

- Check against delivery! -

Speech by the Parliamentary State Secretary in the Federal Ministry for Economic Cooperation and Development, Germany, Dr Uschi Eid
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Common Code for the Coffee Community
Sustainability in global production, post-harvest processing and trading of
mainstream green coffee

Excellencies,
Executive Director Dr. Osorio,
Chairperson Mr. Schlagenhof,
Distinguished delegates,

Introduction

Thank you for giving me the opportunity to be here again with you – this time in order to share the first results of – as it seems – a successful initiative. As you all know, support for **sustainable development in the global coffee sector** is an elementary part of the International Coffee Agreement and therefore of the policy of the International Coffee Organization. The German government welcomes and supports this policy of the ICO.

You may remember me presenting the **idea** for the initiative for greater sustainability in the coffee sector to your council 2 years ago; the idea was to **develop a code of conduct, the Common Code for the Coffee Community, with standards for sustainable production, processing and commercialisation of green coffee in a transparent multi-stakeholder dialogue.**

This ambitious goal has now been achieved in a spirit of cooperation between the consumer and the producer side. More than 70 representatives from development policy and different constituent groups - trade and industry, producers and civil society - came together to develop **a version of the Common Code, which will now be tested in pilot projects.** The presentation of this working version of the Code is a milestone for the initiative. I am happy to inform that the three constituent groups of the initiative also agreed to implement the code in pilot projects as soon as possible so that experience can be gained and the code modified in the light of experience at the field level.

I would like to thank ICO and especially you, Dr. Osorio, for your support and participation in the formulation of the Common Code over the past two years. Your support as the UN body for the coffee sector has been crucial – and will be even more so in the forthcoming implementation phase. The initiative seeks to achieve a result that can feasibly be applied in the international "mainstream" coffee sector and depends vitally upon being embedded internationally.

I am convinced that the Common Code can form an important element of a concrete drive towards sustainability in the coffee sector, helping to improve living conditions for the 25 million coffee producers and their families. Yet we are also aware that the biggest part of the task still remains to be done, namely **the implementation of the Code! I am appealing to you to further lend your support to its implementation, to bring the Code to life.**

The Code

I want to stress at this point that our aim has never been **to force out certain producer groups or regions by imposing high standards and requirements.** Quite the opposite, in fact. What we want is to embark, together with all relevant players, on a path of continuous progress towards the goal of sustainability in the mainstream market. This initiative is therefore intended to launch **an internationally accepted basis for improving overall conditions in developing countries and marketing opportunities on the world coffee market.** Thus, the Common Code has been reached by consensus in a transparent and participatory process involving all relevant stakeholders in the coffee sector. All those involved agreed to frame it in realistic terms, building on the spirit of the Global Compact, initiated by the UN Secretary General, Kofi Annan. Therefore, the Common Code excludes the worst forms of social, environmental and economic practice. Based on the UN Human Rights Declaration as well as existing UN conventions and national laws, **ten “unacceptable practices”** will serve to exclude the worst practices of the sector, including for example bonded and forced labour, people trafficking, the cutting of primary forests and immoral business transactions.

As I mentioned before, the Common Code system is addressing the 97% of the market that is termed **“mainstream”**. As an **inclusive system, the code is open to voluntary participation by all stakeholders in the chain who comply with its principles.** Producers, processors and traders who meet the requirements of the code will improve their competitiveness and bargaining power as a result of improved

management and enhanced returns from optimised production, thereby creating better market access and higher margins.

Taking as its basis a **broad-ranging definition of sustainability**, the Common Code has **three dimensions: a social, an environmental and an economic dimension**. Altogether, the Code Matrix includes 18 categories with 30 principles that address the different practices of green coffee production, processing and trading. With the aim of achieving a sustainable mainstream coffee sector, the document addresses such issues as workers' rights, the conservation of wildlife and the availability of market information. All principles are broken down into **three different levels of performance**. Using a **traffic light system**, the code accords a red, yellow and green criterion to each principle. This differentiation indicates the development of current practices from the red level, where practices have to be stopped immediately, through the transition period of the yellow level to the desirable practice, the green level. All those involved in the initiative have undertaken to provide support to all producers interested in making improvements, which must be concluded by the end of a certain transition period.

The livelihoods of all actors in the entire chain can only be improved if competition is based on an understanding that it is **quality, not quantity, that matters**. Better prices are in fact in the interest of all actors in the chain. Coffee is a high quality product and must remain a high quality product. **With higher prices for a better product with a new, broader definition of quality**, the Code will provide a market-based approach for ensuring quality-related prices and the transfer of value along the chain.

Next Steps – Implementation and structural set-up

So what concrete steps do we now need to take?

The first step in implementing the Common Code is, of course, to **inform the sector of this Code – in both the producing and consuming countries**. I would be delighted if **you, as representatives of the coffee sector in your countries, could spread the word about the Code and invite members of the national coffee sectors to inform themselves about it**. The Common Code system will hold dissemination workshops in various producing countries and discuss the approach with relevant actors in the sector. During the first few months of the implementation phase, training workshops will be developed to help farmers comply with the requirements of the Code.

The Code is still only a document which now **has to be brought to life – and for that we need the practical experience of pilot projects**.

In recent years, the German Development Ministry has supported about fifteen projects in cooperation with private companies in the coffee sector, with the latter contributing at least half of the costs (public-private partnership). Most of these projects focused on a particular region, a certain country or the solution of a specific problem.

What we now want to do is to use the experience gained through cooperation with partner countries, industry and NGOs to develop a more comprehensive approach. Three ongoing projects, in Ethiopia, El Salvador and Vietnam, are already addressing the implementation of the Code. Further pilot projects, e.g. in Uganda, are already in the pipeline. We will make it a policy that **all further public-private partnership projects with the coffee sector address the implementation of the Code as part of their activities**.

In the long run, it will be up to the buyers and sellers of coffee to make the initiative a success. On both sides, the producer side and the consumer side, it will only be if all actors along the chain accept responsibility that the sustainability approach can grow into a concept for mainstream coffee on its path towards sustainability. The next step in the implementation phase will be **to adapt the internationally agreed principles to regional conditions**. Drawing on the experience gained in the pilot projects, the need for specification – be it regional or for different production systems - will be identified and proposals for specification elaborated by the Common Code system.

In addition to our support for pilot projects I mentioned earlier, **my ministry has reserved a budget for providing continued support to a management unit** aimed at providing an umbrella for the implementation of the code – **on condition that the private sector contribute a substantial part of the costs**. I welcome the fact that the European Coffee Federation has committed itself to support the umbrella institution during the implementation phase and represent trade and industry. In the first phase of the project this role had been taken on by the German Coffee Federation – the fact that it has now been taken on by this European body is just one symbol of the ongoing internationalisation of the initiative.

As you can see, the implementation of this Code is an international task for an international community. I am delighted that the **ICO** has shown an interest in being even more closely involved in the implementation phase of the project – we will need further discussion of the details, especially in order to ensure tripartite participation including civil society and the unions in the further implementation and development of the Code. I have already appealed for the **political support of the producer countries** in disseminating information about the development of the Common Code, as I mentioned before. In addition, **I would like to invite other donors to come on board as well – be it to support pilot projects or the Common Code Initiative itself**. I am grateful to the Swiss State Secretariat for Economic Affairs (SECO) and the British Department for International Development (DFID) for expressing their sincere interest in participating in the second phase of the project. The World Bank, the Inter-American Development Bank (IADB) and the Common Fund for Commodities (CFC) have also expressed an interest in supporting pilot projects. The European Union's (EU) working draft action plan for commodities includes the implementation of the Common Code.

With the support of the private sector, ICO and particularly you, the producing and consuming countries, we would like to establish a **network of pilot projects**. This will test the code's on-the-ground implementation in practice, provide the necessary experience for regional and local adaptation and form the basis for its widespread implementation.

To achieve this we need the private sector for practical experience but we also need a favourable political environment, promoted at the international level by ICO and at the national level by your governments' policies.

Excellencies, Mr. Executive Director,

Thank you very much for your attention. I would be delighted if you were to continue your kind support for this project in future, **creating an enabling political environment** and **disseminating information on the development of the Code in your countries**. We look forward to proposals on how the ICO and the private sector in the producer countries can best support the implementation of the Code. I am sure that if we all put our heads together we will find suitable modes of cooperation between the ICO and the organisations implementing the Code – and in the long run improve the living conditions of millions of producers in Asia, Africa and Latin America.

Thank you very much.