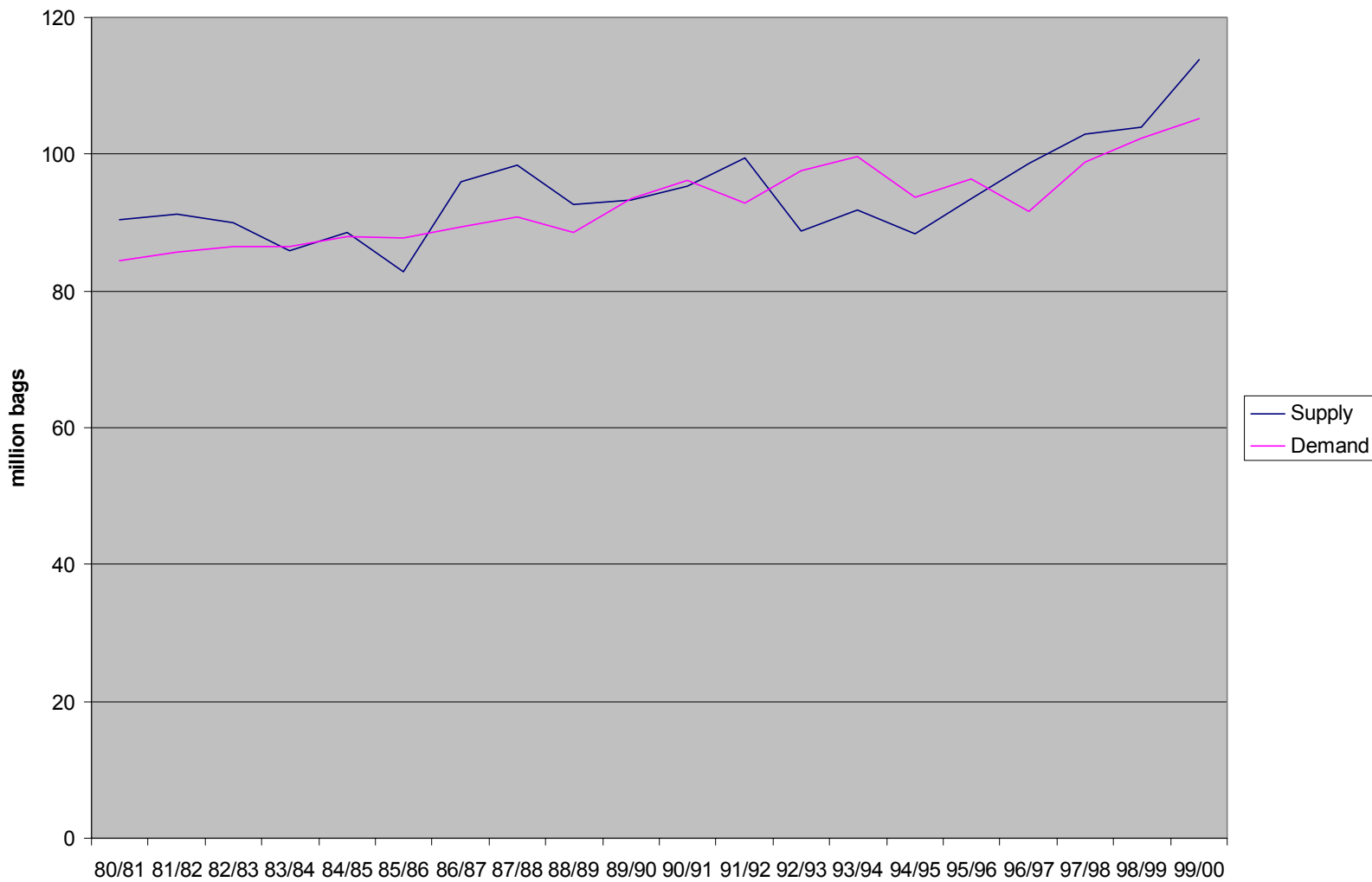


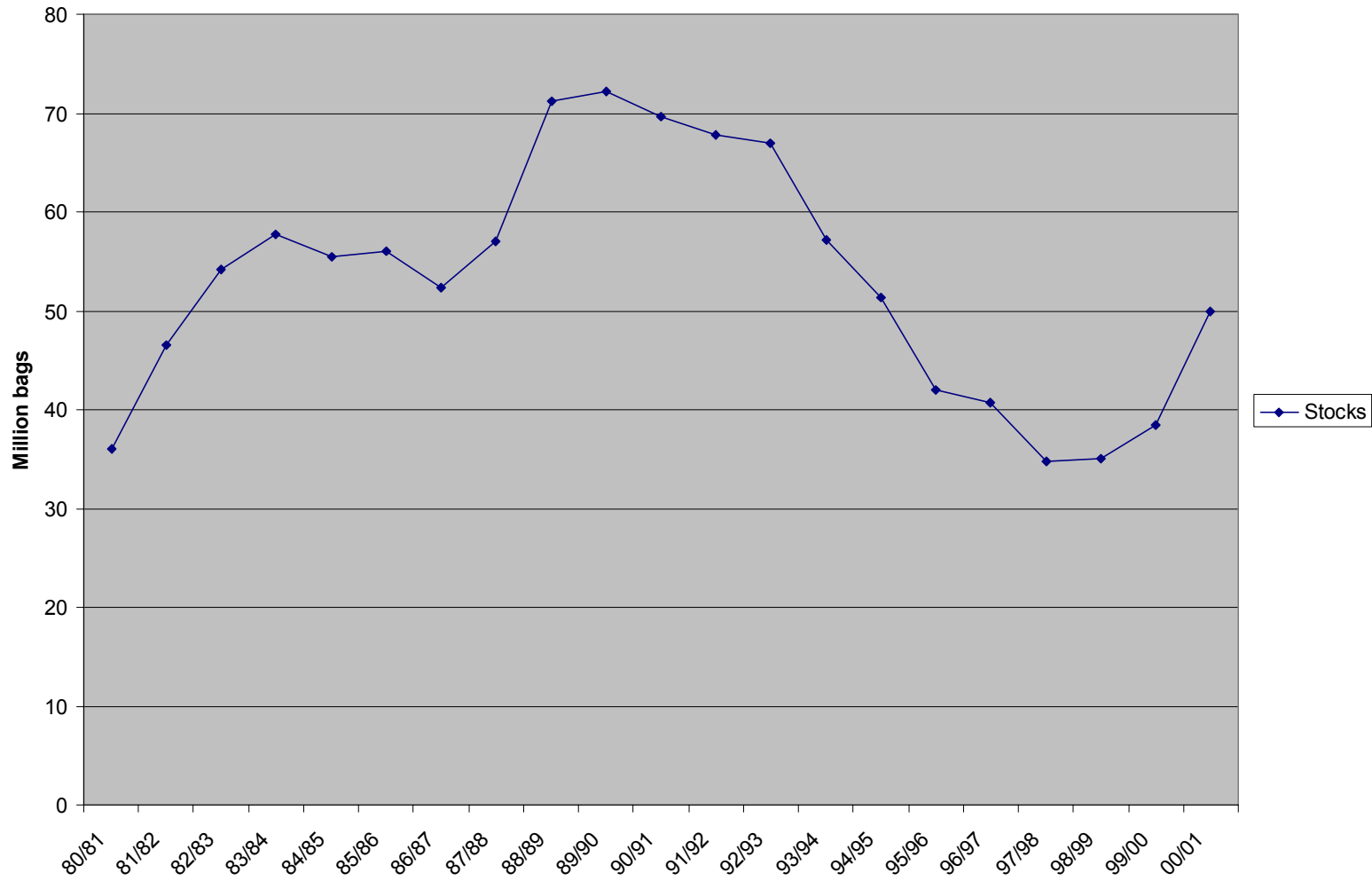
The
Diversion and/or Destruction of Triage
as a means to improve prices

Mick Wheeler

Supply/Demand Balance



WORLD STOCKS



Why have Market Fundamentals Changed

- Improvements in farming efficiency
 - higher yielding varieties
 - increased mechanisation
 - geographical shift to lowest cost areas.
- Improvements in transport and logistics
 - seamless supply channel
- More Vertically Integration and Greater Industry Concentration
 - trade house have a much greater presence in origin than before.
- Improvements in Flavour Management techniques
 - steam cleaning broadens the range of coffees available to the roaster
- Information Technology and Market Access
 - Producer stocks hedged on the market

Difficulties in implementing any scheme to Divert Triage

- Finance
 - who pays
- Logistics
 - not enough alternative uses and destruction difficult
- Free Riders
 - have the capacity to render the scheme ineffective
- Creditable International Verification
 - Past experience shows this is difficult