

# CONFIDENTIAL

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## **TERRACING ENABLES MECHANIZATION OF MOUNTAINOUS COFFEE AREAS IN BRAZIL**

One of the main problems of the Brazilian coffee sector nowadays is the high cost of production in mountainous areas. Mechanization may play a key role to lower costs if proper conditions are created to use it. Some coffee growers started to terrace their plantations with the opening of micro-roads between coffee rows and leaving coffee trees at the edge of ravines as shown in the pictures below. The objective is to reduce production costs by enabling mechanical cultivation and harvesting.

Source: Cafés do Brasil Network



Photos by: Diogo Dias T. de Macedo

## **TRAINING TO ENSURE COMPETITIVENESS OF IRRIGATED COFFEE IN CERRADO NEAR BRASILIA**

In the outskirts of Brasilia, capital of Brazil, many growers of irrigated grains – beans, wheat and corn – are replacing their plantations with irrigated coffee for economic and water availability reasons: such a change may save around 70 days of irrigation during the driest period of the year, when water is very scarce in that area of the Brazilian Cerrado. Irrigation is crucial in this area of the country where the warm, dry weather and irregular rainfall make it not viable to grow coffee otherwise. Around 95% of the coffee growers in the area already use irrigation but most of them do not employ scientific methods to determine how much water to apply. To counter this, Embrapa Cerrado (the agency of the Ministry of Agriculture in charge of research) is offering them a free orientation program about irrigation and also an on-line tool (available at Embrapa's website) that helps to define the amount of water needed based on climate, type of soil and age of coffee trees. Around 30% of the water and energy employed in irrigation can be saved every year if adequate technology is used.

Source: EMBRAPA

## **COFFEE BACTERIAL BLIGHT AFFECTS PLANTATIONS IN SÃO PAULO**

A little known disease has been worrying coffee growers in the Alta Mogiana region of São Paulo. The "mancha aureolada" (Coffee Bacterial Blight) is caused by the bacteria *Pseudomonas syringae* pv. *garcae* and attacks all parts of the plant (branches, leaves, flowers and cherries) causing necrosis and even death of the coffee tree. The disease has spread fast due to the rainy weather and mild temperatures; the infestation advances quicker at higher altitudes (above 950m/3,000ft) because of the strong winds that help the bacteria to move around easily. In some properties 80% of the trees have been contaminated. The coffee bacterial blight confused growers that first judged it to be phoma and cercosporiose and applied the wrong treatment which caused even more damage. The treatment recommended for the coffee bacterial blight is based on the spraying of copper and antibiotics.

Source: O Estado de São Paulo

## **CERRADO COFFEE STRONG IN NESPRESSO BLENDS**

Approximately 30% to 35% of the Nespresso production of high-quality coffee capsules uses beans grown in the Cerrado region of Minas Gerais. The Cerrado branch of Cooxupé, the world's largest coffee growers' cooperative and one of Brazil's largest coffee exporters, is currently one of the main suppliers to Switzerland-based Nespresso.

Source: Revista Cafeicultura

## **BRAZIL TO BE "PORTRAIT OF A COUNTRY" AT SCAA HOUSTON 2011**

The Specialty Coffee Association of America (SCAA) approved Brazil's request to be the feature country of the next SCAA show, to be held in Houston, Texas, in 2011. The request was made because Brazil is not only the world's largest coffee producer but specially because the country has been gaining more and more recognition in the North American specialty coffee market. The Brazilian Specialty Coffee Association (BSCA) will be responsible for coordinating Brazil's participation, with the support of the country's producing regions.

Sources: Federation of the Cerrado Coffee Growers and P&A

**BRAZILIAN FAIR TRADE COFFEE AT SCAA EVENT 2010**

From cupping competitions to transnational coffee partnerships, Brazilian Fair Trade coffee is well positioned to become a key player in this market segment. Through several development efforts, Brazilian farmers now produce high quality, Fair Trade Certified coffee, for which they earn higher prices and community development premiums. Supported by Transfair USA and the Brazilian Agency for the Promotion of Small Business (SEBRAE-MG), Fair Trade growers attended the 2010 SCAA Exposition, where they had the opportunity to visit buyers, roasters, coffee shops and get closer to the end side of the supply chain. Quality and market demands were the main topics discussed and highlighted to Fair Trade producers.

Sources: The Morning Cup and P&A

**BRAZIL TO ORGANIZE CHAPTER OF IWCA**

During the traditional breakfast organized by the International Women's Coffee Alliance (IWCA) at the SCAA event this April, a group of Brazilian women gathered and decided to create a chapter of the IWCA in Brazil. The idea is to organize a group of women from various coffee areas to support Brazilian female coffee growers and workers. IWCA is a non-profitable organization created in 2003 to better understand the challenges faced by women in coffee producing countries and to strengthen the relationship among women from different coffee segments. IWCA is composed of 7 chapters in the USA and 4 international ones.

Source: Cafés do Brasil Network

**CAFÉ DO PONTO LAUNCHES PROJECT TO NEUTRALIZE CARBON EMISSIONS**

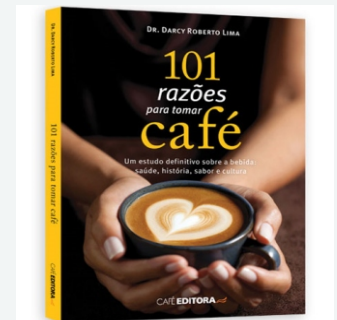
The Café do Ponto coffee shop chain, part of Sara Lee group, is launching a project to neutralize carbon emissions not only in all of its 92 shops but also in its complete coffee production chain. The project will monitor emissions from all the company activities for the next two years, from the coffee growing stages down to sales in the stores. Café do Ponto will compensate for this environmental impact with the planting of new forest trees. Based on previous studies, the company committed to planting 7,000 seedlings in two phases. In the first phase, in December 2009, 5,000 trees were planted in Serra Negra, in the countryside of São Paulo state. The campaign icon is the coffee brand "Safrá Social", translated as Social Crop Coffee, now being offered at supermarkets and coffee shops.

Source: Globo Rural Online

**BRAZILIAN COFFEE SCIENTIST PUBLISHES BOOK ABOUT THE BENEFITS OF COFFEE DRINKING**

Dr. Darcy Lima published a book in Brazil that debunks the myths that have given coffee a bad reputation. In "101 razões para tomar café" (101 Reasons to Drink Coffee), the author organizes mounds of scientific evidence for the average coffee drinker to enjoy. The reasons to drink coffee cover 4 main themes: flavor, history, health and culture.

Source: Revista Cafeicultura



**FIRST 4C NATIONAL SUSTAINABILITY FORUM IN BRAZIL**

More than 40 representatives of coffee growers, traders, exporters, roasters, researchers and public institutions gathered in Poços de Caldas, state of Minas Gerais, for the first National Sustainability Forum of the 4C Association. The idea was to exchange experiences and together discuss the future strategy for the organization in Brazil. With the help of panels, presentations and workshops the participants discussed accomplishments of 4C in Brazil over the last couple of years as well as obstacles faced and future challenges to create a more sustainable sector. Due to the success of the event, it was decided to hold it more frequently in the country.

Source: Cafés do Brasil Network



**Pictures of the Month**



**COFFEE BACTERIAL BLIGHT IN MINAS GERAIS**

Photo by: Ana Paula Neto - Jacui, MG.  
Source: Cafepoint



**3-YEAR CONILON PLANTATION**

Photo by: Antonio David - Itabela, BA  
Source: Cafepoint

## A NEW RESEARCH INITIATIVE TO INCREASE COFFEE QUALITY AND VOLUMES OF QUALITY COFFEE FOR THE RAPIDLY GROWING GLOBAL SPECIALTY MARKET

Dr. Timothy Schilling, Director for Enterprise Development and Partnerships, The Borlaug Institute

Strong demand for specialty coffees is expected to continue in the U.S. as is exemplified through the recent entries into the specialty coffee market by large restaurant chains such as McDonald's, Krystal, Subway and Dunkin' Donuts. Already, specialty consumption in the U.S. has rocketed to 40% of the market. Global consumption trends also reflect strong growth with specialty coffee consumption worldwide expected to grow exponentially due to the product's appeal in emerging super-economies such as Brazil, India, and China.

In order to meet the demands of this huge and rapidly growing specialty coffee market, over 50 million farmers from 35 different countries are striving to produce sufficient volumes of quality coffee. However, the supply of quality coffee is reaching its upper limit as witnessed already through the high differentials and limited availability for washed arabicas including Kenyan, Colombian and Guatemalan coffees experienced this year.

Without an increase in the total world volume of specialty-grade green coffees, the specialty coffee industry will plateau and even risks downturn. The effect of global warming also looms as a serious threat within the next two decades. Finally, the limited existing genetic base in *C. arabica* leaves the coffee industry extremely vulnerable to pandemic insect and disease threats.

In addition to much needed increases in total supply, increases in overall coffee quality per se are also necessary to help reverse the consumption stagnation that has long plagued the coffee industry. Quality continues to drive the expansive growth of specialty coffees at the top end where product differentiation needs are the greatest. Top end growth creates a 'pull-up' effect, raising the quality bar and thus growing the market for the entire industry.

Regretfully, because of the geographic, economic, and social schism that exists worldwide between coffee producing and coffee consuming countries, there has never existed a unified, coordinated initiative to fund research that can address the global constraints to improving both quality and supply of specialty coffees. The time is ripe to alleviate the industry's supply and quality constraints by addressing these urgent issues through the organization of a **Global Coffee Quality Research Initiative** ("GCQRI").

This initiative is being proposed from within the specialty coffee industry in consuming countries and is intended to increase overall cup quality and available volumes of specialty coffee through research interventions in origin countries, thus raising farmer returns and increasing roaster sales by stimulating higher consumer interest and consumption. The program will be driven by industry and build upon the existing global network of coffee research institutions and scientists that will work with the specialty coffee industry to design, fund and execute prioritized and coordinated research on key factors limiting cup quality and constraining higher production. The research results are intended to be widely disseminated in all producing and consuming countries, and made freely available to all interested parties in perpetuity.

The US specialty coffee industry and the SCAA have been engaged with the Norman Borlaug Institute for International Agriculture to develop a collaborative research support program that can meet industry needs while increasing producer incomes and building the capacity of research institutions at origin to undertake this type of work on their own.

The collaborative character of the research offered through the program will be distinct from contract research, in that International Research Institutions like U.S. Universities, CIRAD, the IARCS and strong National Coffee Research Institutions like those in Brazil and Colombia will partner with challenged origin country research institutions, providing oversight and building capacity within host countries to continue the coffee quality research. In this way, the Global Coffee Program will be a coordinated, multi-disciplinary research program that is collaboratively developed and cooperatively implemented, with shared responsibilities between International and host country institutions and industry.

Impact from this program will be felt at all levels in the specialty coffee value chain, however, nowhere will it be as important as it will be to the millions of disadvantaged small holder coffee farmers. Indeed, it is the diversity of the growing regimes and the care that small-holders can give to their crops that make superior quality coffee of highly differentiated attributes possible. Through this effort, the specialty coffee sector will be a greater economic force for improving the lives of small-holders and impoverished communities while increasing cup quality and volumes of quality coffee for the growing market.

For further information please contact Dr. Schilling at [tschillingfrance@gmail.com](mailto:tschillingfrance@gmail.com)





## PRE-DRYER FOR WASHED COFFEE

In response to the growing demand for machines to remove surface water from and to skin dry wet parchment coffee, Pinhalense has recently released for exports its pre-dryer for washed coffee that has already been in operation in Brazil for some time.

The new pre-dryer innovates on a traditional concept with the introduction of a high-efficiency fan, a specially designed metallic deck to distribute hot air and to move the product, and the sturdy, high durability construction typical of all Pinhalense products.



Hot air is provided by an FCCI-05X heat exchanger, the largest model in the new FCCI family of Pinhalense hot air sources. The FCCI-05X is a larger version of the FCCI-04X that equips the best selling state-of-the-art SRE-150X rotary dryer. Like all FCCIs, it is compatible with most solid fuels and has a parchment husk feeder.

Because it has a large fan with a high air-flow, the Pinhalense pre-dryer is more efficient than conventional dryers at the initial drying stage, specially at the very beginning of the process, when large volumes of water have to be removed quickly. Full-fledged dryers have smaller fans designed for all stages of the drying cycle.

The new Pinhalense pre-dryer has a capacity of 3 to 3.5 tons of wet parchment per hour and can load a large rotary dryer SRE-150X in about 3 hours of operation and save several hours of drying time in this and other types of coffee dryers.



**FCCI HEAT EXCHANGER WITH HUSK FEEDER**

## Brazilian Prices

April 30, 2010

### Main Producing Regions / Farm Gate

Arabica Naturals (R\$/ 60 kg bag)	
Cerrado-MG fair average quality T.6	290,00 =
Mogiana-SP fair average quality T.6	285,00 ↑
South Minas fair average quality T.6	285,00 =
Arabica Pulped Naturals (R\$/ 60 kg bag)	
Cerrado-MG	310,00 ↑
South Minas	310,00 ↑

Conilon/ Robusta (R\$/ 60 kg bag)	
São Gabriel da Palha-ES fair average	150,00 ↓

BM&F (US\$/ 60 kg)	
May 2010	176,95 ↑
Sep 2010	160,70 ↓
Dec 2010	163,70 ↑

Real R\$/ Dolar US\$	
April 2010	1,74 ↓

Source: Qualicafex