

World's Love for Coffee Feeds Brazil's Realcafé

Contributed by Cláudia Abreu
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The Brazilian soluble coffee factory Realcafé, from the state of Espírito Santo, in the southeast region of Brazil, is exporting to Syria. In 2004, four containers of the product were shipped to a client in the Arab country.

For this year, the company's forecast is to multiply the number by six. "The aim is to export three containers per month as of May," states Bruno Giestas, commercial manager at the company.

Sales to the Middle East are part of the company's strategy to open new markets. The next shipments will take place yet in the first half of this year. The sale of three containers has already been settled.

The brand Realcafé, however, will not be shown. "We will supply the product to a Syrian factory of ground and toasted coffee, which will distribute it in the region under their own brand," tells Giestas.

This is the second time Realcafé invests in the Arab market. The first contact was in 1995. At the time, the company shipped 15 containers per month to Egypt.

The scheme was similar to the current one, the Brazilian company would pack the product with the brand of a big company that had clients in Russia, Europe and Asia.

"The coffee would leave Brazil labelled, in cans, ready for consumption," says Giestas.

During two years, business prospered, but the Russian and Asian crisis restrained the continuity of operations.

"The importer had financial problems and ended the soluble coffee sector," states Giestas.

From 1997 up until last year some sales were made, but with no continuity. "We made shipments to Algeria and other countries in North Africa," he says.

Technology

According to the businessman, the technology to produce soluble coffee is much more complex than for roasting.

"There are about six stages more and the investment in equipment and labor is twenty times greater," he states.

For this reason, roasting factories prefer to outsource the production of soluble coffee, buying from companies such as Realcafé, which has specialized in the product.

To export to Syria, Realcafé obtained halal certification. The certification opens the port of entry to other countries in the region.

In the beginning of this year, Iranian entrepreneurs came to the country to see the company's facilities. "They are also very interested in our product," states Giestas.

The company's objective is to promote an increase in soluble coffee consumption in the Middle East, as happened in

Japan and England, lands of ultimate tea drinkers.

The coffee companies - soluble and ground - entered these markets heavily and changed the consumers' habits.

"Japan, for example, is now one of the main soluble coffee buyers in the world," states Giestas.

The entry in the Arab market, however, is not so simple as in Europe, the United States and Southeast Asia - Realcafé's main buyers.

One of the reasons is the competition with the Africans, who have competitive prices.

"Coffee over there is much inferior to the Brazilian, but they manage to enter markets which are not traditional consumers," he states.

Another problem is in relation to the documentation necessary for the sales of the product to the Arabs. The paperwork is different to that demanded by the United States and Europe. "It is a new routine, more difficult, to which we must adapt," he says.

Tradition

The soluble coffee sector has expanded in the world. Exports from Brazil last year were of about 3.1 million bags against 2.8 million in 2003.

According to Giestas, the sector's increase is related to the industry that uses the product as an ingredient for milk and coffee and cappuccino mixes.

Realcafé has been in the market for 34 years and is the fourth greatest company in the country in trading soluble coffee - losing only to Nestlé, Cacique and Iguaçú.

The monthly production is of about 900 tons. The company is part of the Tristão group, which is 70 years old, and is the greatest exporter of green coffee from Brazil.

Realcafé
www.realcafe.com.br

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