

Common Code for the Coffee Community (CCCC) Sustainable Agriculture Initiative (SAI) Platform

Common Understanding of Mainstream Sustainable Coffee

Labelled “Sustainable coffees” in market niches altogether might reach about 6% in a few markets by the end of the decade, according to the recent study “The State of Sustainable Coffee - A study of 12 major markets”.

These niches create consumer awareness, provide positive examples and hands-on experience. Our approach is to learn from these and combine elements to cover all three dimensions of sustainability: People and society, environmental and economic sustainability and to broaden their base in the market.

Sustainable coffee from our perspective addresses the sector as whole and must become a market-based concept for the mainstream.

Coffee is an important commodity in international trade. It is a permanent tree crop characterized by cyclical movement of production volumes often induced by price fluctuations as well as natural factors. Under free market conditions, prevailing in the coffee sector since the cancellation of the quota system of the coffee agreement in 1989, structural deficiencies such as insufficient technical and financial support to farmers, inefficiencies in the supply chain as well as incompatible framework conditions (as many coffee origins are poor countries lacking infrastructure and expertise) are becoming increasingly more obvious. Unsustainable production practices have been maintained in many parts of the world endangering at the same time the natural resources used as well as adequate coverage of the social needs of the producing community. Extremes of these deficiencies can be observed in the present situation, where market prices hardly cover production costs in a number of producing countries. Current large stocks, stemming from many years of over production, further depress prices. The decline in income results in a reduction of foreign exchange earnings while poverty increases in rural areas. Farmers may survive with great difficulties in the coffee business, or they may abandon their farms or switch to alternative crops, for which options are often quite limited. Farm workers' unemployment is rising considerably and migration processes into urban centres are increasing.

In this context, a number of organisations have developed initiatives aimed at improving the sustainability of green coffee production. Some of these initiatives do focus on one or two only of the three pillars of sustainability – economy, environment and social – and associate to it a whole set of verification and trading systems including minimum standards, audits, labels and premiums. This is the case of organic or eco-friendly products which focus on the environmental side of the production, or fair-trade products that focus on the social side (driven by a minimum price) for instance. We welcome these initiatives as they go in the right direction by encouraging the development of more sustainable practices in coffee production. Nevertheless, economically they have a very limited market potential. Moreover, the overproduction that led to the slump in prices follows a price-building mechanism that does also apply to the niche markets. If for instance more organic certified coffee becomes available than is required by the market, premiums for farmers involved in such programs will slide away which may put their economic sustainability at stake.

For other initiatives and in our view, coffee production has to have the two following characteristics if it is to have a future and make a real change in the current situation:

- 1) Sustainable coffee production, post-harvest processing and trade should be sustainable along the three pillars of sustainability. A sustainable coffee sector shall meet social, environmental and economic goals. All actors in the coffee chain have to be able to compete effectively in the long term with other market participants and achieve prices that cover production costs and allow them a decent livelihood. Therefore, the challenge is threefold:
 - a. to internalize environmental and social costs as well as the costs for providing essential support services to farmers into commodity prices. (*Producers, Green Coffee Trade and Unions*)
 - b. to improve consumer awareness and preference for sustainably produced and processed coffee of consistently good quality. (*Industry, Retailers and Civil Society*)
 - c. to assist coffee farmers in marginal areas to diversify into other crops or sustainable activities. (*Governmental Organizations and Development Cooperation*)

- 2) Sustainable coffee production should be mainstreamed. Approximately 25 million farmers depend on coffee for their incomes. They all need to be able to adopt sustainable practices and to have the possibility to sell the coffee produced along these practices on the market.

In order to effectively encourage the development of mainstream sustainable coffee production, a number of tasks need to be tackled. These include:

- Participatory development of a common sustainability code for coffee.
- Identification of suitable indicators of sustainable practices allowing verification of progress.
- Participatory development of implementation guidelines.
- Broad implementation of sustainable production, post-harvest practices and trade. This shall be realised gradually over time by a market-based approach and through the involvement of all the food-chain and related stakeholders – including Inter-governmental Organisations (IGOs), Governments and Non-governmental Organisations (NGOs)- that support this change in financial, technical and political terms.
- Gradual and continuous increase in the amount of sustainable coffees traded and consumed world-wide.
- Harmonization of mainstream sustainability approaches.
- In addition, a neutral entity which hosts the practices, indicators and verification systems, could be explored.

The Common Code for the Coffee Community and the Sustainable Agriculture Initiative Platform work independently but in regular cooperation with these common approach and goals. We encourage all other organizations and initiatives to join our efforts in the same direction.