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Inside C2

# Southern DAILY

Make Today Different

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## Major coffee buyers face losses as Colombia farmers fail to deliver

LONDON, Oct 11 (Reuters) - Coffee farmers in Colombia, the world's No. 2 arabica producer, have failed to deliver up to 1 million bags of beans this year or nearly 10% of the country's crop, leaving exporters, traders and roasters facing steep losses, industry sources told Reuters.

World coffee prices have soared 55% this year, mainly due to adverse weather in top producer Brazil, prompting Colombian farmers to default on sales clinched when prices were much lower in order to re-sell the coffee at higher rates.

"Traders are getting defaulted on, it's a mess. If drought continues (in Brazil), 300 cents (per lb of coffee) is possible. It's going to be mayhem," said a dealer at a global agricultural commodities trade house.

He said leading global roasters are planning to change the branding on their 'single origin Colombia' coffees due to sourcing problems.

Delivery defaults in a major producer like Colombia can exacerbate price spikes on world markets, although these would be temporary because the coffee ultimately exists and will weigh on markets once it is re-sold.

Colombian farmers say they will deliver the coffee later this year or next but buyers are unconvinced.

Many are opting to see losses now and write the purchases off as defaults rather than wait and risk even bigger losses if farmers still don't deliver next year and prices rise further, according to a senior trader at another global trade house.

He said several global trade houses are looking at losses of \$8-10 million each on undelivered coffee, while Colombia's coffee growers federation FNC, which represents farmers but also accounts for 20% of the country's 12.5 million bags of annual coffee exports, faces higher losses.

### TAKING THE HIT

"There was easily 1 million bags of forward (Colombian coffee sales) done before the market started rallying mid-May," said the senior trader. "If you work for a multinational (trade house) your boss will say come on, we have to take the hit."



Roasted coffee beans are seen on display at a Juan Valdez store in Bogota, Colombia June 5, 2019. REUTERS/Luisa Gonzalez

Delivery defaults in a rallying coffee market are a huge issue for commodity exporters and traders who often hedge physical purchases by taking short positions in the futures market, causing them to sustain steep losses as prices rise.

Usually, traders would be able to sell the physical coffee they are owed at current lofty rates in order to offset their futures market loss, but in the case of a default, they can't. They pre-sold to roasters at a loss in the pricey spot market.

FNC head Roberto Velez confirmed to Reuters that Colombia is facing widespread defaults.

"I can tell you there are few Colombian exporters not suffering (from defaults). All the major trade houses and also the federation as a major exporter, we're all suffering (losses)," he said.

"When a grower doesn't deliver, the whole chain gets stuck losing money," he added.

Traders told Reuters the federation has given Colombian farmers at least another year to deliver the coffee - a move that

could force the industry body to approach the government for bail-out funds if the farmers still don't deliver in time.

### MOUNTING LOSSES

A senior Columbia-based coffee trader with Louis Dreyfus Company (LDC) left the company in the wake of losses, two sources with knowledge of the matter said.

LDC said it does not comment on organizational changes except in relation to executives.

"Companies will be in trouble with (the scale of the losses), big guys will change their team, but smaller guys will go bankrupt," said a senior trader.

He added major local Colombian exporter La Meseta has been hard hit by farmer defaults and is struggling to make good on its supply deals with international roasters, leaving them exposed to losses.

La Meseta did not respond to Reuters requests for comment.

Selling coffee forward in Colombia has become popular in the last few

years, but up until this year, the move had mostly worked out in favour of farmers as world prices drifted lower so farmers received better prices for their coffee on delivery, not worse.

Former Facebook employee and whistleblower Frances Haugen testifies during a Senate Committee on Commerce, Science, and Transportation hearing entitled 'Protecting Kids Online: Testimony from a Facebook Whistleblower' on Capitol Hill, in Washington, U.S., October 5,

About 550,000 Colombian families make their living growing coffee and the Andean country is the largest producer of the washed arabica grade on which benchmark futures contracts on the ICE exchange are based.

(This story has been refiled to clarify company name in para 19 is Louis Dreyfus Company)

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# WEA LEE'S GLOBAL NOTES

## CORONAVIRUS DIARY 10/11/2021



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## Southern DAILY Make Today Different

## Editor's Choice



Globs of crude oil are raked up after more than 3,000 barrels (126,000 gallons) of crude oil leaked from a ruptured pipeline into the Pacific Ocean at Corona Del Mar State Beach, Newport Beach, California. REUTERS/David Swanson



A girl sits between concrete barriers in Kabul, Afghanistan. REUTERS/Jorge Silva



U.S. President Joe Biden gestures upon his arrival at Chicago O'Hare International Airport in Chicago, Illinois. REUTERS/Evelyn Hockstein



A woman in costume poses for a photograph at the 2021 New York Comic Con, at the Jacob Javits Convention Center in Manhattan. REUTERS/Brendan McDermid



A woman wearing a niqab enters a beauty salon where the ads of women have been defaced by a shopkeeper in Kabul, Afghanistan. REUTERS/Jorge Silva



Somali boys play football at the police school cemetery in Mogadishu, Somalia. REUTERS/Feisal Omar

'A Huge Feather In The Cap' For The Region

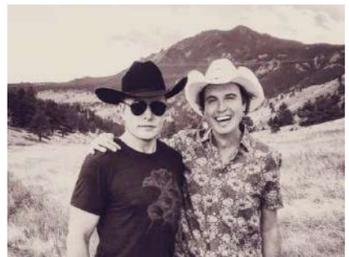
Tesla Moving HQ From California To Austin



Compiled And Edited By John T. Robbins, Southern Daily Editor And Sports News Service Media

One of the biggest economic development announcements in Austin history came with little fanfare and almost no warning. Speaking to shareholders Thursday, Tesla CEO Elon Musk mentioned almost casually that the electric automaker — one of the world's best-known and most valuable companies — has decided to move its corporate headquarters from California to Austin. The stunning move — which came as a surprise to many local and state officials — continues Austin's ascent as a technology hub and adds to the region's swiftly growing presence in the area, as the company is building a \$1.1 billion manufacturing facility in southeastern Travis County.

"I'm excited to announce we're moving our headquarters to Austin, Texas," Musk said. "We're going to create an ecological paradise here around the Colorado River."



Elon Musk and his brother Kimbal

strike a "Texas pose." Musk had previously threatened to move the company's headquarters from Palo Alto, Calif., to Texas or Nevada in 2020, after disagreements with California lawmakers. Musk did not mention that dispute during Thursday's meeting. Dan Ives, an analyst with Wedbush Securities, said Tesla's decision is a major win for Austin and makes sense for the company.

"This is a major strategic move for Tesla that makes a ton of sense," Ives said. "The tea leaves were there for Tesla to make this move, and it's a huge feather in the cap for Austin."



Elon Musk

Musk and Tesla still left a number of questions unanswered. The announcement didn't indicate a timetable for the move, how many employees might be coming to Central Texas or how many jobs might be created. The compa-

ny also didn't say where the corporate headquarters would be located, although Musk seemed to hint that it could be on the 2,100-acre property at Texas 130 and Harold Green Road in Travis County where the company is continuing construction of its newest manufacturing facility. Travis County Commissioner Jeff Trivillion, whose district encompasses Tesla's factory, said Tesla has not told county officials how many corporate jobs are likely to accompany the decision, or whether the headquarters will be at the site of the new factory or somewhere else in the city.



Musk had announced in July 2020 that Austin was the choice for the factory, where the company plans to produce its Cybertruck, Semi, Model 3 company sedan, Model Y and batteries. Musk said Thursday that the Austin facility might also produce Tesla ATVs. Musk said Thursday that Tesla is making great progress on the Austin-area factory, which the company has dubbed Giga Texas. The first vehicles are expected to roll out as early as this year, and the facility could bring more than 10,000 new jobs to Central Texas through 2022.

Local government entities last year approved millions in tax breaks to help lure the Tesla factory to Central Texas. The Del Valle school board approved a tax break that could be worth about \$46.4 million over 10 years, and Travis County commissioners approved an incentive package worth at least \$14 million over 10 years.



Tesla's announcement comes less than a year after software giant Oracle announced in December that it was moving its corporate headquarters from California to Austin. A number of other technology giants — including Apple, Facebook, Google and Amazon — have recently expanded their operations in Central Texas, adding to the tech sector that has long been anchored by Round Rock-based Dell Technologies. Samsung has also said it is considering two Central Texas sites — one near its current Austin operations and one in Williamson County, near Taylor — for a \$17 billion chip manufacturing facility. Amber Gunst, CEO of the Austin Technology Council, said that while the timing of the announcement was a surprise, she was not shocked that Austin had been chosen as Tesla's new headquarters.



"Austin has just proven time and time again that we have a stable economy, that we've got a state and local government that is willing to work with companies to provide opportunities and jobs to the area," Gunst said. "It sends a message not just to Silicon Valley and to California, but to the entire country, that ... there's a lot to offer here. And that if cities and states are not making it transparent and aware to companies that they're valued and that they're wanted there, then companies will find another place to go."

Matt Patton, an economist with Austin-based Angelou Economics, said Musk's announcement didn't come out of the blue, given his favorable comments about Texas relative to California over the past year and the other moves he has made to establish numerous operations here.

"But whether or not it's a surprise, it's still a big deal," Patton said. "Certainly there are going to be a lot of eyes on Austin" as Tesla's official new base of operations.



Musk previously said the Austin-area facility had become one of his biggest focuses. In December, when Musk confirmed he had moved to Texas, he said the move was to be closer to the Giga Texas factory and to SpaceX's starship development in South Texas. Musk said on social media in June that he has a home near SpaceX's South Texas facility. He has not publicly said he has a residence in Austin, but he said Thursday that he was in the city during the February freeze, staying in a house with no power, heat or internet access.

Other Musk-led companies have been expanding into Austin over the course of the pandemic. They include Musk's tunneling firm the Bor-ing Co., which has had a presence since last year and purchased land in Bastrop County; Neuralink, Musk's neurotechnology company, which had job postings for Austin in recent months; and Musk's private foundation, the Musk Foundation, which moved to Austin in the summer of 2020.



Elon Musk

SpaceX, which has a South Texas presence with operations near Boca Chica, could also be expanding into Austin, as it has posted listings for jobs in the area, although it is unclear what the company's plans might be.

Musk also said Thursday that the company planned to start selling Tesla Insurance in Texas next week. (Courtesy statesman.com)

The Company Will Establish Two Orbital And Two Suborbital Launch Pads

SpaceX Reveals The Grand Extent Of Its Starport Plans In South Texas



An orbital view of SpaceX's South Texas launch site, with SN10 on the pad, in early March.

By Guest Writer, Eric Berger, Senior Space Editor At Ars Technica

Compiled And Edited By John T. Robbins, Southern Daily Editor

As part of a federal review process for its plans in South Texas, details of SpaceX's proposed spaceport have been made public. They were posted late last week in a public notice from the US Army Corps of Engineers, which is soliciting public comments on the changes.

Most notably, the new documents include a detailed architectural drawing of the multi-acre site at the southern tip of Texas, along the Gulf of Mexico. The major hardware that exists or will be built includes:

- Two orbital launch pads, one of which is already under construction
- Two suborbital launch pads, one of which already exists
- Two landing pads, one of which already exists
- Two structural test stands for Starship and the Super Heavy booster
- A large "tank farm" to provide ground support equipment for orbital flights
- A permanent position for the totemic "Starhopper" vehicle at the site's entrance.

What is striking about this architectural drawing is its compact nature, largely because SpaceX has

limited land to work with at the facility and must include stormwater ponds to mitigate against flooding. All of these facilities will be concentrated within a couple dozen acres, which is in stark contrast to more expansive launch sites in Florida at Kennedy Space Center and Cape Canaveral Space Force Station. However, SpaceX appears confident that it can control the launch and landing of its vehicles such that any mishaps will not severely damage nearby equipment. This is a non-traditional and possibly risky bet, but SpaceX has always been willing to take risks during development programs in order to move more quickly.

All in on Texas

These detailed plans also provide more evidence that company founder Elon Musk is all in on Texas for the future of SpaceX. These four launch pads, in conjunction with the acquisition of two oil rigs named Phobos and Deimos, provide some sense of the company's operational capabilities.

These detailed plans also provide more evi-

dence that company founder Elon Musk is all in on Texas for the future of SpaceX. These four launch pads, in conjunction with the acquisition of two oil rigs named Phobos and Deimos, provide some sense of the company's operational capabilities.

The plan is likely to conduct launches from South Texas and land vehicles on these modified platforms and to fly Starships on suborbital hops from South Texas to these platforms for orbital launches. This effectively provides the Starship Launch System with four orbital launch pads—and possibly a fifth one should SpaceX continue work on site modifications at Kennedy Space Center.



The US Army Corps review is not the only regulatory process underway in South Texas. In addition to satisfying the Army Corps of Engineers, SpaceX is also undergoing an environmental assessment by the Federal Aviation Administration. Since first acquiring the south Texas launch site in 2014, the company's planned scope of activities has grown dramatically, from about 10 Falcon 9 launches a year to launches of the massive Starship vehicle. SpaceX is working to provide the FAA with an updated environmental assessment that the federal agency will then evaluate.

Musk has also proposed the incorporation of nearby Boca Chica Village into a new city, called Starbase, Texas. Such a city would need to have at least 201 residents and follow state rules for incorporation. Prior to SpaceX's arrival, the small Boca Chica community consisted of several dozen homes. Somewhat controversially, in recent years, the company has sought to buy out or otherwise remove residents so that it has more control over its nearby launch activities.

SpaceX is making huge moves in developing its launch site in South Texas, Ars Technica reports, with plans for its expanded spaceport

now public. The plans, as outlined in a public notice, include plans for "the continued development of the SpaceX vertical launch area with the expansion and addition of test, orbital, and landing pads, integration towers, associated infrastructure, stormwater management features and vehicle parking."

The company is also planning to construct one additional orbital and one suborbital launch pad, as well as a large "tank farm" for ground support equipment — a substantial expansion of its existing launch facilities.

Starship HQ

The expanded launch site will cover a vast area. "The proposed expansion will impact 10.94 acres of mud flats, 5.94 acres of estuarine wetlands, and 0.28 acres of non-tidal wetlands," the notice reads. That is still far smaller however than other launch sites, including the Kennedy Space Center and Cape Canaveral, as Ars points out.

Sketches for the proposed site even include a final resting place for "Starhopper," the company's first Starship prototype, near the site's entrance.

The company is still undergoing an environmental assessment by the Federal Aviation Administration.



Starbase Power

The news comes after SpaceX CEO Elon Musk suggested incorporating the nearby village of Boca Chica to create a new town called "Starbase." SpaceX has had to buy considerable amounts of land and property to make room for the testing site.

It makes sense for the company to build out its Starship HQ, and fortunately, SpaceX is going by the books, for instance including stormwater ponds as a way to safeguard against possible flooding.

But if recent squabbles with the FAA over safety measures surrounding its recent Starship launches are anything to go by, the area is about to become a lot busier — and louder. (Courtesy

arsTechnica.com and Futurism.com)

Related

Could SpaceX move in next to the new Tesla gigafactory? Experts Suggest Elon Musk Is Into Texas Big Time



With blinding speed, Tesla has erected the shell of its new factory in eastern Travis County in a matter of months. Just southwest of the factory site, sources say Elon Musk could build a facility for SpaceX.

AUSTIN (Austin Business Journal) — Elon Musk could be planning another facility across the toll road from the Tesla Inc. gigafactory rising in eastern Travis County. But instead of making more room for his electric car company, multiple sources told Austin Business Journal that land has been set aside for his space exploration company, SpaceX.



The \$1.1 billion Tesla factory is obviously the biggest project in the recent history of this largely rural part of eastern Travis County. But CEO Elon Musk could have much bigger plans in store for the thousands of acres his companies now own along the SH 130 toll road. Construction at Tesla facility in Travis County. (Photo/KXAN/Frank Martinez)

It's no secret that Musk wants to locate some operations for Space Exploration Technologies Corp., or SpaceX, in Austin — job postings in early March sought someone to oversee construction of a manufacturing facility in the region. But Musk, the company's CEO, has not publicly said where such a facility would land in Central Texas. Representatives for Tesla and SpaceX did not immediately return requests for comment.

No permits have been filed yet with the city of Austin for commercial work on the site on the southwest side of State Highway 130, a short distance from the quickly developing Tesla factory, and it's still possible the company's plans could change. But Musk's land holdings and recent site work suggest something could soon rise there. (Courtesy https://www.kxan.com/news/)