

CONFIDENTIAL

ICO VIRTUAL COFFEE PROMOTION NETWORK MOVES FORWARD

P&A International Marketing presented to the ICO's Promotion Committee and Private Sector Consultative Board (PSCB) the results of the strategic planning process that will orient the social communities that will address the promotion of coffee consumption in the Internet. The discussions, that took place during the ICO's meetings held in the last week of September, also covered how the communities will be mediated, the design of the forum systems, that will benefit from Internet 2.0 technology, and the layouts to be used.

Brazilian prices

September 28, 2007

Main Producing Regions / Farm Gate

Arabica Naturals (R\$/ 60 kg bag)

Cerrado-MG fair average quality T.6	260,00
Mogiana-SP fair average quality T.6	260,00
South Minas fair average quality T.6	255,00

Arabica Pulped Naturals (R\$/ 60 kg bag)

Cerrado-MG	270,00
South Minas	270,00

Conilon/ Robusta (R\$/ 60 kg bag)

Vitória-ES fair average quality	202,00
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BM&F (US\$/ 60 kg)

Dec 2007	156,40
Mar 2008	161,10
May 2008	165,50

Dolar US\$/ Real R\$

September 28	1,84
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Outlook Carlos H. J. Brando



INTRODUCING NEW HARVESTING OPTIONS

Although most coffee is still harvested manually, there are several ways to harvest coffee by hand and different mechanical harvesting technologies are available. Manual harvesting can be either selective (only ripe cherries are finger picked) or by stripping (most or all cherries on a branch or part of it are hand collected together). Mechanical harvesting may be performed with the help of hand-held machines, larger machines towed by tractors, or large self-propelled machines that have their own cherry cleaning systems.

On average, a person stripping coffee harvests 3 to 5 times more coffee than a person selecting mostly ripe cherries. Hand-held harvesters enable a picker to harvest 20 times more coffee than a person performing selective harvesting. Finally, a large harvester on wheels can pick up to 500 times more coffee than a single person resorting to selective harvesting. Not all the above-mentioned technologies can be applied in coffee producing areas where the coffee trees have ripe and unripe cherries, cherries under development, flowers and flower buds at the same time on different branches or at different points of the same branch. However, localized stripping and hand-held harvesters can be used in these areas as described below.

Manual stripping can be performed in just 2 to 4 rounds, instead of the 8 to 12 rounds that are typical of selective picking. Stripping should be concentrated on the parts of the tree with the highest percentage of mature cherries, with due attention devoted to the preservation of flower buds, flowers themselves and small cherries. Additional efficiency can be gained by covering the ground with plastic cloth, so that the harvested cherries can be dropped on the cloth rather than placed in baskets or bags.

Hand-held mechanical harvesters with their own single-stroke engines or hooked up to an air-compressor can also be directed at branches where cherries are mostly ripe in order to drop them onto plastic cloths covering the soil. Since they are more aggressive than human hands performing a stripping operation, these tools should be kept away from branches with flower buds and flowers.

Traditional selective harvesting should be replaced by modern systems whenever the cost savings introduced by the new harvesting techniques offset the losses in product price due to cherries that are not mature. The choice of on-farm processing technology compatible with the harvesting of mixed cherries helps to reduce the losses caused by cherries that are not ripe and paves the way for the adoption of modern harvesting systems.