



ORGANIZACION INTERNACIONAL DEL COFFEE ORGANIZATION
ORGANIZAÇÃO INTERNACIONAL DO CAFE
ORGANISATION INTERNATIONALE DU CAFE

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Discussion paper

SUSTAINABLE DEVELOPMENT

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Study

COOPERATION WITH THE UNITED NATIONS
ENVIRONMENT PROGRAMME

Executive Board/
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SUSTAINABLE DEVELOPMENT

DISCUSSION PAPER

1 INTRODUCTION

As agreed at the PSCB meeting of 26 January 2000, the objective in the area of sustainable development is '... to increase knowledge and awareness of sustainable development within the coffee community as a whole'.

In order to achieve this objective, I feel that it is necessary first of all to answer some basic questions on sustainable development. Secondly, it is too unwieldy and complex an issue to 'digest' in one go, so I also suggest that we break up the subject in more manageable sub-items.

2 SOME BASIC QUESTIONS

If Sustainable Development is to become a practical everyday reality, we must be willing to address a few difficult questions:

2.1 Total coffee image or 'gimmick'

Because Sustainable Development is the current buzzword, it would be relatively easy to use it a gimmick to market coffee by making some cosmetic changes to coffee production. I suggest that Sustainable Development should rather be approached as a positive contribution to address some of the genuine concerns over the way coffee is produced and its impact on environment, economy and society.

2.2 To differentiate or not

Organic, shade grown or bird-friendly coffees are intentionally differentiated from traditional coffee. This is entirely legitimate. Consumer choice is fundamental in the marketing of every consumer product, from cars to breakfast cereals. However, I offer for discussion the view that Sustainable Development should not be seen as a 'beauty contest' with some products being 'more sustainable' than others.

2.3 Standards?

In the many publications on the issue one subject keeps returning: the development of product standards for sustainable production. I venture to suggest that Sustainable Development does not lend itself to this approach. Product standards could even be counter-productive. For instance if a product standard requires minimal use of fertilisers, this may result in soil depletion and the need to clear virgin forest. On balance perhaps not the optimal solution from the environmental point of view. Standards may be required if it is the wish of operators to be able to market 'Sustainable Development compatible coffee', but I feel that this is neither prudent (see the previous paragraph), nor practicable (the setting of criteria, and the development of certification and verification systems will be horrendously complex).

**COOPERATION WITH THE
UNITED NATIONS ENVIRONMENT PROGRAMME**

1. In line with the Organization's policy of cooperation with United Nations agencies (Article 16 of the Agreement) and the provisions of Article 25 of the Agreement, this document contains a summary of a document prepared by the Secretariat for collaboration with the United Nations Environment Programme (UNEP), Division of Technology, Industry and Economics. It outlines a preliminary framework of studies to be conducted on coffee, environment and international trade. It may be noted that preliminary talks with the UNEP have taken place and the Organization has been assured of the UNEP interest in cooperating along the lines proposed. A copy of the full document is available to Members on request.

2. The Board may wish to consider the appropriateness in principle of these studies and, if in agreement, request the Executive Director to proceed with further discussions with the UNEP on timetables and financial implications of carrying out such a programme of studies.

3 THE MAIN SUB-ITEMS OF SUSTAINABLE DEVELOPMENT

There are many definitions of Sustainable Development, but most of them have in common the notion of three pillars: environmental, economic and social aspects. See for instance the European Union action programme 'Towards Sustainability', which defines Sustainable Development as: *'maintaining continuity of economic and social development while respecting the environment and without jeopardising future use of natural resources'*. I suggest considering the economic aspect not as a separate sub-item, but as an underlying condition. In the words of the International Chamber of Commerce Business Charter for Sustainable Development: *'Economic growth provides the conditions in which protection of the environment can best be achieved, and environmental protection, in balance with other human goals, is necessary to achieve growth that is sustainable'*. This leaves us with two main sub-items: environmental and social aspects.

3.1 Environment

The USDA Sustainable Agriculture Research and Education (SARE) program lists the following environmental items relevant to sustainable agriculture:

- integration of natural biological cycles and controls
- protection and renewal of soil fertility and the natural resource base
- optimisation of the management and use of on-farm resources
- reduction of the use of non-renewable resources and purchased production inputs
- minimisation of adverse impact on health, safety, wildlife, water quality and the environment

These are probably not the only relevant environmental issues, and the list will need to be adapted to the specific situation of coffee growing and production. For this the expertise of the PSCB members will be indispensable. It has to be noted that environmental issues relevant to the manufacturing of finished coffee roasting are not included. I offer for discussion the following approach: to develop a flow chart of coffee production and manufacturing, and gradually identify sources of information to assist operators to apply improvements in their own specific situation. This will be a large effort, which requires the co-operation of all PSCB members, and is also likely to involve the ICO library section. It will go a long way towards fulfilling the mandate of 'increasing knowledge and awareness'. As far as the environmental impact of coffee manufacturing is concerned, in the European Union we can benefit from the development of 'Best Available Techniques' (BAT) for the food and drink industry. In the course of 2000 EU and industry representatives will develop a BAT Reference Document, listing the processes used in food and drink production (such as cooling, pasteurisation, frying, roasting and many others) and identifying for each of the processes the technology that will lead to environmental optimal solutions. At this point in time I would not like to go into too much detail, before knowing whether the general approach meets with the approval of the PSCB membership.

3.2 Social aspects

To identify the subjects covered under this heading, the listing of the Ethical Trading Initiative (1999) is often used:

- employment is freely chosen
- freedom of association and the right to collective bargaining are respected
- working conditions are safe and hygienic

COFFEE, ENVIRONMENT AND INTERNATIONAL TRADE
PRELIMINARY FRAMEWORK FOR STUDIES

Background

1. Previous international trade negotiations have avoided bringing agriculture into the GATT/WTO Rounds. Trade in agricultural goods was considered to be too difficult and complex to take place on the same basis as other goods. Current discussions for the Seattle Round of trade negotiations early next year may result in a number of proposals including agriculture goods. Concerns about how to correct restrictions and distortions in the market can be addressed through a better understanding of non-trade issues in the agricultural sector, such as social (i.e. labour, stakeholders – from farmers to government institutions – strategies and roles), the environment, food security and health and safety-related issues.

2. The International Coffee Organization is a unique forum where international cooperation can result in tools to anticipate policy changes to avoid uneven results both in trade and in the environment, as coffee is of the utmost importance in agricultural commodity trade, accounting for US\$11 billion in foreign exchange involving up to 100 million people worldwide in full-time employment.

Introduction

3. This paper is intended to present summary terms of reference for complementary studies to be conducted which will assist in understanding the links between international trade and environment for an agricultural commodity: coffee. The analysis conducted in these studies would be based on neo-classical environmental economics, on natural resource economics and finally on the international political economy.

- child labour shall not be used
- living wages are paid
- working hours are not excessive
- no discrimination is practised
- regular employment is provided
- no harsh or inhumane treatment is allowed

If we consider the perception of the general public, without a doubt the most prominent subject is child labour.

A balance has to be found between trying to address either too few or too many subjects.

One option is to focus on the subjects covered by the three ILO conventions recognised by the EU as entitling exporting countries for lower import duties under the GSP system:

Convention 87 (Freedom of Association), Convention 98 (Right to Organise) and Convention 138 (Child labour). PSCB members wishing to determine whether their country is a signatory of these or other ILO conventions are invited to consult the ILO website: www.ilo.org (click 'search for ILO convention' at the left side of the homepage; lists of signatories are annexed to each convention).

It must be noted that the ILO Conventions do not set strict standards, apart from a minimum age of 15 years for child labour (and even this is subject to exceptions). They aim to put in place policies to achieve the stated objectives. The PSCB may wish to consider a system to measure progress made by developing base-level criteria against which to measure progress. This could – for instance – be a higher rate of literacy, a larger percentage of children receiving education, a gradual increase in wages etcetera. The efforts to obtain the relevant data should not be underestimated! This may be a subject for discussion between the PSCB and the government representatives in Board and Council.

4 VERIFICATION

If the efforts of the coffee sector in the area of Sustainable Development are to be taken seriously, some form of verification will be required. I am not contemplating cumbersome inspection systems, but structured and reliable reporting of efforts and (at a later stage) achievements. How to organise and channel such reporting will be another large effort. Again, I do not want to go into too much detail before having received the comments of the PSCB membership.

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Summary terms of reference

4. Within the broad context of liberalized agricultural trade, there is increasing concern among coffee producing and consuming countries about enhancing the quality of coffee through a sustainable pattern of development. In addition, "responsible business" in the coffee community means meeting the challenge of finding creative answers to new environmental and socio-economical issues.

5. To increase understanding of these subjects, it is suggested that four main studies should be prepared. Using different methodologies, they are intended to be complementary in the sense that the focus is to devise linkages between coffee trade and environmental concerns to develop both analytical tools and reliable data. Case studies will be used to illustrate how the situation has evolved and which considerations should be taken into account to facilitate trade while, at the same time, preventing and avoiding environmental damage.

6. Coffee is a processed product and, as such, shares some life cycle attributes with other agro-industrial goods. Coffee has additional features that make it more complex than, for example, rubber, cotton or cut flowers: as a beverage, like foodstuffs, it is also subject to restrictions with regard to safety in production, processing and consumer health. From seed to the cup, and beyond the cup – for disposal of waste by-products such as grounds, packages, etc. – coffee has created challenges to prevent environmental pollution; in many cases, these environmental nuisances have been addressed by the adoption of environmentally sound technologies in the processing of coffee but, in other areas, there is probably still room for improvement.

7. The first study will therefore contribute to understanding the impact of production, processing, marketing and consumption that trading in coffee may have upon the environment. It will be conducted using as methodology the "life-cycle" approach to identify where in the coffee chain effects take place and how they can best be addressed.

8. A second study on natural resources efficiency using the natural resources economic approach should provide a series of quantified scenarios.

9. It is worthwhile recalling that, compared to other cash crops, coffee, as a perennial crop, produces few negative effects on the environment: most of the world's coffee farms are smallholder farms with low or zero application of synthetic inputs to soil and trees.

10. A third research study should provide data and comparisons on the environmental impact and efficient use of natural resources between coffee and other perennial crops in agro-industrial sectors.

11. A fourth study would address current discussions on multilateral regulations and agreements such as those fixing levels of substances, packaging or production (for instance, integrated pest management, biotechnologies and intellectual property rights regarding genetic materials, GMO, etc.) which affect both trade and environmental quality.