

CONFIDENTIAL

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

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SMALLHOLDER GROWERS IN AMAZON REGION INCREASE ROBUSTA PRODUCTIVITY FOURFOLD

The cultivation of clonal coffee varieties known as Robustas Amazônicos associated with the use of technologies recommended by the Brazilian Agricultural Research Corporation (Embrapa) has enabled smallholders in the Amazon Region to increase productivity and to empower quality. Growers in the states of Acre, Rondônia, Amazonas and Roraima have quadrupled their production that went from 20 and 30 to 120 bags of green coffee per hectare. Besides being highly productive, the Robustas Amazônicos have uniform maturation and early maturation varieties enables more efficient harvesting. The use of these genetic materials allied to technology results in higher income and better living conditions for rural families.



Source: Embrapa

USE OF BIOLOGICAL INPUTS IN COFFEE IS REGULATED

Brazilian agriculture is known as the global leader in the use of biological products as a result of research programs and the promotion of sustainable practices. The use of bio inputs in the Brazilian market increased 15% last year. However, the sector needed a regulatory framework that was enacted last December. The new law sets clear guidelines for production, commercialization and use of biological products in the country. Besides the benefits to the environment, bio inputs have positive impacts on coffee productivity and quality.

Source: Notícias Agrícolas

SPECIALTY COFFEE GROWER INCREASES PRODUCTIVITY USING REMINERALIZER

A specialty coffee grower in the state of Bahia has seen his production rise significantly with the use of remineralizer, a mineral input extracted from volcanic rocks. It improves the soil fertility index through the addition of macro and micronutrients. The product also improves the physical-chemical properties of the soil and its biological activity, which results in high productivity for several crops. After three years of use, the remineralizer provided a more fertile soil that enabled average productivity of 60 bags of coffee per hectare.

Source: Canal Rural

SÃO PAULO TO BUY COFFEE DIRECTLY FROM SMALLHOLDERS' COOPS

Coffee produced in São Paulo was included in the State Program of Food of Social Interest Acquisition (PPAIS for its initials in Portuguese). The state government, departments and agencies, e.g., public schools and hospitals, now buy roast and ground coffee directly from cooperatives that bring together smallholder growers. In 2024, the State spent R\$10 million (US\$1.7 million) on coffee. Now, with its inclusion in the program, coffee acquisitions may surpass this value in 2025 and help smallholders.

Source: Canal Rural

YOUNGSTER CREATES STARTUP TO PRODUCE SUSTAINABLE CLAY WITH COFFEE GROUNDS

The seventeen-year-old student Alex Kim decided to create a startup to reuse coffee grounds when he found out that 99.8% of them are thrown away. Based on research and advice from experts, he used coffee grounds to produce clay that is 100% biodegradable and can totally decompose in a few weeks. The invention reduces the emission of greenhouse gases and avoids industrial procedures to process coffee grounds, like the use of polylactic acid (PLA) that is not completely degradable under natural environmental conditions. Coffee grounds are reused to shape products that would be made by conventional clay like vases and soap containers. According to Kim, 50g of coffee grounds are enough to make a vase. The startup Recafenet, created by Alex, has three objectives: to recycle coffee grounds, to promote the circular economy and to support low-income communities



Source: Agro Estadão

PRUNED COFFEE SEEDLINGS DEVELOP WELL IN THE FIELD

Coffee seedlings are grown in nurseries until being tall enough to be planted. They are normally taken to the field when they have 4 to 6 pairs of leaves. If there is lack of rain, delay in preparing soil or any other reason for them to be kept in the nursery for a longer time, they may present problems. However, according to studies, if these “old” seedlings are pruned and kept in the nursery for 3 or 4 months for new sprouts to develop, these seedlings can be taken to the field and will develop well.

Source: CaféPoint

PER CAPITA COFFEE CONSUMPTION FALLS IN YEAR OF HIGH PRICES

Per capita coffee consumption in Brazil fell 2.22% last year even though total consumption grew 1%. The growth of the population explains the fall in per capita consumption. Each Brazilian consumed an average of 5.01kg of roast and ground coffee between November 2023 and October 2024 to be compared with 5.12kg in the same period before. Though small, this reduction happens at a time of high prices, that may cause consumption to fall even further.

Source: Folha de S. Paulo

INSTANT COFFEE IS GOOD OPTION IN TIMES OF HIGH PRICES

Coffee consumers have been dealing with a significant rise in prices. Instant/soluble coffee has been a practical and economic alternative. It is 33 to 40% cheaper than the traditional coffee. For this reason, the Brazilian Soluble Coffee Industry Association (ABICS) released the website “Descubra Café Solúvel” – Discover Instant Coffee – (<https://descubracafesoluvel.com/>) with information about the beverage for consumers, baristas, coffee experts and enthusiasts. It is great time for instant coffee with Brazil consolidating its position as world leader in production and exports and reaching a record high market share in Brazilian coffee consumption.

Source: Notícias Agrícolas

Brazilian Prices

Main Producing Regions / Farm Gate

February 28, 2025

Arabica Naturals (R\$/ 60 kg bag)		Conilon / Robusta (R\$/ 60 kg bag)	
Cerrado MG	2,505.00 ↓	Colatina-ES fair average price 2,080.00 ↓	
Mogiana	2,500.00 ↓		
South Minas	2,500.00 ↓		
Arabica Pulped Naturals (R\$/ 60 kg bag)		B3 (US\$/60kg Arabica bag)	
Cerrado MG	2,705.00 ↓	Mar 2025	464.00 ↓
South Minas	2,700.00 ↓	May 2025	466.80 ↑
		Jul 2025	457.95 ↑
		Real R\$ / Dollar US\$	
		Feb 28, 2025	5.91 ↑

+ 8.2%

Source:

www.qualicafex.com.br

RECORD PRICES AND COFFEE CONSUMPTION

Figures about the rise of coffee prices to consumers in Brazil, the world's second largest coffee consuming country after the US, surprised me a couple of weeks ago. Whereas prices for mainstream coffee rose almost 50%, specialty coffee prices went up by about 10% only. My initial conclusion was that the higher supply chain and industry margins for specialty than mainstream coffee allowed this to happen but, at first sight, it did not make sense. Why smaller price increases for specialty coffee whose consumers are likely to have a higher income?

On second thoughts I concluded that roasters in the highly competitive, lower margin mainstream coffee market had no alternative but to increase prices. However, suppliers of specialty coffee preferred not to run the risk of losing their clients to regular coffee and decreased their higher margins.

Record-high coffee prices, on the one hand, and new products, on the other, are changing the profile of consumption.

Data from traditional coffee consuming countries shows that the consumption of instant coffee is growing faster than other types of coffee since the increase of coffee prices started. Brazil is no exception; the market share of instant coffee has also increased. Although this trend can be reversed when coffee prices return to "normal", it is known that a percentage of consumers who try a different product at times of price hikes tend to stick to it for good. This may be intensified by the move of instant coffee makers, Brazilian ones in the forefront, to reposition their segment with the promotion of higher-quality products.

Data about the consumption of Arabica vs. Robusta coffee shows that the latter is gaining space. This is not a new trend but it has gained force after coffee prices started to go up. The increase in Robusta consumption may have a two-fold explanation. First, roasters are increasing the percentage of Robustas in their blends to avoid sharp price increases to consumers. Second, Robusta is the key ingredient of soluble coffee whose market share is increasing.

The two sets of data mentioned above support each other. How long this will last will depend on how coffee prices behave. It may not be only a question of time but also whether prices will go down to "normal" or to a higher "new normal", as experts have been mentioning.

Bearing all this in mind, the news about "facoffee" or fake coffee is not surprising. It is an attempt to lower costs to consumers by offering a product that is not only coffee but bears the coffee name. This has brought out comments about and comparisons with infused coffee, that is a totally different thing. Infused coffee is much different from the adulterated or fake coffee that results from the addition of lower cost inferior substances. This brings us to our second subject here: the changing profile of coffee consumption.

Past are the days when coffee was either just natural, washed or honey processed. All sorts of fermentation, maceration and infusion are taking place. Interest for infused coffee, a trend in South Korea, is also strong in the Middle East as noted in the recent coffee event in Dubai. News from China reports on the growing interest for coffee with flavors. Even though this is still in the realm of specialty coffee, the way things happen in China can quickly move the concepts above or some or one of them into the mainstream market.

To explain all the concepts above – fermented, macerated, infused and flavored coffee – requires an article itself by an expert in this field. Meanwhile I leave here a word of warning about what can actually be called coffee... or not... at a time of high coffee prices.

REMOVING STONES FROM COFFEE

One of the most damaging things to the image of a trader or exporter is the finding by clients – importers or roasters – of stones in a coffee lot. Why are stones found in coffee, to begin with, and why can they reach roasters?

Stones are usually mixed with coffee at either harvesting or drying.

No matter the harvesting system used, from selective manual to mechanical, it is unavoidable that coffee falls to the ground where stones are found and collected with coffee. Also, recently harvested coffee is frequently piled on the ground.

Drying often takes place in drying yards, whose surface can in the worst case be bare soil, though they are most commonly built with clay blocks, concrete or asphalt. Needless to say that stones are found in bare soil but this is also the case in drying yards be it in the form of pieces of broken clay blocks or stones used in the concrete or asphalt pavement. The oldest the drying yard, the greatest the chance of stones mixing with coffee.

One may argue that careful coffee picking, modern processing techniques and mechanical drying should render it impossible to have stones in coffee. Though this may in theory be the case, reality is that stones are found in coffee and sometimes even added to it on purpose in order to increase its weight in what is an unfair trade practice to say the least.

Stones are removed from coffee at two stages: upon reception from harvesting on the farm and at the beginning of dry milling. Although this may seem redundant it is necessary because of the different moments when stones are mixed with coffee.

Mechanical siphons remove stones from recently harvested coffee. The coffee cherries that are harvested should go through a mechanical siphon irrespectively of the processing system used: natural, pulped natural / honey or washed. The mechanical siphon, a machine invented and patented by Pinhalense, separates coffee at different stages of maturation: the denser (“heavier”) ripe and unripe cherries that sink and the less dense (“lighter”) overripe and partially dry cherries that float. These two types of cherries should be processed separately and different processing systems may be used for them.

The Pinhalense mechanical siphons have a built-in system to separate stones from the cherries. Currently in its third generation, the family of Pinhalense LSC mechanical siphons has now gained a smaller version for smallholder coffee growers, the LSC COMPACTO, that has the same high-performance stone separator of the larger-capacity models. Pinhalense mechanical siphons are now available for coffee producers of all sizes.



LSC COMPACTO

There is a misconception that a siphon is not required to process naturals, Robustas included. Much to the contrary, a Pinhalense mechanical siphon is a must to cut down costs and to improve quality. If the cherries are not separated, drying must take longer, more labor and fuel will be required, and the moisture of dried coffee will not be uniform with negative impacts on aspect and quality. The “floaters” that come out of the mechanical siphon have a lower moisture content than that of the cherries that sink. They must be dried separately to save costs and to preserve coffee quality. The need to use high-performance Pinhalense mechanical siphons in post-harvest processing should not be overlooked at a time when natural Arabicas are gaining increased attention and the demand for quality Robustas is growing.

Destoners remove stones from dry coffee. After coffee is dried and stored as parchment or cherry, it must be dry milled – hulled and separated by size, density and color – to obtain the green coffee that is roasted locally or exported. The destoner is a key machine at the beginning of dry milling. The Pinhalense line of positive-pressure precise CPFBNR destoners has recently gained a larger-capacity machine to respond to the needs of increasingly larger mills. The family of Pinhalense destoners now ranges from those found in the COMPACTA hullers for small millers and micro-lots and the CON combined hullers to the larger CPFBNR machines used in export mills.



CPFBNR-5

Pinhalense positive-pressure destoners are known to be more precise and to consume less energy than negative-pressure machines that usually cost more. Dust suction devices are available for Pinhalense destoners as for other Pinhalense machines.

A final question about stone separation is whether pre-cleaners can separate stones. The Pinhalense pre-cleaners, that are part of Pinhalense mechanical siphons and usually precede destoners in dry milling, can separate stones that are of a different size – bigger or smaller – than the average size of the coffee being processed. However, stones the same size as coffee will not be separated and will remain mixed with the “clean” coffee. This is why the destoners included in the LSC COMPACTO mechanical siphons and in the COMPACTA and CON combined hullers as well as the CPFBNR destoners are required to separate stones specially those the same size as coffee that cannot be separated by pre-cleaners.