

CONFIDENTIAL

ISSUES NOS. 1 TO 19 OF COFFIDENTIAL CAN BE FOUND AT SITE www.peamarketing.com.br

SCIENTIFIC INNOVATION, COMPETITIVENESS & CLIMATIC CHANGE

The 6th Cafés do Brasil Research Symposium, to take place in Vitória, state of Espírito Santo, on June 2nd to 5th, will address Scientific Innovation, Competitiveness and Climatic Change. Over 400 scientific papers will be presented to an expected audience of 1000 persons. The research symposium takes place every two years to promote a broad discussion between the scientific community and coffee business representatives. More information on the site: <http://www.simposiocale.sapc.embrapa.br/>

Source: Embrapa Café



MECHANICAL PLANTING OF COFFEE SEEDLINGS IN PLASTIC TUBES

Coffee seedling producers are adopting a system that avoids the proliferation of pests and diseases, mainly nematodes. Other advantages include easier handling and transportation, better root development, faster planting, reduced use of pesticides and lower labor costs. The coffee seedlings are grown in specially prepared substrates because it is no longer possible to use metil bromide to disinfect soil and manure. Growers also have the opportunity to plant coffee seedlings from plastic tubes into the soil of the plantation using an appropriate machine that reduces planting time and labor costs.

Source: Revista Attalea Agronegócios and P&A

ASPHALT FOR COFFEE DRYING PATIOS

An asphalt drying yard is four times cheaper to build than a concrete one. In addition, it dries coffee faster because it absorbs more heat. The municipality of Poços de Caldas, in Minas Gerais, has a Coffee Quality Program that encourages participants to build asphalt patios with the support of government and grower groups.

Source: Cafépoint

COFFEE GROUNDS CAN KILL MOSQUITOS THAT TRANSMIT DENGUE FEVER

Research at the Universidade Estadual de São Paulo (Unesp) shows that coffee grounds can eliminate the mosquito *Aedes Aegypti*, that transmits dengue fever, a flu-like viral disease that infects between 50 and 100 million people every year in the world, according to the World Health Organization. Researchers first found that caffeine inhibits the reproduction of the *Drosophila*, also known as fruit fly. From this discovery, researchers tested the effect of caffeine on the *Aedes Aegypti* larvae and found that it prevents the larvae from reaching adult stage. To prepare the alternate pesticide, one should mix 4 spoons of coffee grounds with one cup of water. The solution lasts for 7 days.

Source: O Estado do Paraná

MINISTRY OF AGRICULTURE ANNOUNCES INVESTMENT IN TRACTORS AND IMPLEMENTS

The Ministry of Agriculture announced in January that the Federal Government will invest R\$ 930 million (US\$ 402,598,000) in agricultural machinery implements and in equipment to maintain rural roads. The federal government tender, the largest ever to benefit Brazilian agriculture, will comprise up to 3,000 tractors in addition to road graders, payloaders and blackhoes.

Source: Jornal Patrocínio Hoje

CONILON IN THE STATE OF PARANÁ?

A local cooperative (Cocamar) and the Agronomic Institute of Paraná (IAPAR) are establishing a test field in the city of Iporã with new coffee varieties, including Robusta (Conilon) that is not currently planted in the state. The objective is to test new materials that could be used to revert the current tendency to reduce coffee areas in the region. The new test field will also have an area dedicated to rubber.

Source: Agro Blog Brasil

STEEP RISE IN COFFEE HARVESTING COSTS IN MOGIANA REGION

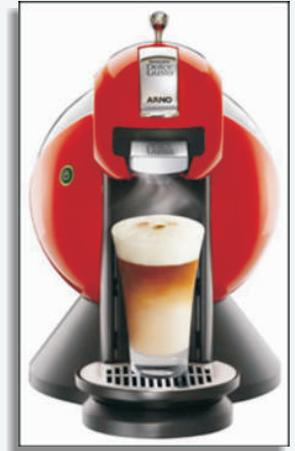
This traditional growing area of the state of São Paulo saw coffee harvesting costs rise 118% in the last eight years. Similar figures for sugar cane harvesting are much lower, at about 88%. Lower coffee yields in the region made coffee pickers work more and earn less per day. As a result, salaries had to go up to retain the workers. Manual harvesting of sugar cane is being gradually replaced by mechanical harvesting. Despite sugar cane expansion in the region, harvesting costs have not risen at the same pace because the labor offer has increased. Due to difficulties in finding coffee pickers, mechanical coffee harvesting is also growing in the region.

Source: Café e Mercado

NESTLÉ ANNOUNCES NEW POD MACHINE IN BRAZIL

Nestlé announced the launching of its new coffee machine called "Dolce Gusto" in Brazil. Unlike Nespresso, directed at high income consumers and sold only in Nestlé's own stores, the "Dolce Gusto" machine uses Nescafé products and will cost R\$ 600,00 (US\$ 259.00), with each pod at R\$ 1,50 (US\$ 0.65). The machine and the six available flavors (latte macchiato, chococcino, cappuccino, etc.) will be sold at supermarkets and local retailers. The company is also bringing to market a coffee maker for small retailers as part of a project called "Real". Nestlé aims to be present at all segments of the coffee market.

Source: Folha de São Paulo



ABIC TO LAUNCH "CAFÉS DO BRASIL QUALITY DIRECTORY"

The Brazilian Coffee Roasters' Association (ABIC) will start to monitor the quality of Brazilian coffee every season. The "Cafés do Brasil Quality Directory", to be published every September, will help coffee roasters and buyers to learn about the features of Brazilian coffee and to stimulate demand for high quality products. The first edition of the directory will cover coffee regions and micro-regions in the main coffee states of Minas Gerais, Espírito Santo, São Paulo, Bahia, Paraná e Rondônia. A team of cuppers working together with cooperatives and associations will perform the analyses.

Source: ABIC and Cafépoint

ILLYCAFFÈ SUSTAINABILITY DIPLOMA

The Italian coffee roaster Illycaffè created a new award, the "Sustainability Diploma", to promote sustainable practices among its Brazilian suppliers. The winners will be Illy Coffee Club members that effectively protect the environment and adopt the social standards of the United Nations' International Labor Organization. Illycaffè will announce the winner during the "18th Ernesto Illy Foundation Espresso Coffee Quality Award" that will take place on March 6th. Since the first edition of the award in 1991, Illycaffè distributed almost US\$ 2 million in prizes to winners.

Source: ADS and Página Rural



**Want to know what happens around the coffee world?
Want to create your own coffee community?**

Access: www.coffeeclubnetwork.com

Deciphering February's picture of the month

The picture shows a caterpillar from the region of Tambopata (Puno forest) in Peru!

Could you figure it out?

Photos sent by Miguel Paz and Vinicio Sucaticona from CECOVASA
THANKS!
Send us your photo: confidential@peamarketing.com.br



TIME, COFFEE QUALITY AND MONEY

The passing of time causes coffee quality to deteriorate, with very few exceptions. Delays in planting, processing, storage, transport and consumption can damage quality, increase costs and lower prices. Processing losses are particularly noteworthy.

Coffee cherries must be processed as soon as possible after they are harvested and no later than 8 hours after picking. If processing is delayed, undue fermentation may develop and cause quality losses that may be impossible to revert later. That is why projects to improve coffee quality often include the construction or recovery of rural roads besides, of course, modern high-technology ecological wet mills *with enough capacity* to handle the cherries as they are picked.

Time is critical when natural fermentation is used. The negative effects of overfermentation on quality are well known. When mechanical removal of mucilage is used, time has a different but also important impact because the faster coffee goes from tree to drying, the more it will weigh. In other words, the time spent in natural fermentation causes coffee weight to be lost and this loss can be as high as 5 or 6% depending on the temperature. This loss can be avoided by mucilage removers, that may replace fermentation or shorten it.



The choice of wet milling and drying capacity is decisive to minimize delays in coffee processing. Fermentation tanks and sun drying space are milling bottlenecks that usually cause harvesting to be delayed, cherries to be stored prior to wet milling, and parchment to be stored before drying, all of which are very deleterious to coffee quality and price. Mechanical removal of mucilage and mechanical drying of coffee are quick and reliable ways to eliminate these bottlenecks in order to maintain coffee quality and consistency and to ensure better prices.

The longer coffee is stored, the lower the final quality will be. Quality losses are greater when coffee is overheated in processing, be it in drying itself (sun and mechanical) or in hulling-polishing, specially so in the case of parchment coffee. Ideally, dry coffee should be stored in parchment or cherry rather in green form because the latter loses quality faster. Drying, hulling and polishing with full temperature control help to preserve quality, to extend "shelf life" and to minimize price losses.

Transit time, specially the period spent in the high moisture environment of harbors and ships, can affect quality substantially. The way coffee is stuffed into containers may help minimize these negative effects.

The old adage that time is money holds for coffee processing too because the quality losses described above are directly associated with lower coffee prices. One important exception is Brazilian naturals that often sell better after they "age" for half a year.

Brazilian prices

February 27, 2009

Main Producing Regions / Farm Gate

Arabica Naturals (R\$/ 60 kg bag)	
Cerrado-MG fair average quality T.6	265,00
Mogiana-SP fair average quality T.6	260,00
South Minas fair average quality T.6	265,00
Arabica Pulped Naturals (R\$/ 60 kg bag)	
Cerrado-MG	278,00
South Minas	290,00

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

Colatina-ES fair average quality	217,00
----------------------------------	--------

BM&F (US\$/ 60 kg)

Mar 2009	117,30
May 2009	121,70
Set 2009	131,10

Real R\$/ Dolar US\$

February 27	2,31
-------------	------

ecoflexam MOBILE COMPACT WET MILLING UNIT

If it is difficult to bring recently harvested cherries from the field to the wet mill to start processing as soon as possible, one option is to take the wet mill to the fields. This may be easily done with the new **ecoflexam** mobile compact ecologic wet mill, assembled on a heavy-duty two-wheel cart.

The **ecoflexam** wet mill, with a capacity of up to one ton of cherries per hour and water consumption of only one liter per kilogram of parchment, has the following components:

- (A)** hopper fed from ground level,
- (B)** bucket elevator and screw conveyor,
- (C)** new low-water-consumption screen pulper (green cherry separator),
- (D)** vertical double-cylinder repass pulper,
- (E)** dry rotary screen parchment separator,



- (F)** upward flow mucilage remover,
- (G)** single engine (gasoline or diesel), and
- (H)** two-wheel cart.

The **ecoflexam** mobile wet mill has the same features of the stationary **ecoflex** units, with components (e.g.: screen pulper and mucilage remover) that may be added or eliminated according to clients' needs. Except for the facts that it is mobile and has a bucket elevator, the **ecoflexam** has all the features of the **ecoflex** compact wet mills that were presented in the Machine of the Month sections of *Coffidentials* Nos. 10, 11 and 16.

For further information, please contact us:
P&A International Marketing
E-mail peamarketing@peamarketing.com.br
Phone 55-19-3651-3233
Fax 55-19-3651-2887
Praça Rio Branco, 13 - Caixa Postal 83
13.990-000 - E. S. Pinhal - SP - Brazil