



Organización Internacional del Café
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**Sustainability in coffee growing,
processing and in the marketing
of raw coffee**

Dr. Uschi Eid, Parliamentary State Secretary, Federal Ministry for Economic Cooperation and Development (Germany), will make a presentation on the attached project to the Council on 27 September 2002.

Speech by the Parliamentary State Secretary in the Federal Ministry for Economic Cooperation and Development, Germany, Dr Uschi Eid

International Coffee Council, 87th Session, London, September 27, 2002

Sustainability in coffee growing, processing and in the marketing of raw coffee

**Executive Director Mr. Osorio,
Madam Chairperson Ms. Lakshmi Venkatachalam,
Excellencies, distinguished Delegates,**

It is with great concern that the German government has been observing the drastic slump and the massive fluctuation in prices on the world coffee market over the last few years.

As the world's second largest importer of coffee, we have an interest in stable prices and high-quality imports so as to be able to guarantee the German consumer top quality coffee at stable prices now and in the future.

A further cause for concern, however, is that international efforts to reduce poverty are being impeded in many producer countries by the drastic slump in coffee prices. In my position as the *German Chancellor's personal representative for Africa*, I have seen how dwindling commodity prices can jeopardize the first signs of successful economic reconstruction particularly in the African countries of the Great Lakes region. The result in some countries is that they are losing the scope for action that debt relief through the HIPC Initiative was supposed to open up for them. I find it particularly alarming that, in Honduras for example, the coffee crisis – compounded by a drought – is causing 30,000 people to go hungry.

Together with the German coffee industry, therefore, we wish to launch an initiative which I would like to present to you today. As the Parliamentary State Secretary in the Federal Ministry for Economic Cooperation and Development (BMZ), I am appealing to you to lend your support to this project. We should also put our heads together and think of ways in which the International Coffee Organization could contribute to this initiative.

In the last few days, you have also had discussions on Oxfam's coffee initiative. We support the fundamental idea behind this initiative. I am convinced that our project could form an important element of this trade approach, which is contributing to improved living conditions for the 25 million coffee producers and their families. Yet we are also aware that a great deal remains to be done.

1. Aims

Our aim is to develop a code of conduct supported by the transnational companies and all other players in the coffee sector. In order to achieve this, development cooperation institutions, the coffee industry in the consumer countries, representatives from the coffee-growing countries and nongovernmental organizations are to work together closely. With this code of conduct, we wish to improve the sustainability of all activities and at all levels along the entire value chain of coffee. Sustainability means that we wish to strengthen coffee producers economically, make production more environmentally friendly and raise social standards. I am keen to stress at this point that our aim is not to force out certain producer groups or regions by imposing high standards. Quite the opposite, in fact! What we want is to embark, together with you, on a path that will enable us to translate the aim of sustainable development into concrete action.

Of course, our project cannot bring about an immediate reduction in worldwide overproduction. Nor will it lead to a rapid stimulation of demand. We hope, however, that the development of sustainable production conditions within a market-oriented framework will help in the long term to stabilize the world market. By taking account of the social, ecological and health implications of coffee production, we also wish to increase consumer confidence in the coffee industry and thus promote coffee consumption in the long term. This German initiative is therefore intended to help – with the requisite involvement of relevant players – to launch a globally accepted basis for improving the overall social conditions in developing countries and the marketing opportunities on the world coffee market.

The aim of the code of conduct to be jointly adopted is to provide the coffee industry in the producer countries with a basis for cultivating and processing coffee in a socially and ecologically compatible as well as economically profitable way. In order to avoid any distortion of competition, the subsequent step will be to adapt the internationally agreed principles to regional conditions.

2. Next steps

What, then, are the concrete steps that we should now take?

Through the German program of development cooperation, and particularly our implementing organization GTZ, we have supported and implemented 80 projects in the coffee sector of our partner countries over the last two decades. In the past few years, about ten projects were implemented in cooperation with private companies, with the latter contributing at least half of the costs. Most of these projects were concentrated on a particular region, a certain country or the solution of a specific problem. So their impact was limited. Now we want to use the experience gained through cooperation with partner countries, industry, NGOs and BMZ to adopt a more comprehensive approach.

This project could potentially have an international impact: our aim is to draw up social, ecological and quality standards through a participatory process that will serve as a basis for the market for "mainstream coffee." Our partner in financing and implementing the project, the German Coffee Association, not only represents the companies involved in the coffee industry in Germany, the world's second largest importer of coffee, but counts among its members the most important transnational companies in the coffee sector – in other words many of the companies that will later be applying the standards.

The intention is for representatives of producers' interests and consumers' interests to draw up this code of conduct together. At the various levels, for example in the steering committee and in the working groups concerned with the specific aspects of sustainability, care will therefore be taken to ensure adequate integration of the interests of business and society as well as social and ecological interests. We regard it as particularly important that the coffee-growing countries should be well represented at all levels.

We see ourselves as initiators rather than as an exclusive group. We wish to establish a round table which other organizations, NGOs, trade unions and representatives of partner countries that are concerned with the issue and have proven expertise, are warmly invited to join. We know that without your active participation our aim cannot be achieved. Without the coffee-growing countries, and especially without the private sector in the coffee-growing countries, it will not be possible to draw up a code of conduct that can be widely implemented. That is why I would like to ask you to discuss and decide within the ICO what form that cooperation could take.

This ambitious project, ladies and gentlemen, depends – like all participatory processes – on the constructive atmosphere between the players involved: the international organizations, the representatives of the consumer countries, the multinational companies and, of course, representatives of the producer countries. I would therefore like to invite you to become involved. Join with us in the process of formulating and designing a code of conduct and seize the opportunities offered by that process for us to jointly lend new value to the concept of sustainability in coffee production.

Excellencies, Secretary-General,

- I would be delighted if you were to lend your kind support to this project in future. We look forward to proposals on how best the ICO and the private sector in the producer countries can support this project.
- I would like to suggest that, in coordination with the Secretary-General, we find three representatives of producers in Latin America, Africa and Asia to support the project by sitting on the steering committee.

- I would be delighted if we were to find other suitable modes of cooperation between the ICO and the organizations implementing the project.
- If you are interested, we would be glad to keep you up to date on the results of the project and would ask you to help us in its implementation.

Thank you very much.