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## **Coffee pact aims to help growers**

Coffee is a popular drink but oversupply is pushing prices down. Four of the world's largest coffee companies have agreed a voluntary pact to help improve conditions in producer countries. The agreement - signed by coffee giants Nestle, Tchibo, Sara Lee and Kraft - aims to end the use of child and forced labour.

The pact also calls for closer ties with growers of the best coffee beans to ensure they get the highest price.

Yet critics say prices will only rise if coffee's huge oversupply is tackled.

The new agreement, which involves coffee bean growers in Brazil, Vietnam, Kenya, Colombia, Indonesia and central American nations, has been developed by the four companies in conjunction with German coffee industry association DKV.

### **Historic lows**

Roland Vaessen, chief executive of the European Coffee Federation, said coffee produced under the terms of the code would probably cost more.

"But it will not be possible to put a figure on the level the price could increase by," he said.

The first coffee produced under the new code should come onto the world market following the harvest of 2005/2006.

Angus Downie, an economist at the Economist Intelligence Unit in London, said he doubted that the code would help boost world coffee prices, which have only made a marginal recovery since hitting 30-year lows in 2002.

"The only way to get prices back up is to cut supply," he said.

"These schemes do have a habit of not working in the medium-to-long term."