

Brazil targets record prices in coffee sale

By Peter Blackburn

ARAXA, Brazil (Reuters) - Brazil is aiming to get record prices when it sells the top 44 coffees from its 5th Cup of Excellence competition at an Internet auction on December 9, contest organizers said on Sunday.

Last year a Japanese buyer paid \$12.85 a pound, or 26 times market price, for the winning coffee from the Mantiqueira mountains in the south of Minas Gerais state, Brazil's main growing area. It compares with \$2.85 paid for the top coffee in the first competition in 1999, but is still considered cheap.

"Brazil underrates itself," Susie Spindler, executive director of the nonprofit Alliance for Coffee Excellence (ACE) which owns the Cup of Excellence Program, said.

In an interview with Reuters at this year's competition in the spa resort of Araxa in Minas Gerais, Spindler said Brazilian fine coffees were being sold as a "loss leader." Last year's winning coffee was resold in small lots to Japanese retailers at \$100 per kilogram -- about four times higher.

The winning coffee in El Salvador's 1st Cup of Excellence competition this year fetched \$14.05 a pound and Jamaica's prized Blue Mountain coffee commands between \$25 and \$30.

The sale comes as Brazil seeks to enter the top of the quality coffee league and shed its image as producer of an awful lot of cheap commodity beans.

"We're changing the way consumers think of Brazil as the world's largest producer and Colombia for specialty coffee," said Marcelo Vieira, president of the Brazilian Specialty Coffee Association (BSCA).

In a joint interview with Spindler, Vieira said that last year Brazil exported 500,000 60-kg bags of specialty coffee out of total exports of around 28 million bags. It compares with some 300,000 bags of specialty coffee exported by Colombia.

GROWING SALES

Although a niche market, specialty coffee sales are steadily growing and the quality premium is especially attractive with world prices near record lows.

"We're developing long term relationships between growers and consumers based on trust and transparency," Vieira said, adding that Brazil was trying to break the price link with the New York arabica futures "C" contract.

Brazilian coffees sell at a discount whereas Colombians command a premium to futures.

Vieira added that Brazil will organize a competition for specialty so called natural coffees in February 2004.

Most Brazilian coffee is produced by the "natural" but slower maturing sun dried method and is not at peak quality for the Cup of Excellence Competition in October when coffees using the water-based pulped natural process usually sweep the board.

Consumers are being encouraged to recognize that specialty coffee, of which Brazil has many excellent varieties, is like chateau wine, Spindler said.

"We're changing the conversation from quantity to quality," she said, adding that people were still at "preschool" in trying to describe coffee flavors and aromas.

Looking ahead, Spindler said that Panama, Colombia, India and several African countries, including Tanzania, were interested in running the Cup of Excellence Competition.

"We can provide education and training," Spindler said. That could involves advising farmers on how to prepare fine coffees but it was essential to train national cuppers, or tasters, to select coffees for the international jury to pick the best.

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