

Big Coffee Companies Agree To Set Standard

Some of the world's biggest coffee companies announced a voluntary code on Friday to improve conditions and environmental standards for coffee workers and growers in producer countries, reports the [International Herald Tribune](#) (09/11). The code follows complaints by consumer and environmental groups that the companies exploit low prices and poor working conditions in a world market glutted with excess coffee.

Called the Common Code for the Coffee Community, it aims to help poor producers by creating a market for coffee that has been produced without banned pesticides or any slave, forced or child labor in places where trade unions are permitted, working conditions that are fair and producers are allowed to sell their coffee freely. Coffee produced this way will be certified under the code. The parties to the agreement include Nestlé, Tchibo, Sara Lee, Kraft, and the German coffee industry association DKV. Producers involved include Brazil, Vietnam, Kenya, Colombia, Indonesia and the main Central American exporters. The signatory companies are not committing to buy certified coffee. Instead, the industry will "intensify business relationships with producers of good quality" and "provide a price differential for high quality coffee," according to the Code.

[The Financial Times](#) (09/10) adds that the Common Code is targeted at the mainstream coffee market, rather than the fair trade segment, and is the result of pressure from consumers, retailers and non-governmental organizations. The code will be enforced by independent auditors and be evaluated regularly. The code is the most ambitious attempt to set standards in an industry severely affected by over-production and falling prices. It is also one of the most sweeping voluntary initiatives undertaken by any industry. The involvement of large companies marked a breakthrough compared with smaller schemes, and peer pressure increased the chances of full implementation, analysts said. About 25 million people in 70 developing countries depend on coffee production for a retail market worth about \$35 billion a year. The voluntary code will also be signed by NGOs, including Oxfam International and Greenpeace, and a federation of trade unions including coffee industry workers. If fully implemented, the code would cover an estimated 80 percent of the international coffee market.

In an editorial, [The Guardian](#) (UK, 09/13) writes the Common Code is good news for the 25 million workers and farmers in the many developing countries such as Guatemala and Vietnam who have suffered from the brutal competition to supply the west with its regular caffeine fix. The adoption of the code at last brings something of a moral force of the fair trade movement into the mainstream. Yet while the code will aid fairer trade, it is not fair trade in a strict sense. While it will help farm workers' incomes, it does not address the long term fall in coffee prices and the glut in production that have depressed their sale values. The agreement also avoids any mention of genetically modified coffee plants, thus missing an ideal opportunity to tackle the issue.

[Dow Jones](#) (09/12) meanwhile adds that critics are saying the companies could help more by cutting oversupply. 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." Ian Bretnam, deputy director of the Fairtrade Foundation, said, "Anything that improves workers' conditions is welcome, but it seems to be largely focused on plantation workers and doesn't address the fundamental problem of the slump in prices."

[Reuters](#) (09/10) adds that Robert Nsibirwa, chairman of the Uganda chapter of the East Africa Fine Coffee Association (EAFFCA), said the pact should help to build a healthier industry. "We think that by doing everything right they will be able to build better business relationships which, crucially, will be long lasting," he said. But a senior Kenyan agriculture official, who asked to remain anonymous, said the pact had to take into account local conditions, specifically the use of children on farms during school holidays.