Online Webinar

The EU initiative on Deforestation-Free Supply Chains: Current status and how to ensure inclusivity of the coffee sector
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Welcome & Agenda & Actions taken by ICO

Vanúsia Nogueira
ED ICO
# Agenda (part 1)

## 1: Welcome / Opening remarks

**Vanúsia Nogueira**, Executive Director, International Coffee Organization  
**Massimiliano Fabian**, Chair, International Coffee Council

## 2: Update on latest status and expected timing of implementation of EUDR

<table>
<thead>
<tr>
<th>Key requirements</th>
<th>Astrid Ladefoged, Head of Unit Planetary Common Goods, Universal Values &amp; Environmental Security, of the Directorate General of Environment of the European Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status and timeline</td>
<td><strong>Dr Leonard Mizzi</strong>, Head of the Unit 'Rural Development, Food Security and Nutrition' of the Directorate-General for International Cooperation and Development of the European Commission and Sherpa EU in the Task Force</td>
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<tr>
<td>Plans, options and support activities for coffee sector</td>
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### Agenda (part 2)

<table>
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<tr>
<th>3: coffee sector in action: examples of decisions and models for inclusivity</th>
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<tr>
<td><strong>ICO and Coffee Public Private Task Force</strong> CPPTF:</td>
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<td>Coffee industry Brazil:</td>
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<tr>
<td>ICO exporting member:</td>
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<tr>
<td>Technical tools and service:</td>
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</table>

| 4: Open Discussion: |
| What needs to happen to make the implementation of the legislation more inclusive and a success - Moderator: Massimiliano Fabian |

| 5: Closing Remarks Vanúisia Nogueira - ED ICO |
Importance of the coffee sector to the economies of EU and producing countries

Massimiliano Fabian
Chair ICC
 IMPORTS OF ALL FORMS OF COFFEE BY EU-27 – ALL COUNTRIES

- The 27 countries of the EU imports all forms of coffee from 165 countries
- Average 53.8 million 60kg-bags are imported, at a cost of US$10.0 billion
- The sources of all forms of coffee are highly concentrated with the top 10 countries accounting for 84.3% of the imports by volume.
- All continents are represented within the top 10 countries, with Brazil and Vietnam leading the pack.
• 51 countries had exported to EU-27 countries in 2016-2022.

• A combined average 51.2 million 60-kg bags of coffee was exported.

• Brazil and Vietnam are the two top exporters, accounting for 33% and 23%, respectively, of the total exports.

• On average, the EU-27 accounts for 34% of the total coffee exports of the 51 origins.

• For 12 origins, the EU-27 accounts for over 50% of their total coffee exports.
51 countries had exported to EU-27 countries in 2016-202.

A combined average US$7.5 billion was earned through exports of all forms of coffee.

Brazil and Vietnam are the two top exporters, earning US$ 2.4 billion and US$1.2 billion, respectively.

On average, the EU-27 accounts for 33% of the earnings from total coffee exports of the 51 origins.

For 12 origins, the EU-27 accounts for over 50% of their total coffee exports.
EXPORTS OF ALL FORMS OF COFFEE TO EU-27 – PRODUCERS (26), VOLUME, 2022
Average 2016-20
• For 5 origins (Burundi, Ethiopia, Honduras, Timor-Leste and Uganda), coffee account for a double-digits share of the total merchandiser exports.
Europe still world's largest coffee market:

• Job creation
• Coffee Machines/Processing/Retail/Out-of-home/SSU: considerable added value
• Consequent tax revenue
• R&D and innovation despite being a consolidated mature market
• Important values in transformed products export
2: Update EUDR on status and support plans
Key requirements, status and timeline of EUDR

Astrid Ladefoged
Head of Unit Planetary Common Goods, Universal Values & Environmental Security of the Directorate-General for Environment
The European Commission
Update – EU Regulation on deforestation- and forest degradation free supply chains
Legislative and implementation track

- **November 2021**: Commission proposal
- **June 2022**: Council general approach
- **September 2022**: European Parliament’s resolution
- **December 2022**: Preliminary political agreement between EP and Council
- **May-June 2023 (tentative)**: Entry into force
- **December 2024 (tentative)**: Entry into application of obligations for operators (June 2025 for small enterprises)
Implementation tasks

- **Information System**: IT developments, Implementing Acts, up and running by the entry into application.

- **Benchmarking**: Implementing act, to be adopted by the entry into application.

- **FAQ/Focus Groups/Guidelines**: For operators and traders, for competent authorities, on certain definitions as the one on “agricultural use” and regarding the technical questions of implementation.

- **Review**: First and second review within one and two years, respectively, of entry into force.
Outreach activities

- Information sessions for third country Ambassadors
- Local workshops in third countries
- Support contracts for public diplomacy for key regions
- Extensive interaction with third countries: Bilateral meetings at technical and political level
- Missions and relevant multilateral fora: Information and discussion on deforestation and forest degradation
- Deforestation platform: Key forum for interactions and implementation; creation of two focus groups (traceability and smallholders)
Key features: traceability

• **Core requirement**: Traceability to plot of land of all commodities, necessary to ensure deforestation-free requirement and thus fight not only against illegal deforestation but also legal deforestation

• **Segregation**: Commodities to be kept separated along supply chains from those of unknown origin and non-compliant ones

• **Composite and bulk products**: Aggregated traceability of all plots of land contributing to a shipment

• **Geolocation**: Mobile phones allow farmers to easily collect coordinates, bypassing potential problems with land registers
Key features: definitions

• **Agroforestry**: In line with FAO, agroforestry plantations are not considered forests – products are non compliant if grown on agroforestry plantation introduced on forest land after 2020

• **Forest degradation**: Converting one kind of forest into another kind or into other wooded land (FAO definitions) – agroforestry plantations are agricultural use and not concerned by definition of degradation
Key features: benchmarking

• **Timeline**: Implementing act to be delivered within 18 months of entry into force

• **Categories**: Low risk (1% checks and simplified due diligence), standard risk (3% checks) and high risk (9% checks)

• **No ban against any country or region**: Compliant products could still be sold on the Union market regardless of origin

• **Criteria**: Listed in the text, mandatory criteria and optional criteria
Thank you!

Learn more here:

Plans, options and support activities for coffee sector

Dr Leonard Mizzi
Head of the Unit 'Rural Development, Food Security and Nutrition' of the Directorate-General for International Cooperation and Development
The European Commission
3: ICO and CPPTF: sector response

Hannelore Beerlandt-
Senior Expert Political Economy – Coffee, Cotton, Cacao and Facilitator in the Public Private Taskforce

Annette Pensel-
Executive Director
Global Coffee Platform – GCP
How the ICO Task Force is including stakeholders in key conversations and how they can contribute to the inclusivity of the EUDEFP:

- Working with existing multi-stakeholder National Coffee Platforms (e.g. Honduras, Uganda, Kenya through GCP Network of Country Platforms): inclusive; holistic view on challenges incl. upcoming regulations; sharing of learnings
- Supporting the development of representative and participatory multi-stakeholder dialogue spaces in other coffee-producing countries such as Rwanda and Mexico
- Linking producing country and consuming country stakeholders through dialogues
- Connecting stakeholders in producing countries with tools and information related to consuming country regulations
- Fostering and supporting sectoral responses in both consuming and producing countries
- Challenge: funding for national dialogue/national platforms and design & implementation of holistic strategies/plans, including preparedness for EUDEFP
Interaction on policies and strategies between Coffee Producing & Coffee Importing Countries

Importing countries

Global multistakeholder forum looking into Policies of Coffee Importing countries

Advice, questions, learning hub

Regional coffee organisations

Exporting countries

National Coffee Platforms in coffee exporting countries

Coffee Authorities

Private sector

Service provider

Civil Society

Farmers organisations
Interaction on policies and strategies between Coffee Producing & Coffee Importing Countries

**Importing Countries:**
- Global multistakeholder forum looking into Policies of Coffee Importing Questions
- Looking into concepts of sustainability for legislation, like living income,
- Mapping of upcoming DD regulations
- Linking to platforms and expertise on open access traceability systems
- Overview of support initiatives to coffee sector per country

**Regional coffee organisations**

**National Coffee Platforms**
- Opportunity for strategic and operational cooperation and transparency for inclusiveness + examples
- Preparedness tool DD

**Advice, questions, learnings**

**Facilitation support for NCP; South-South Exchange**
3: Brazilian Coffee: Sustainability and Traceability Platform

Marcos Matos, CEO, CECAFE Brazil
Brazilian Coffee: Sustainability and Traceability Platform

Marcos Matos
CEO - CECAFÉ

www.cecafe.com.br
CECAFÉ’s History

- Cecafé - The Brazilian Coffee Exporters Council was created on July, 1999
- Represents the Brazilian coffee exporters sector
- 122 members
- 96% of total green coffee exports from Brazil
- Exports to 147 countries in the last 5 years
Brazil remains the biggest success story in the coffee world

- Small farmers production
- 34 producing regions / R&D investments
- Best agricultural practices and preserve the environment
- The export trade develops several socio-environmental initiatives aligned with global discussions

- Reduction of 55.1% of the coffee area and 400% increase in productivity

- Brazilian Exports
  - civil year 2022: 39,7 million bags
  - Crop year 2021/2022: 39,6 million bags

- Export to 147 destinations in the last 5 years
- Second largest consumer in the world: 21.3 million bags /year

www.cecafe.com.br
Coffee is very important for Brazil

Source: Brazilian Agricultural Census (2017)

264.9 thousand of Coffee Farmers in Brazil
(less than 20 hectares area) = 72% of the total

78% of these Farmers access PRONAF - National Program for Strengthening Family Agriculture

The Municipal Human Development Index (IDHM) measures longevity, education and income

In other words, the larger the area cultivated with coffee in the municipality, the better the IDHM index.

The widespread consumption of Brazilian Coffees in the world is an inducer of progress and human development in our producing regions.

Source: Atlas of Human Development in Brazil and PAM/IBGE.

IPEP: Index evaluates the transfer of the FOB - Free on Board price to farmers

Arabic Coffee: 4 years
Conilon Coffee: 2 years

Such level shows logistic efficiency and transparency in the coffee production chain.
96% of Brazilian coffee is produced by the states in MG, ES, SP, BA and PR.

Protected areas in the coffee producing regions represent 51.5 thousand km², that is, 1.25 times the size of Switzerland.

Brazilian Coffee is produced in consolidated agricultural areas, with **43.9 million hectares of native vegetation preserved within rural properties** in the main producing states. On average, this area is greater than 20% of state territories.

<table>
<thead>
<tr>
<th>States</th>
<th>Area of States (ha)</th>
<th>Areas for the Preservation of Native Vegetation (ha)</th>
<th>% of State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minas Gerais</td>
<td>58.652.111</td>
<td>15.615.841</td>
<td>26.60%</td>
</tr>
<tr>
<td>Espírito Santo</td>
<td>4.607.445</td>
<td>990.241</td>
<td>21.50%</td>
</tr>
<tr>
<td>São Paulo</td>
<td>24.821.949</td>
<td>4.172.094</td>
<td>16.80%</td>
</tr>
<tr>
<td>Bahia</td>
<td>56.476.043</td>
<td>12.127.812</td>
<td>21.50%</td>
</tr>
<tr>
<td>Paraná</td>
<td>19.929.898</td>
<td>4.509.007</td>
<td>22.60%</td>
</tr>
<tr>
<td>Rondônia</td>
<td>23.776.524</td>
<td>6.483.728</td>
<td>27.30%</td>
</tr>
</tbody>
</table>

Source: Embrapa Territorial
Brazilian Coffee Exports – Last 5 Years

Brazilian Exports of Differentiated Coffees – Calendar Year
Brazil to remain world leader in food supply, OECD and FAO say

Country expected to become largest exporter of beef with 22% market share, according to 2021-2030 outlook
By Ana Moreira — Geneva

Brazil will continue to increase its role as a major global food supplier, including in products such as beef and even with a slower pace of growth in demand from China.

These projections are in the report on agricultural outlook 2021-2030 released Monday by the Food and Agriculture Organization of the United Nations (FAO) and the Organization for Economic Cooperation and Development (OECD).

Brazil represents a strengthening of the Global Food Security. It is currently the largest net food exporter in the world.

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Public sources to meet the Green Deal

Document Search: Certificates and licenses

- Embargoes and Other Special Controls
  - IBAMA
  - ICMBIO
  - Secretary of the Environment (States)

- Deforestation and Forest Fires
  - PRODES - INPE
  - DETER - INPE
  - Mapbiomas
  - GLAD - Global Forest Watch

- Land overlays and intersections
  - FUNAI - Indigenous Lands
  - MMA - Conservation Units
  - INCRA – Slaves Historical Communities (Quilombos) - SIGEF
  - INCRA - Settlement - SNCI
  - ANA – Irrigation grant/administrative authorisation act
  - IPHAN – Archaeological Sites

- “Red list” on modern slavery labour
Traceability Platform for Brazilian Coffees

Environmental Monitoring

- The implementation of the **Brazilian Forest Code** - Rural Environmental Registry (CAR)
- Brazil has **6.48 million registrations**
- These records are equivalent to **616.3 million hectares**.

**Legal framework** and implementation of the Law: regulations and database of all **georeferenced rural properties**

**The Environmental Regularization Program**: Objective of adapting and promoting the regularization of the property and to sign the owner's commitment to maintain, recover or recompose the protected areas
"Red list" on modern slavery labour

The Register of Employers - the "Red list", is one of the main instruments of public policy to combat modern slavery labour.

- It ensures transparency and expanding social control
- It is an instrument that organizes existing infringement cases.

- List based on pre-established criteria, guaranteeing a technical and non-political formulation of the register.
- The Register occurs after the final administrative decision on the infraction notice, drawn up as a result of a tax action.
The export sector has been working on fundamental concepts and indicators for the Brazilian traceability platform.

Based on the unification of technologies, processes and concepts among Cecafé members.

Uses artificial intelligence and data crossing (various sources of information) to monitor coffee farmers at ESG levels – the **ESG Coffee Farmer Indicator**

According to information existing in databases. The ESG level of each coffee farmer is generated after crossing all the information available.
VALUE BRAZILIAN COFFEE PRODUCTION. ENJOY THE COFFEES FROM BRAZIL.

Thank you!

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marcos.matos@cecafe.com.br
http://www.cecafe.com.br
3: Café de Costa Rica: Agricultural ecosystem and environmental services

Gustavo André Jiménez, Executive Director, Costa Rican Coffee Institute – ICAFE
Café de Costa Rica: Agricultural ecosystem and environmental services

Gustavo Jiménez Elizondo
Executive Director
ICAFE
Agenda

1. Café de Costa Rica Stats
2. Law and regulations
3. Coffee and ecosystems (biological corridors)
4. Payment for ecosystem services (PES) & GHG emissions
5. Next steps and Learned Lessons
Costa Rican Coffee Sector

- **93,697 ha**
  - Coffee Area

- **27,393**
  - Coffee Producers

- **304**
  - Mills

- **105**
  - Exporters

- **61**
  - Roasters

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![Coffee Producers](https://example.com/coffee-producers.png)

**Coffee Producers**

<table>
<thead>
<tr>
<th># Prod.</th>
<th>&lt; 100</th>
<th>100 a 300</th>
<th>300 a 500</th>
<th>500 a 800</th>
<th>800 a 1000</th>
<th>&gt; 1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>23,426</td>
<td>2,895</td>
<td>570</td>
<td>257</td>
<td>79</td>
<td>166</td>
<td></td>
</tr>
</tbody>
</table>
Costa Rica has a unique law in the world since 1961.

2762
SINCE 1961

Regulates the relations among Coffee Farmers, Millers and exporters.

The Costa Rican Coffee Institute is not a coffee trader. ICAFE facilitates the process for companies to carry out the process of selling coffee in a regulated manner.
Changes in forest cover Costa Rica

7575 FORESTRY LAW

• Establishes definition of Forest
• It does not allow the change of land use
• Payment for environmental services regulations
<table>
<thead>
<tr>
<th>Pillars: 7575 Forestry Law</th>
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<tbody>
<tr>
<td><strong>Conservation of natural resources:</strong> The law establishes the conservation of natural resources and the protection of ecosystems, promoting their conservation and sustainable use.</td>
</tr>
<tr>
<td><strong>Pollution prevention:</strong> The law establishes the prevention of air, water and soil pollution, and the proper management of waste.</td>
</tr>
<tr>
<td><strong>Citizen participation:</strong> The law establishes citizen participation in environmental management, allowing the population to have a voice in decision-making on the use and conservation of natural resources.</td>
</tr>
<tr>
<td><strong>Penalties for infractions:</strong> The law establishes penalties for environmental infractions, promoting social and corporate responsibility in environmental management.</td>
</tr>
<tr>
<td><strong>Advances in forestry issues:</strong> Costa Rica has been a world leader in forestry management and conservation of tropical forests.</td>
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</table>
About 50% of the coffee cover is close to biological corridors.
Real-time monitoring of new tree plantings

SAF PROJECT
<table>
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<tr>
<th><strong>PES Payment for ecosystem services</strong></th>
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<tbody>
<tr>
<td><strong>121 K</strong> Trees planted (2022)</td>
</tr>
<tr>
<td><strong>159</strong> Join coffee Producers</td>
</tr>
<tr>
<td><strong>2,7 K</strong> Area impacted</td>
</tr>
<tr>
<td><strong>35%</strong> Women participation</td>
</tr>
</tbody>
</table>
Quantification of greenhouse gas emissions of the sector

Tons of carbon equivalent emitted per year according to bushels processed by coffee mills

Distribution of coffee mills from the NAMA project

Tons of CO2 emissions for the coffee processing sector

Technologies implemented

Emisiones de Gases de Efecto Invernadero del Sector Beneficiador
Proyecto NAMA Café Costa Rica

Tons of CO2 emissions for the coffee processing sector

Technologías implementadas
- Santa Elena: Cambio en sistema eléctrico beneficio secio
- EJ Orlich: Sustitución de motores, abanicos y barrenas
- Coopercacua: Compra de hermos, clasificadora, bombeos, ventilador y banda
- Transportadora
- Coopelpanamota RL: Centrífugas y medidor de humedad

Total de emisiones reducidas al año: 284,3 t CO2e
<table>
<thead>
<tr>
<th>NAMA CAFÉ</th>
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<tbody>
<tr>
<td><strong>110</strong> Coffee Mills</td>
</tr>
<tr>
<td><strong>7K+</strong> Trained Coffee Producers</td>
</tr>
<tr>
<td><strong>1.6M USD</strong> Investment in technology</td>
</tr>
<tr>
<td><strong>48K+</strong> Reduce tons CO2e</td>
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Challenges

<table>
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<th>More regulation</th>
<th>Effects Climate Change</th>
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<tr>
<td>Increase in certification costs</td>
<td>Social exclusion</td>
</tr>
<tr>
<td>Costs of implementing evidence systems</td>
<td>Increase in investments in vulnerable adaptation groups in fields</td>
</tr>
<tr>
<td></td>
<td>More impacted family groups</td>
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</table>
How to migrate from a universal basic income (UBI) based on fossil fuels to a UBI based on a natural productive collection Basic Forestry Income (BFI)?
PES Productive System (coffee, avocado, livestock, others)

PES (forest carbon) $\chi_1$/ha
Water $\chi_3$/ha
Ecosystem $\chi_4$/ha
Coffee plantation (carbon) $\chi_5$/ha
What should be the minimum considerations of a Basic Forest Rent (BFR)?

Concept
...each layer ($\chi$) has a value that adds value to the collection as a whole, without competing for the value of the others...
Lessons Learned

- Development of mixed systems. Agroforestry systems
- Training for the incorporation of new technologies
- Financial mechanisms to promote change
Contact:

Gustavo Jimenez Elizondo

Instituto del Café de Costa Rica

Email: gjimenez@icafe.cr
2243-7814
3: new deforestation detection tool

David Browning, CEO
Enveritas
4: Open Discussion: what needs to happen to make the implementation of the legislation more inclusive and a success
SAFE THE DATE: WORLD COFFEE CONFERENCE - WCC 2023

“Sustainability through Circular Economy and Regenerative Agriculture”

• 5th WCC + 5th CEOs and Global Leaders Forum + 136th Session of the International Coffee Council

• Networking and promotional events, B2B & B2C, capacity-building workshops, and plantation and cultural tours

• Expo

SEPTEMBER 25TH - 28TH, 2023
BENGALURU - INDIA