements of the beyond-farm-gate enabling environment that exists in Brazil, e.g.: training and extension services and logistics.

The message here is that Brazilian cooperatives either provide a good enabling environment, e.g.: training, processing and future sales of coffee, or facilitate access to the enabling environment that is beyond their realm of operation, e.g.: financing, logistics, etc. Can this be replicated in countries other than Brazil? Cooperatives do exist in many coffee producing countries besides Brazil. The question is whether they provide the same services and benefits that the Brazilian ones do.

Projects that address improving the income and lives of smallholder coffee growers should perhaps focus first and foremost on bringing growers together in efficient cooperatives, associations, or other entities, even companies, depending on local legislation that exists or may have to be created. The requirement to do this is clearly not technical but legal, organizational and even sociological. Legal, to create the legislation and fiscal benefits, e.g.: lower taxes for associations, if they are not there. Organizational, to create the cooperatives, associations or else. Sociological, to convince growers to come together in new or existing associations and to understand that together they are stronger.

The hardest barrier to counter is the perception among coffee growers everywhere that their coffee is better than their neighbors' and/or that they will make more money by working alone. Cooperation or working together can be organized in a way their coffees do not have to be blended with others even though there may be benefits in doing so. This may come later, as a second step.

The first step to improve the lot of smallholder coffee growers should be to create the foundations to bring them together: possibilities of association, fiscal benefits that may be accessed by cooperating, and, last but not least, convincing growers to cooperate. This requires an organizational, fiscal and social approach or project that should *precede* the usual technical approach lest the expected results of the latter may not occur or may not be durable and sustainable.

WET MILLING MACHINES THAT EMPOWER SMALLHOLDER GROWERS

Pinhalenses's ECOPULP and ECO SUPER 3 wet milling equipment can be used to add value to coffee produced by groups of smallholder growers or small farmers. Both machines are a great solution to produce washed and/or honey coffees in an efficient way with the qualities demanded by the market.

The new ECOPULP, whose capacity is 650 kg of cherry per hour,

- consumes zero water,
- consumes little energy,
- is a light, easy-to-install machine, and
- requires little maintenance

ECOPULP

ECO SUPER 3

The ECO SUPER 3, whose capacity is 1.2 to 1.8 tons of cherry per hour,

- 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.

The P&A/Pinhalense agent nearest to you and P&A itself can both help you with more details about the ECOPULP and the ECO SUPER 3 and prepare layouts that may include these machines alone or also mechanical siphons, elevators, conveyors and silos, if required, and also driers to create complete wet milling with drying facilities if it is the case.