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COFFEE TREE POPULATION

EVOLUTION

1970	2,3 BI
1980	3,2 BI
1987	3,9 BI
1989	4,2 BI
1994	3,2 BI
1999	4,8 BI
2000	5,1 BI
2001	5,5 BI

2001/2002 = 5,5 BILLONS

PRODUCING	IN DEVELOPMENT
4,11	1,39

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INVESTMENTS >> EFFICIENCY

Good prices 94 to 99

New plantations - Replanting - High density

Increasing yield

Mechanization - Cerrado - Flat lands

Irrigation - New areas of conillon & cerrado

Infra-estructure
- Drier machine
- Patios (cement/asfalt) instead of dirty ground

Genetic
- Clonal
- Drought
- Rust and Nematoide

Result: Improvement of quality and increasing productivity

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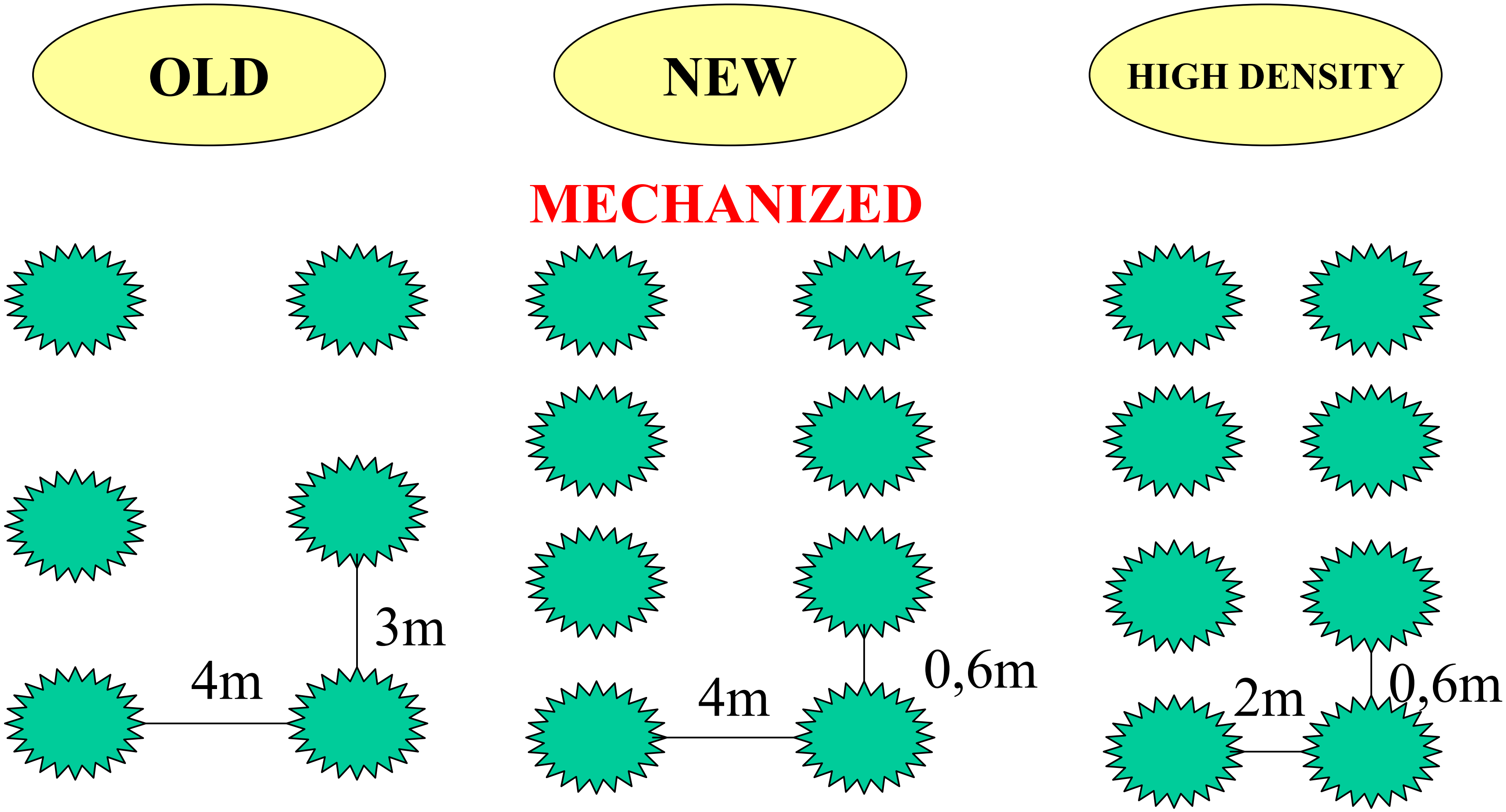
Plantation’s Methods

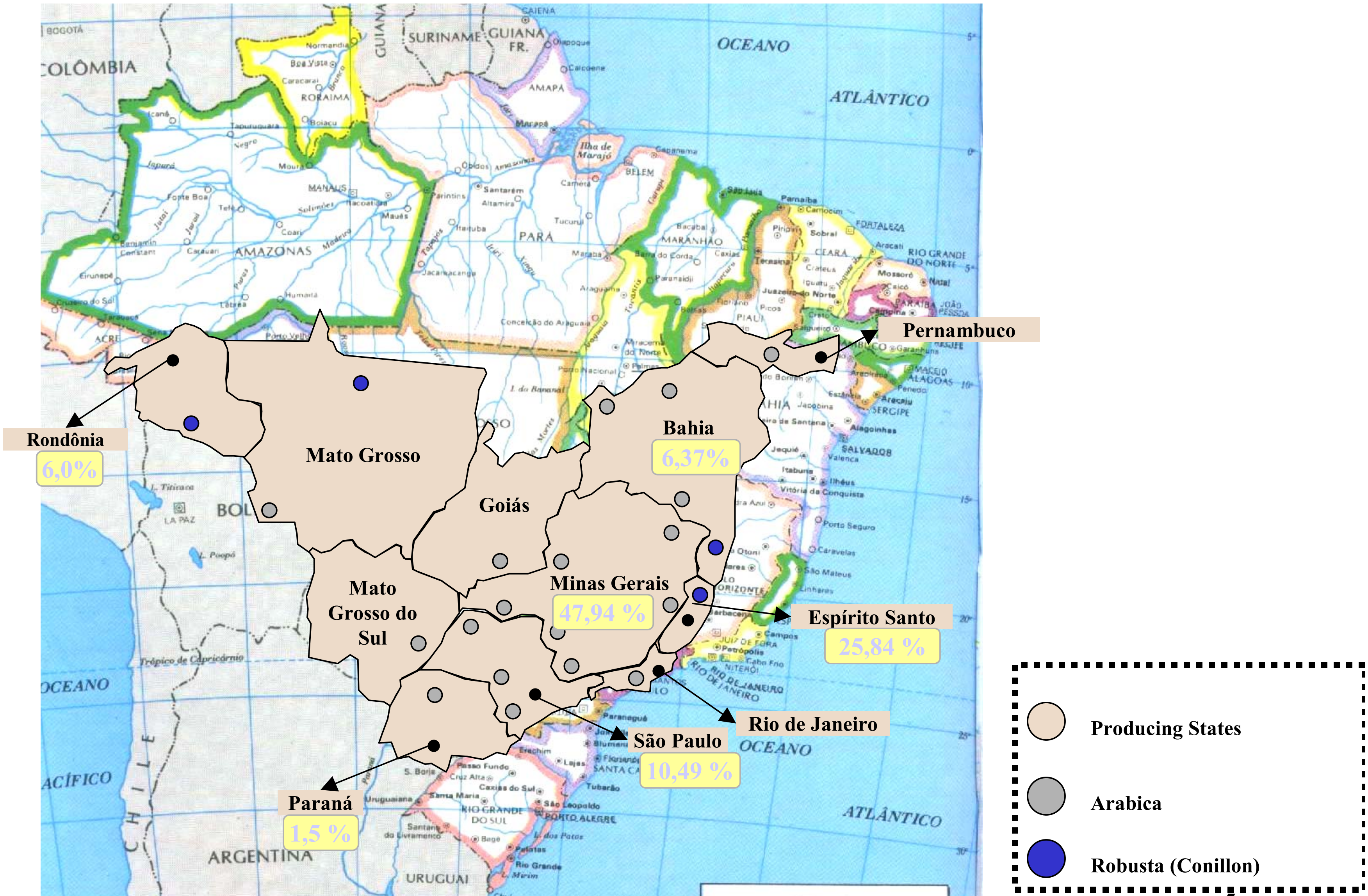


PRODUCTIVITY: 1990: 8 to 9 bags per hectare

2001: 15 to 16 bags per hectare

Brazil started again to plant since 1995 using new methods, obtaining more productivity.
From the total of the planted area, 30 to 40% its mantained in the old methods.

Producing Areas



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Profile of Brazilian Producers

70% → **SMALL PRODUCERS**

20% OF TOTAL PRODUCTION

Not more than 20 hectares

(Up to 300 bags of 60kgs)

20% → **MEDIUM SIZE PRODUCERS**

40% OF TOTAL PRODUCTION

From 20 to 200 hectares)

(From 300 to 3000 bags of 60kgs)

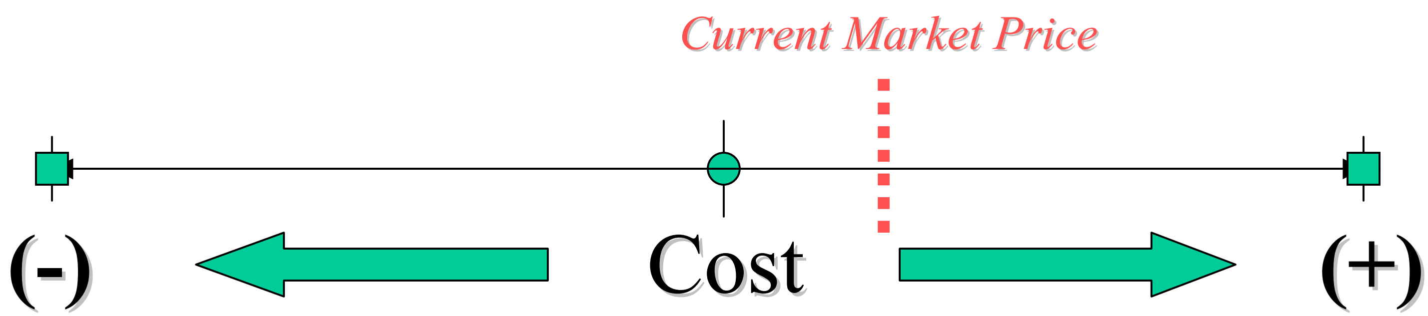
10% → **LARGE PRODUCERS**

40% OF TOTAL PRODUCTION

(more than 200 hectares)

(More than 3000 bags of 60kgs)

Cost of Production



- Small producers
- Technical & Mechanized
- High productivies

- Some medium farms

- Low productivies

→ Good potential planted for the next 2/3 years

FARMERS

At current low prices

Sharply reduction of new plantations

Less 30% of Fertilizer

Less treatment on the trees

Low production

- Non professional/Low productivities
  Abandonment of coffee plantations

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2001/2002 CROP

Already beginning

Quality
- **Not so uniform as the crop 2000/2001 (due to many flowerings)**
- **Dry weather : Good for harvesting and improvement of cup quality**

More Robustas ⇔ Less Arabica

Washed : 1 million
- **0,7 - Semiwashed**
- **0,3 - Fully washed**

Production decreasing in traditional areas South of Minas and Mogiana

Low productivity of old coffee plantations due no satisfactory weather conditions for these trees

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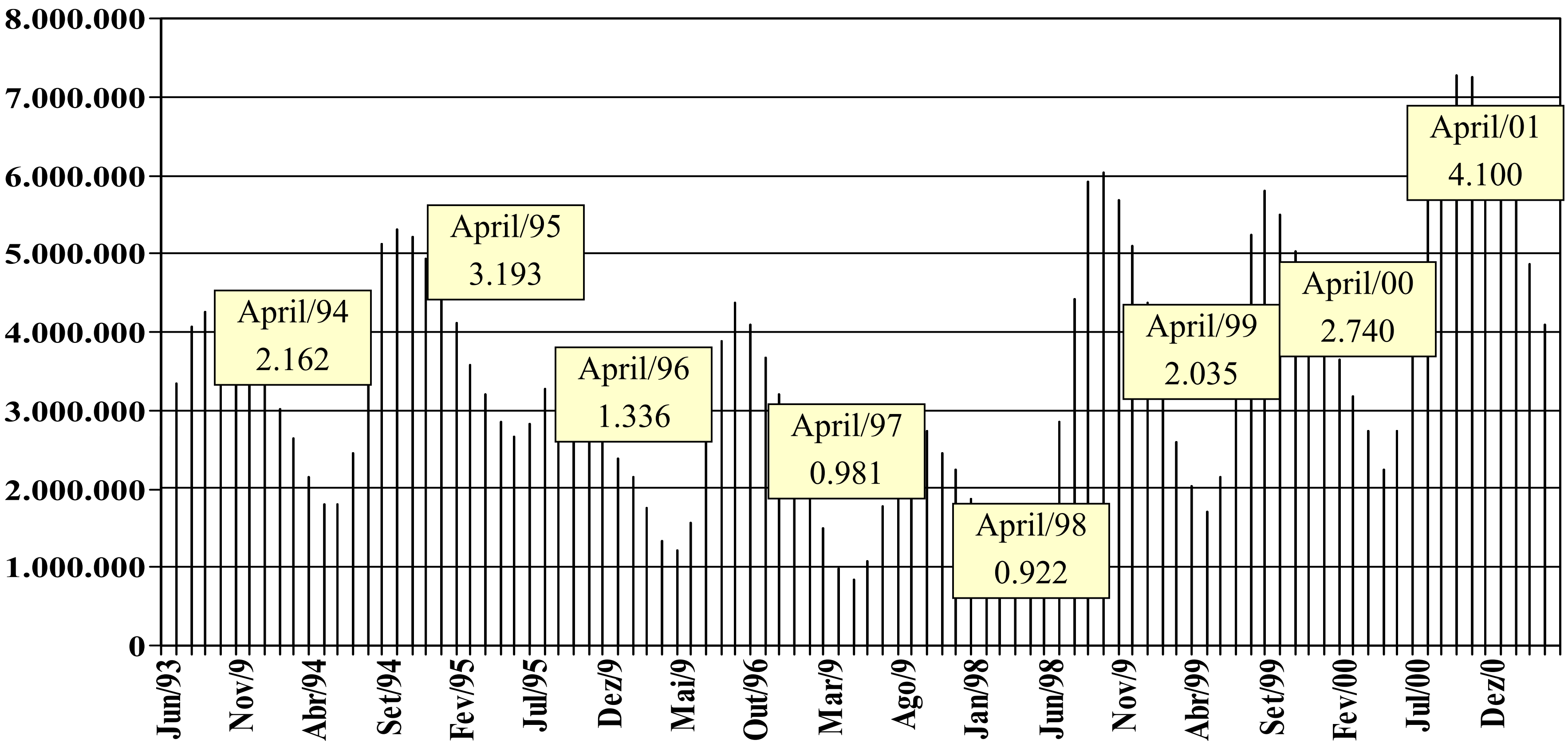
MAIN ALLOCATION FOR THE CROP 2000/2001

Exportation:		**in thousand bags**
	Green................................	**17.524**
	Soluble	**2.334**
Auctions	**IBC Stocks........................**	**(935)**
Domestic Comsumption.....................		**12.500**
Retention..		**2.923**
		34.346

Cooperatives Stocks
From Jun/93 thru Apr/01



March/01 : 4.866.801

April/01 : estimated 4.100.000

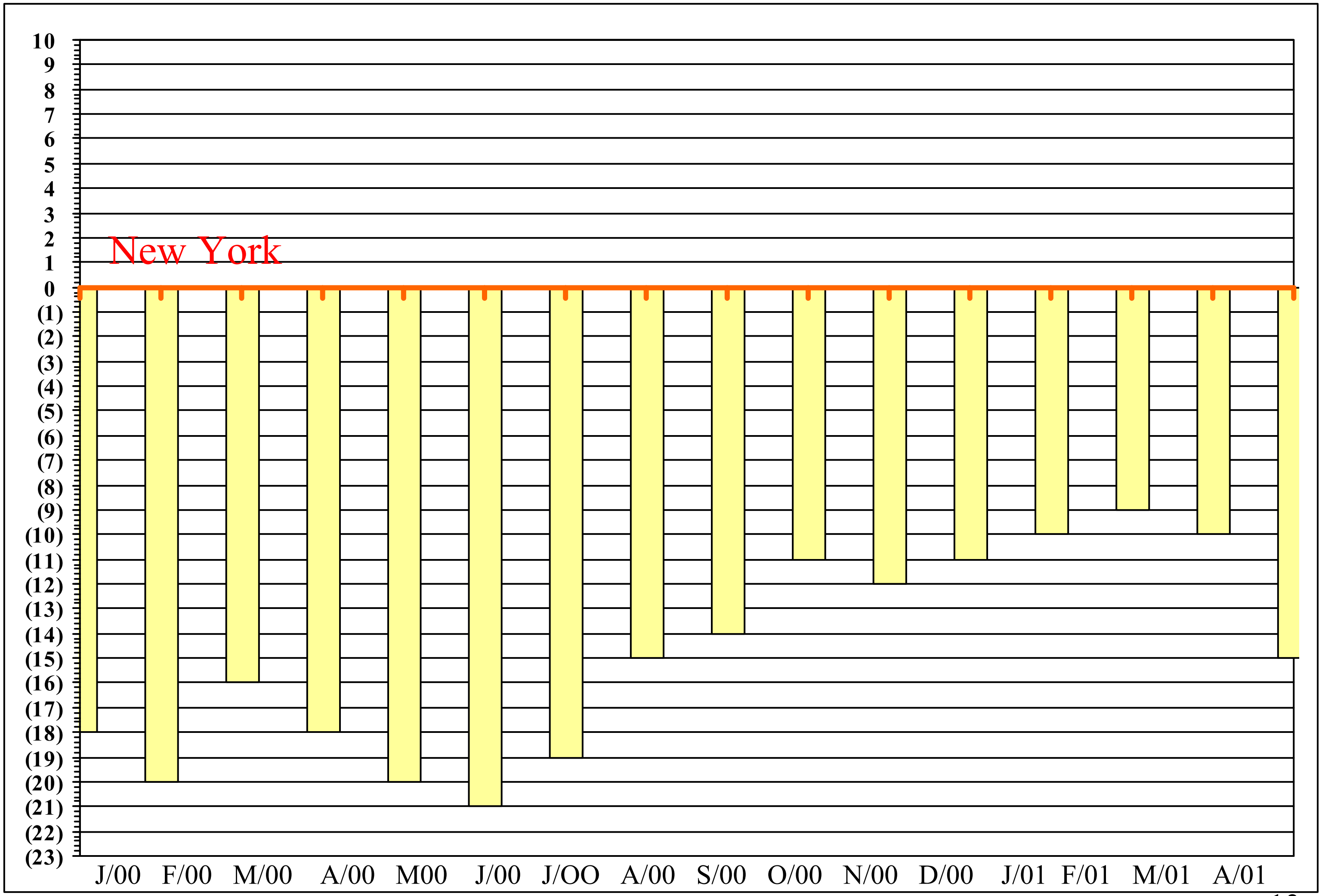
2002/2003 CROP

GOOD POTENTIAL PLANTED

LOW PRICES → **LESS TREATMENT**

WEATHER
- **DROUGHT???**
- **INDEX OF RAINS :**
  - **During Jan/Apr/01**
  - **26% below less five years**

BASIS
SWEDISH QUALITY



BASIS

Widening

ALTHOUGH NY LOW LEVEL

CURRENCY:REAL´s devaluation of 15% last 2 months

SELL PRESSURE
- Cash Flow
- Reasonable Carry over
- New crop arriving

END OF RETENTION LINKED TO EXPORTS

Narrowing

DEPENDING ON FLAT PRICES (If NY at 0,60 cts.)

PROTECTION OF WEATHER RISKS

AFTER THE CROP PRESSURE

Robusta (Conillon)

Progressive increase of production

DISTRIBUTION

4.0 millions = 30% of Brazil domestic consumption (13 millions)
potencial of 5.0 millions = 40%

1.5 million = 70% Soluble Industries (2 millions)

Balance = exported or retained

Green Coffee Exportation
World x Brazil
Crop-Year: Jul/Jun - 95/96 to Jul/Mar 00/01
In thousand bags of 60 kg