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## Coffee industry to seal pact on improved standards

By Hugh Williamson in Berlin

Coffee producers and four of the world's largest coffee companies will today seal a far-reaching agreement to improve working conditions and environmental standards across their volatile industry.

The Common Code for the Coffee Community is targeted at the mainstream coffee market, rather than fair trade or other niche segments, and is the result of pressure from consumers, retailers and non-governmental organisations, industry officials said.

Producers and traders adopting the code will have to pay minimum wages, cease using child labour, allow trade union membership and stick to international environmental standards on pesticides and water pollution.

The code will be enforced by independent auditors and be

evaluated regularly.

It is one of the most sweeping initiatives undertaken by an industry on a voluntary basis and follows similar codes adopted by the clothing, sports goods and diamond industries.

The code, adopted by Nestlé, Sara Lee, Kraft Foods and Tchibo, is the most ambitious international attempt to date to set standards in an industry severely affected by over-production and falling prices.

The involvement of large companies marked a breakthrough compared with other smaller-scale codes, while peer pressure between the companies increased the chances of full implementation, analysts said.

About 25m people in 70 developing countries are dependent on coffee production for a retail mar-

ket that is worth about \$35bn a year and produces 2bn cups of coffee a day, according to industry estimates.

Alongside the four companies, the voluntary code will apply to coffee producers from Brazil, central America and Africa. It will also be signed by NGOs, including Oxfam International and

Greenpeace, and the International Union of Foodworkers, a federation of trade unions including coffee industry workers.

If fully implemented by all the parties involved, the code would cover an estimated 60 per cent of the international coffee market. But industry officials have warned that its impact may take years to be realised.

The code is the result of 18 months of negotiations within a €1.2m programme funded by the

German government and the German coffee industry.

Dieter Overath, head of Transfair, Germany's leading fair trade organisation, welcomed the initiative but said the coffee

industry would eventually have to raise prices paid to producers to allow them to improve standards.

AnneMeike Wijn, a director of Kraft Foods, which markets Kenco and Maxwell House coffees in the UK and Jacobs in Germany, said Kraft had recog-

nised that "consumers of mainstream coffee now see the conditions under which coffee is produced as more important than in the past".

Pressure from Oxfam and from retailers, including Tesco and Sainsbury's in the UK, had also been important, she said.