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RESEARCHER SAYS GLOBAL WARMING IS TOTALLY QUESTIONABLE

A humorous and controversial presentation with the theme: "Global warming: myths and truths" was made by Dr. Luiz Carlos Molion, Ph.D. in meteorology, at the 2009 Fenicafé Irrigation Conference. Showing statistical data for the last 200 years, the meteorologist reported that global warming is not due to the greenhouse effect, but to the lack of volcanic eruptions which partially block sunlight penetration in the atmosphere over the years. He criticized the Kyoto Protocol and UN's Intergovernmental Panel on Climate Change (IPCC). Molion said there is no reason to worry since "it will take about 100,000 years for temperatures to rise as predicted by the IPCC". Dr. Molion forecasts cooling rather than global warming in the next 20 years.

Source: Agência Safras

POLISHED DRYING YARDS FOR GREEN PARCHMENT

Growers in Brazil are now building concrete drying yards with a *polished* surface in order to decrease friction and to protect the integrity of the product, specially when parchment coffee is dried. In Brazil today, parchment may be fully washed, semi-washed (pulped natural) or even the result of pulping unripe cherries. Parchment from unripe cherries (*green parchment?*) sells at a higher price than the corresponding naturals, i.e., coffee obtained from drying the unpulped unripe cherries. The production of washed coffee from green, unripe coffee cherries has been made possible by new technologies developed by Pinhalense, including the new green cherry separator with reduced water consumption and the improved mucilage remover.

Sources: Folha Rural and P&A

ARABICA HARVESTING STARTS AT LOWER ALTITUDES

Coffee growers in lower areas of South Minas Gerais are starting to harvest coffee earlier this year than at the usual time. The opportunity to sell part of the crop early helps with the costs and the anticipation makes it easier to plan for the rest of the harvesting season. For those that produce washed or pulped natural coffee, another factor favoring early harvesting is to benefit from the highest price premiums (over natural coffee) in many years (see *Brazilian Prices* on page 4). Nonetheless a specialist says that by anticipating the harvest moisture brought by Furnas lake may generate some problems, such as occurrence of fungi on the beans. Paraná state's harvesting season has also started. A crop of 1.73 million bags (60 kilos) is expected, down from 2.63 million bags produced in 2008, due to Arabica's coffee biennial cycle. Average yield is estimated at 19.2 bags per hectare, a 29% decline in comparison to the 27.2 bags in 2008.

Sources: EPTV, Agência Safras and P&A

NORTE PIONEIRO DO PARANÁ TO PROTECT ITS GEOGRAPHICAL INDICATION

The Norte Pioneiro (Old North) region of state of Paraná, Brazil, responsible for 50% of the beans harvested in the state, applied to the National Institute of Industrial Property (INPI) to protect its geographical indication for coffee production. The geographical indication is expected to demystify the belief that Paraná does not produce quality coffee. Information compiled for the Norte Pioneiro Specialty Coffee Project covers the tradition of coffee production in the region, the quality and other awards won by local growers and, as a differential for the beans produced in the region, its chocolate and caramel flavors and smoothness in the cup. INPI has up to one year to reply; however, the application is expected to be approved before that period.

Source: Gazeta do Povo Online, Paraná

COFFEE GROWERS' DEBT ROLLOUT UNDER NEGOTIATION

Brazilian coffee growers are negotiating with the Agriculture and Finance Ministries the rollout of debts adding to 4.2 billion reais (US\$ 1.9 billion). Growers aim to convert the debt in coffee bags at a rate of R\$ 320 (US\$ 145) per bag resuming payments only in November 2010 for a period of 20 years. Producers are being supported by the Governor of the State of Minas Gerais, top coffee producing state in Brazil and responsible for about 50% of the country's total harvest. Growers also demand the implementation of a R\$ 1 billion (US\$ 450 million) put-and-call program that should withdraw 3 million bags from the market.

Sources: P1 Agência de Notícias and CaféPoint



BRAZIL KEEPS BREAKING EXPORT RECORDS

Brazil exported 2.54 million bags (60 kilos) of coffee (green and instant) in March 2009 for revenues of about US\$ 340.8 million. This volume is 8.1% higher than the 2.35 million bags sold in the same month last year but the revenues decreased 12.1% in comparison to March 2008. From January to March 2009, Brazilian coffee exports rose 16% from the volume sold at the same period of 2008. Green Arabica coffee sales grew 19% but were partially offset by the drop in green Robusta and instant coffee exports which fell respectively 51% and 27% in the period. Top coffee importers during the first quarter of 2009 were Germany, the US, Italy and Belgium.

Source: CeCafé

ROASTERS FOCUSING ON QUALITY TO CIRCUMVENT GLOBAL CRISIS

At a time of tight margins and pressed by mergers and acquisitions that increase the sector's concentration, Brazilian coffee roasters have few alternatives to preserve their profitability other than to improve the quality of their blends. For commercial quality beans, the current margins, when positive, reach a maximum of 4% while specialty coffee margins can be up to 15%. The global crisis has also affected consumption growth that, though still a sound 3.7% in 2008, fell down from the average 5% observed in recent years. But major roasting companies' executives believe that quality coffee, not necessarily specialty, do have a captive market.

Source: Valor Econômico

STARBUCKS PRESSES BRAZILIAN PARTNER TO OPEN MORE STORES

Starbucks is dissatisfied with the size of its Brazilian operation and its concentration in the city of São Paulo that hosts 17 of the 19 stores in the country, the other two being in Rio de Janeiro and Campinas, state of São Paulo. The plan is to double the number of stores in two years by opening 3 more in Rio de Janeiro, 10 in São Paulo and 6 in other major cities throughout the country. Starbucks' Brazilian partner, who intended to open only five stores this year, all in Sao Paulo, is now seeking for a majority partner to accelerate expansion and to control the business. His intention is to focus on his restaurant business whose operation is doing better than Starbucks.

Source: Rede Cafés do Brasil

COFFEE, HEALTH AND HEART ARE MAIN SUBJECTS OF A SYMPOSIUM IN RIO DE JANEIRO

The "Simpósio Café, Saúde e Coração" (Coffee, Health and Heart Symposium) held in Rio de Janeiro on April 25th presented to health and medical professionals the current scenario and the progress of studies regarding the benefits of moderate coffee intake on human health. The presentations covered themes such as "Coffee is not only Caffeine", "Coffee and Health" and "Research at the Coffee and Heart Unit at São Paulo's Heart Institute (INCOR)".

Source: Café & Mercado

PINHALENSE HONORED AT STATE LEGISLATURE

At a ceremony held during a session of the São Paulo State House of Representatives, the powerful Federation of Industries of the State of São Paulo (FIESP) honored Pinhalense with the diploma of founder and oldest member of the Federation in its region. Directors Lourenço Del Guerra and Adelcio Piagentini represented Pinhalense at the ceremony.

Sources: A Cidade and P&A



Picture of the month



A coffee harvester in Indonesia protecting his eyes from ant bites with the help of a leaf necklace!

Photo sent by Rusmana Kartono, Indonesia. THANKS!

Send us your picture: confidential@peamarketing.com.br



www.coffeeclubnetwork.com

DMPE MUCILAGE REMOVER REVISITED

NEW STRONG INDEPENDENT EVIDENCE THAT NATURAL FERMENTATION IS NOT SUPERIOR TO MECHANICAL REMOVAL OF MUCILAGE

The new Symposium that the Specialty Coffee Association of America promoted before its convention and trade fair in Atlanta had an excellent presentation by Dr. Tim Schilling with the title "Why Does This Coffee Taste So Good? Discoveries in Eastern Africa". The presentation included a fresh report on a comparison of systems to remove mucilage from parchment carried out in Rwanda, whose results are about to be published. Dr. Schilling works for the Norman Borlaug Institute for International Agriculture at Texas A&M University and he currently heads the foreign-aid funded Spread Coffee Program in Rwanda.

Dr. Schilling advanced to a packed audience that independent trials comparing mechanical removal of mucilage, using Pinhalense and another type of equipment, produced coffee of quality that was *not* significantly different from that obtained with traditional pulping equipment and natural fermentation. The quality of the samples obtained by using the two different systems — natural fermentation and mechanical removal —, evaluated by a high-level team of specialty coffee cuppers in consuming countries, was *not* statistically different; in fact many samples that were mechanically demucilaged scored higher in items like acidity, aroma and others, besides total quality. In plain English, the conclusion was that *the quality of coffee whose mucilage was removed either mechanically or by fermentation was the same.*

The Pinhalense mucilage remover used in the trials was the latest version DMPE model, with its standard stainless steel feeding helicoid and screen and exclusive design rotor. The DMPE line of mucilage removers now offers 5 different models, with capacities ranging from 1 to 10 tons of coffee cherry equivalent per hour. Its superb performance has been already verified by hundreds of users in many coffee producing countries, by the coffee market itself and now by the independent Spread trials in Rwanda.

In the question and answer and discussion session after Dr. Schilling's presentation, some attendees praised the rigor of the trials in Rwanda, the breadth and comprehensiveness of the coffee quality evaluations, and the sound statistical analysis. Experts in the audience also took turns to mention studies and research carried out in several countries — Papua New Guinea, USA (Hawaii), Kenya, Colombia and Costa Rica — that arrived at similar results, always in favor of mechanical removal of mucilage.

These latest trials may indeed become the final and definitive evidence and recommendation that mechanical removal of mucilage should become a standard procedure for the coffee industry. This and other studies have demonstrated unequivocally that the quality of naturally fermented coffee is *not* superior to the quality of coffee that had its mucilage removed mechanically. That being the case, the other advantages of mechanical removal — reduction of water contamination, less labor, weight gain and consistent quality — clearly recommend its adoption in all circumstances, more so when Pinhalense's DMPE is used.

The DMPE is the culmination of a development effort that started at Pinhalense in the 1970's, with the first horizontal mucilage remover. The upward-flow vertical mucilage remover DMPE causes less damage to parchment than any previous model and has the option of a device to control the amount of mucilage removal in order to prepare top-quality semi-washed coffees too. This is an option and alternative to the standard complete removal of mucilage to produce fully washed coffees, at which the DMPE excels.

For more information on the DMPE access Confidential Number 6:
<http://www.peamarketing.com.br/coffidential/coffidential-006.pdf>



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TRADITION, EFFICIENCY AND QUALITY

Dr. Tim Schilling's presentation "Why Does This Coffee Taste So Good? Discoveries in Eastern Africa", made at the SCAA Symposium held in Atlanta this past April, was followed by a discussion period that ended with a major question. If, according to this presentation and many other studies made around the world, mechanical removal of mucilage is superior to natural fermentation, why are there still barriers to its widespread use, specially in some countries?

I risked an explanation, saying that there was a romantic feeling about doing things in the same traditional way they have always been done, from natural fermentation to sun drying. Dr. Shilling did not agree and said that the coffee grower is efficient rather than romantic about what he does. Others also gave their opinion and the issue remained unsettled.

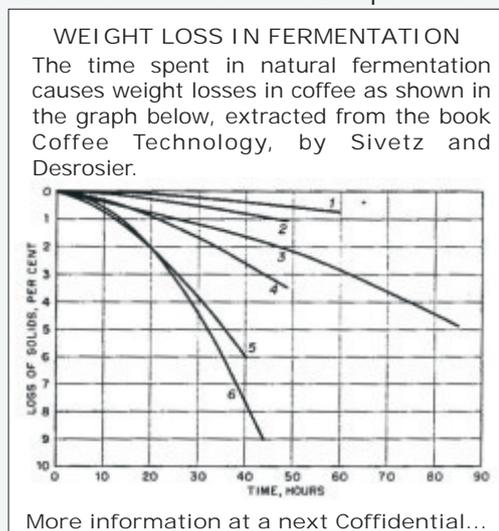
I did not feel then that that was the time and the venue to pursue the matter any further, which I do now. I do agree with Dr. Schilling that the coffee grower seeks efficiency and profit maximization. However, my allusion to romanticism was not targeted at growers at all but rather directed at a certain segment of the trade that equates quality with processing coffee in a very traditional, old-fashioned way. They often have a romantic view about processing because they are not involved with the hardships of making money from coffee growing.

It is not unusual to come across coffee growers who process their coffee in a very traditional way, using natural fermentation, just to get the same price as their neighbors who used mechanical mucilage removal and mechanical drying and, in so doing, protected the environment, used less labor, avoided costly weight losses and offered coffee lots with a less variable, more consistent quality! The "modern" grower may also have benefited from lower processing costs and enjoyed higher profits than the "traditional" one, specially where labor is scarce and/or expensive. Finally, the modern grower was certainly more environmentally responsible.

Sometimes the grower is confused at an even higher level by buyers who insist on *both* natural fermentation *and* an ecological approach to water usage in coffee processing, with major reduction in both water consumption and contamination. As we all know and Dr. Shilling's Spread Study demonstrated once again, natural fermentation is not compatible with an ecological coffee processing approach! Therefore how can one ferment coffee and protect the environment at the same time?

Even though environmental pressures have been mounting, coffee growers are still hesitant to convert to mechanical removal of mucilage because of arguments, or should we say myths, about quality deterioration. Now that the conclusions of the Spread Study — natural fermentation and mechanical mucilage removal produce coffee of the *same* quality — have been presented at SCAA's Symposium, that gathered some of the best referees of coffee quality in the world, it is hoped that the myth that mechanical removal of mucilage negatively affects coffee quality will be disavowed forever.

Let's be romantic about how coffee tastes and pleases our senses. But let's be rational about the way coffee should be processed to attain great quality at the least cost and with full responsibility for our environment.



Brazilian Prices

April 30, 2009

Main Producing Regions / Farm Gate

Arabica Naturals (R\$/ 60 kg bag)	
Cerrado-MG fair average quality T.6	255,00 ↓
Mogiana-SP fair average quality T.6	255,00 ↓
South Minas fair average quality T.6	255,00 ↓
Arabica Pulped Naturals (R\$/ 60 kg bag)	
Cerrado-MG	280,00 =
South Minas	280,00 ↓

Conilon/ Robusta (R\$/ 60 kg bag)	
Colatina-ES fair average quality	194,00 ↓

BM&F (US\$/ 60 kg)	
May 2009	123,30 ↓
Jul 2009	126,80 ↓
Sep 2009	130,00 ↓

Real R\$/ Dolar US\$	
April 30	2,18 ↓