Coffee Barometer

Nestlé invests CHF 500 million in coffee projects, doubling direct purchases

27 August 2010 - Nestlé today launched the *Nescafé Plan* in Mexico City, bringing under one umbrella Nestlé's commitments on coffee farming, production and consumption. The *Nescafé Plan* contains a set of objectives which will help Nestlé further optimize its coffee supply chain. In addition to the CHF 200 million invested over the past ten years, Nestlé will invest CHF 500 million in coffee projects by 2020. This includes an investment of CHF 350 million for the *Nescafé Plan* and CHF 150 million for Nespresso.

Over the next five years, Nestlé will double the amount of *Nescafé* coffee bought directly from farmers and their associations, eventually purchasing 180,000 tonnes of coffee from around 170,000 farmers every year. With the support of the Rainforest Alliance and the 4C Association, all directly purchased green coffee will meet the internationally-recognized 4C sustainability standards by 2015. In addition, 90,000 tonnes of *Nescafé* coffee will be sourced according to the Rainforest Alliance and Sustainable Agriculture Network (SAN) principles by 2020.

Under the *Nescafé Plan*, Nestlé will distribute 220 million high-yield, disease-resistant coffee plantlets to farmers by 2020. This helps farmers to rejuvenate their plantations, thus multiplying the yield on existing land and increasing farmers' income. Through partnerships with public and private institutions in a number of countries, including Mexico, Thailand, the Philippines and Indonesia, Nestlé has already distributed over 16 million coffee plantlets over the past ten years. Nestlé is also expanding its technical assistance programmes, in which Nestlé agronomists provide advice on farming and post-harvest practices, to over 10,000 coffee farmers a year.

Kraft Foods Expands Sustainability Goals

12 May 2011 - Kraft Foods today announced expanded sustainability goals and highlighted progress against its focus areas. The company's new goals build upon previous success around energy, carbon dioxide, water, waste and packaging reductions.

For the 2010-2015 timeframe, Kraft Foods has added some ambitious goals around transportation and agricultural commodities. One of them is to increase sustainable sourcing of agricultural commodities by 25 percent, including the commitment that all of the company's European coffee brands will sustainably source 100% of their coffee by 2015.

The company will meet its agricultural goal through third-party certification groups like Fairtrade, Rainforest Alliance and 4C. In 2010, the company purchased nearly 50,000 metric tons of Rainforest Alliance Certified™ coffee, more than half of which went to their EU coffee business.

Sara Lee launches ambitious five-year sustainable coffee plan

10 January 2011 – Sara Lee Corp. announced today a new five-year initiative to boost its sustainable commodity program. In the past five years Sara Lee has become the world's largest buyer of UTZ CERTIFIED Good Inside® coffee thanks to cumulative purchases of more than 110 million kilos of the commodity. Today the company committed to more than triple that amount in the next five years and purchase at least 350 million kilos across all its markets and product segments.

By 2015 Sara Lee will have more than 20% of its entire annual coffee volume certified sustainable, a percentage currently unmatched by its peers among the largest mainstream coffee manufacturers. Sara Lee announced also that it is expanding the number of sustainable certification partners with which it works. Although the UTZ CERTIFIED Foundation will remain Sara Lee's main partner for sustainable certification, the company will liaise occasionally with other programs such as certified Organic or Rainforest Alliance.

Lavazza

No clear commitments of figures available for the public

Aldi

No clear commitments of figures available for the public

Segafredo

No clear commitments of figures available for the public

Smuckers

No clear commitments of figures available for the public

Strauss

No clear commitments of figures available for the public

Starbucks: Responsible coffee purchasing

May 2011 - Starbucks is committed to buying and serving high-quality coffee that is responsibly grown and ethically traded. They have set a goal that by 2015, all of their coffee will be third-party verified or certified, either through Coffee and Farmer Equity (C.A.F.E.) Practices, Fairtrade, or another third-party certified or verified program. They continued to make progress in 2010, moving from 81 percent in 2009 to 84 percent of their total green coffee purchases from C.A.F.E. Practices-verified sources (226 million of 269 million total pounds purchased).

Tchibo: Responsibility within the coffee supply chain

October 2011 - Tchibo is working towards a complete changeover from conventionally to sustainably produced coffee. 100 per cent of the raw coffee used in their products should have transparent origins and be traceable right back to the field it was grown in. At the very least, this raw coffee should be validated in line with the 4C basic standard (Common Code for the Coffee Community) or with other comparable models (verified sustainability), and/or it should meet the requirements of the standards organisations Fairtrade, Rainforest Alliance, Bio or UTZ CERTIFIED (certified sustainability). In aiming for this ambitious target, they want to achieve the first milestone in 2015.

Figure 1 Coffee supply chain

Contents

Abbreviations

4C	Common Code for the Coffee Community
COSA	Committee on Sustainability Assessment
CSR	Corporate Social Responsibility
DKV	German Coffee Association
ECF	European Coffee Federation
EU	European Union
FAO	Food and Agriculture Organization
FLO	Fairtrade Labelling Organizations
ICO	International Coffee Organization
IDH	Sustainable Trade Initiative
IFOAM	International Federation of Organic Agriculture Movements
IIED	International Institute for Environment and Development
IISD	International Institute for Sustainable Development
ILO	International Labour Organization
ISEAL	International Social and Environmental Accreditation and Labelling Alliance
ITC	International Trade Centre
KNVKT	Royal Dutch Coffee and Tea Association
NGO	Non Governmental Organization
RA	Rainforest Alliance
STAP	Scientific and Technical Advisory Panel
TCC	Tropical Commodity Coalition
UK	United Kingdom

1 Introduction

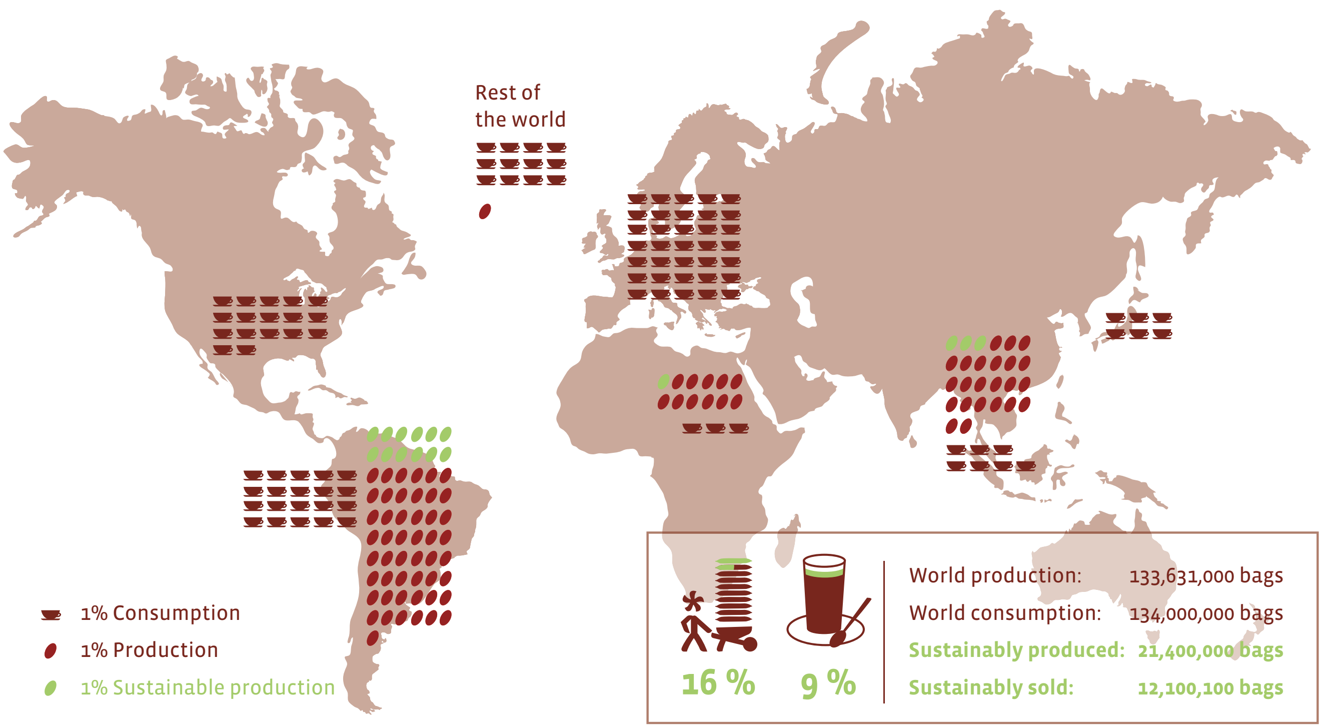
Coffee ranks high among the most important agricultural commodities traded in international markets, in terms of both volume and value. Clearly, coffee growing and processing has proven itself to be a lucrative industry. Yearly, about 120 to 134 million 60-kg bags of green coffee beans are produced in 80 countries in Central and South America, Africa and Asia. Over 100 million people are engaged in producing and processing coffee. A vast majority of the world's 25 million coffee producers are smallholder farmers, who are directly dependent on coffee for their livelihoods. Coffee producers are subject to the cyclical problems of commodity production such as seasonal effects and migrant labour. Historically, declining terms of trade and price volatility have been closely linked with coffee production, making poverty reduction both an important and difficult challenge to ensure the sustainability of the sector.

Only a decade ago, producer prices of coffee plummeted to an all time low in 2001. Green coffee bean prices, often below the cost of production, unleashed a series of adverse consequences among rural workers and small-scale farmers, including hunger, disintegration of families and communities, and migration to cities. Despite significant increases in the international price of green coffee, the dynamics of the coffee market have not shifted in ways that guarantee long-term stability for those at the bottom of the supply chain. Increasing production costs, due to rising prices of key inputs, such as fertilizers, transportation and labour, propels migration. Regrettably, it is the younger, more progressive ones that move out leaving the ageing coffee farmers behind. There is a great risk that as the price of coffee rises, the sense of urgency for dealing with the problems of the coffee sector will wane. Today, due to strong demand there is a drive to increase output. This will have an effect on the environment as well, with monocropping and sun grown coffee as the norm. Given that many coffee growing regions are also home to some of the most delicate ecosystems on earth, the potential for serious damage to biodiversity and the climate is disturbingly high.

To seriously address rural poverty and environmental degradation in the coffee growing areas, it is necessary to focus on the dominant players in the coffee value chain. Sustainable production and social change are mainly driven by the purchasing policies and practices of companies at the buying and retailing end of the coffee value chain. Supply chain reforms and development programs that address these needs can help to level the playing field, and leave the poor less vulnerable to the market's boom and bust cycle in the future. Corporate coffee sourcing practices must be adjusted to ensure that the profits realized at the top of the value chain are spread in a way that truly rewards all participants.

World coffee consumption has grown steadily at around 2.5% per year. Growth is fastest in emerging markets, such as those in Eastern Europe and Asia, and in the coffee producing countries themselves. In Europe and the United States, consumers are increasingly attentive to quality and origin, and show a growing interest in the economic, social and environmental aspects of coffee production. The world market share of sustainable coffee has grown rapidly in the past few years, in fact, at a much faster rate than conventional coffees. The production of sustainable coffee[1] is now reaching significant levels of market penetration, accounting for about 16 per cent of the global production of almost 134 million bags (see Figure 2) in 2010. The sales of sustainable coffee have grown to 12 million bags, or 9 per cent of total consumption.

Figure 2 World production and consumption of coffee in 2010



TCC has played an active role in building the transparency of international supply chains by collecting and verifying information on production and trading practices in the value chains of coffee, cocoa and tea. Since the last Coffee Barometer (2009) was published, various organizations have enriched the discussion with new research reports. In general, the lack of market transparency impeded the collection of data needed to present a clear and comprehensive overview of the whole coffee sector. While some organizations and companies have excelled in providing information for this 2012 edition, others are unwilling to share any information.

This ‘Coffee Barometer 2012’ reviews some recent developments of significance in the sustainable coffee sector. As certification has grown rapidly we present a brief overview of the critical issues and main sustainability challenges in the coffee sector. We discuss the availability and procurement of certified and verified coffee, and provide a brief background of its impact at the producer level. An analysis of the world market share of sustainable coffee and its procurement by the world’s top ten coffee roasters follows. Then, the push and pull factors that influence sustainable coffee consumption in Germany, Italy, the Netherlands and the United Kingdom are examined.

2 Coffee standards systems

The growing market share of sustainable coffee and the stricter regulation of the coffee industry can be viewed as a direct consequence of NGO pressures. The Fairtrade movement set the example by challenging the conventional trade system with a viable alternative. By encouraging agendas for corporate social responsibility, the Oxfam Make Trade Fair coffee campaign and the lobby of the Coffee Coalition in the Netherlands, prompted regulation of the supply chain. Figure 3a presents a summary of the critical issues for both smallholdings and estates. Standards systems should address issues pertaining to both categories. International development donors, NGOs and labour unions are pushing for innovations (see Figure 3b - future challenges). With certification as the starting point, new challenges like climate change mitigation and adaptation, payment of a living wage and promotion of gender equality are being added on. A crucial factor in measuring any success is to ensure that information about sustainable coffee is accessible and comparable. Since publishing the last Coffee Barometer (2009), various organizations (see BTC 2010, FAO 2009, IISD and IIED 2010, ITC 2010), have made an attempt to increase transparency in the sector by collecting and verifying information related to production and trading practices. In reviewing market shares and trends, all research reports underline the need to improve access to information. This is paramount in determining the credibility of any coffee sustainability initiative.

Coffee certification and verification have come a long way, allowing coffee producers who meet certain requirements to differentiate their sustainable coffee in the market. However, with the rapid growth new challenges arise. Standards systems are defined by their specifications for monitoring and enforcement of sustainable production and trade practices. Whereas past TCC Barometers published static overviews of the strengths and weaknesses of various coffee standards systems, a new and better tool has been developed by the International Trade Center (ITC, 2011a). The ITC has taken the initiative to develop a web-based database, which is constantly updated and enables users to compare many different standards systems on every aspect of their specific thematic qualities **›› www.standardsmap.org**

In the coffee sector, there are seven key initiatives. Independent monitoring and certification are central to the four major coffee production standards: Fairtrade Labelling Organisation (FLO), Organic (IFOAM), Rainforest Alliance (RA) and UTZ Certified (UTZ). The Common Code for the Coffee Community (4C) relies on self-assessment and a three-year external verification cycle. Starbucks has its own private standard for quality and sustainable coffee production, termed Starbucks' Coffee and Farmer Equity Practices (CAFE Practices). Nespresso's private AAA guidelines have a similar approach and focus on quality aspects like origin and taste. Like 4C, these company systems seek to verify farm practices.

The stated objectives of these major coffee standards systems suggest a broad, but often loosely defined, notion of sustainability. All of them attempt to address the economic, social and environmental conditions relating to coffee production. A look at the scope of these standards reveals some general trends and commonalities. Most economic criteria revolve around product quality and minimum wage requirements. Living wages, price premiums (only explicitly included in Fairtrade standards) and written contract requirements are rare. On the environmental front, all systems either require integrated pest management or compliance with a prohibited chemicals list. Surprisingly, none of the systems address

Critical issues in the coffee producing countries

Figure 3a Overview of the social, economic & environmental issues at the producer level

	Smallholder level	Estate level
Social issues	– Food security – Poor access to education and healthcare – Low level of farmer organization – Gender inequality – Ageing farmer communities	– Labour abuse – Access to clean water – Poor living conditions – Discrimination, gender inequality
Economical issues	– Lack of farm credit – Lack of market information – Lack of direct market access – Rising cost of living – Poor organizational management – Low productivity – Ageing coffee trees	– Lack of unionisation – High casualisation of labour – Low minimum wages
Environmental issues	**Smallholder & estate level** – Conversion of primary forest habitat – Loss of biodiversity and habitat destruction – Soil erosion and degradation – Agrochemical use and runoff – Degradation of water quality and supply – Changing weather patterns – Coffee tree diseases	

Figure 3b Sustainability challenges at the producer level

Climate change adaptation

Effects of changing climatic conditions are felt in coffee producing areas. Prolonged droughts, raised temperatures or heavy rains make the harvest seasons unpredictable. The situation is alarming as the actual temperature and rainfall levels, in many regions, are near sub-optimal for coffee production. These climate changes affect yields and quality, and increase production costs leading to a drastic reduction of the producer's income. Farmers need access to technical and financial support mechanisms to strategically adapt to these challenges.

Women empowerment

The coffee cash crop is male dominated. Women coffee farmers and workers are often excluded from access to financial resources, essential training services, and decision-making processes. All coffee sector development programmes should consider the different roles, needs, and perceptions of women and men in coffee production. Empowering women through active participation in training activities and in decision-making processes will leverage their role in implementing sustainable coffee producing practices.

Smallholder organizations

It is crucial to strengthen smallholders' organizations and build capacity to improve their market position and increase their income from coffee production. If they are not well organized, smallholders will lose out to large-scale commercial farmers, especially when it comes to accessing high value markets (export and certified markets). Rural cooperatives and other collective self-help organizations of various kinds are important features of rural life and an essential mechanism for building some degree of social and economic security and overcome rural poverty.

A living wage

Minimum wages tend to be low for agricultural workers. Many casual, temporary or seasonal coffee plantation workers are paid at least in part on a piecework basis, for instance, per kilo of crop picked, row-length weeded, or hectare sprayed. If rates are low, this can lead to people working very long hours to earn a subsistence income. Coffee standards initiatives all require at least the legal minimum wage and remunerated overtime, but in many cases one worker's wage does not stretch to meet the family living needs.

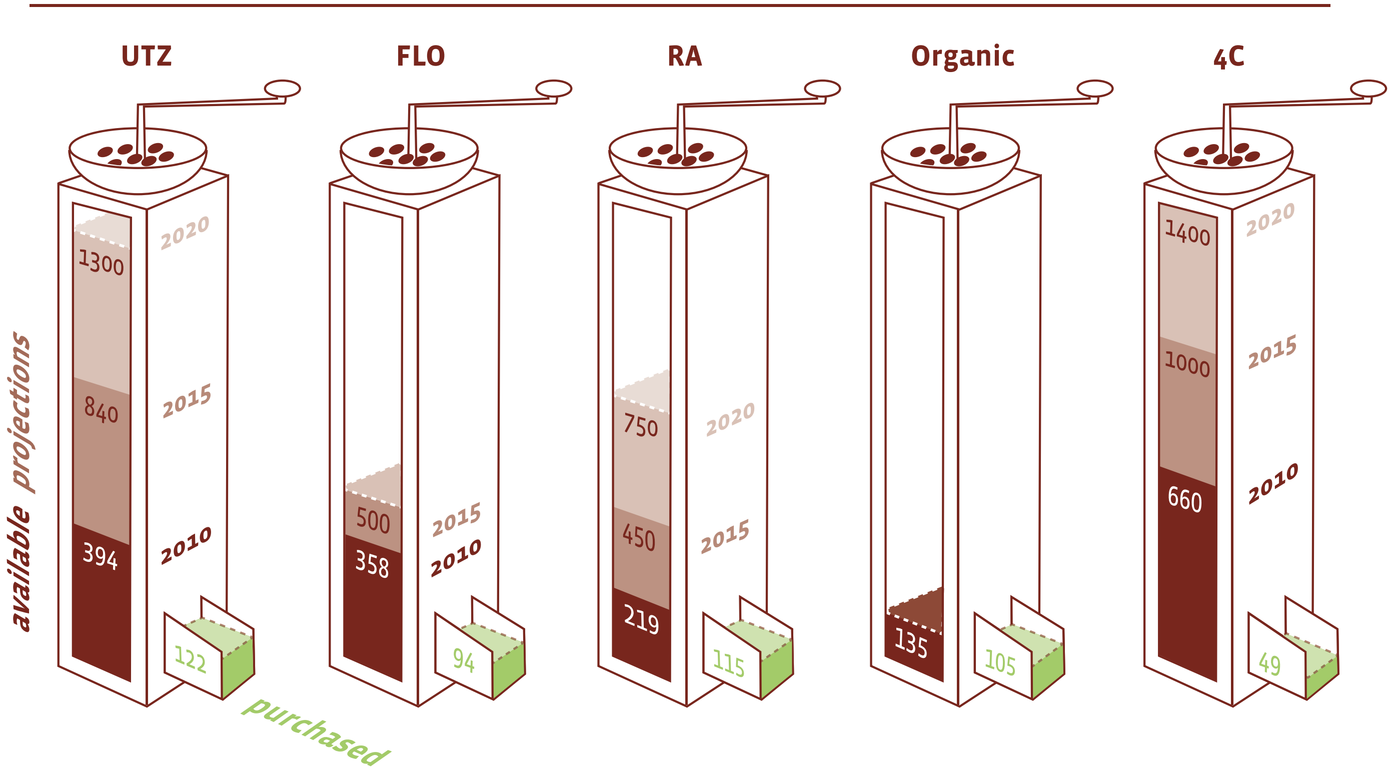
greenhouse gas reduction. All standards systems, except IFOAM, require compliance with core ILO conventions. Most initiatives have strong criteria coverage of health and safety and employment conditions. There is little or no emphasis on gender, employment benefits and community involvement. In general, the standards systems adopt a four-pronged process to achieve better economic, environmental and social outcomes in the coffee sector (Adapted from SustainAbility, 2011):

1. Defining process standards specifying sustainability;
2. Creating a support system with capacity building, networks, information exchange and market access;
3. Monitoring the improvement process, through implementing control mechanisms. Certification involves independent third party checking and assessment, while verification generally means some form of (second or third party) verification of a producer's own assessment;
4. Creating demand by identifying and drawing the attention of producers to a want or need among buyers.

Figure 4 illustrates certified and verified coffee production volumes in 2010 versus the quantities actually purchased as sustainable. There is a large gap between sustainable coffee volumes available and actually purchased. Besides the obvious reason that the demand for sustainable coffees does not match the production levels, some other factors play a role in explaining the current gaps. Firstly, the demand for green coffee depends on various attributes of quality, including taste and origin. Not all the sustainable coffee available matches the buyer's criteria. Coffee standards systems indicate that to match supply and ensure demand it is paramount to have on offer a broad range of qualities and origins. Secondly, double and triple certifications blur statistics of sustainable coffee volumes. Standards systems seem to have somewhat better information on the amount of multiple certifications in sales than in regard to production. When coffee is produced sustainably, but not sold as a sustainable product, the potential benefits of preferential market access, more direct commercial relations and premiums may not be available.

A major objective of implementing coffee production standards is to improve the livelihoods of producers. Although prices and premiums are important variables in this regard, they are often not the only or even the most important elements that determine the overall sustainability of a given commodity producer. Other key determinants include yield, cost of production, access to financing and access to markets (IISD and IIED, 2010). Conformance to a coffee production standards system can give participating producers opportunities, for example, training in Good Agricultural Practices, access to new markets, and enhanced efficiency and revenues. However, does compliance with any given coffee production standard really improve their economic, social and environmental situation, and if so, to what extent? As one standards system after another has to scale up rapidly to meet the demands of mainstream market channels, understanding their actual impact becomes more important. Recent impact research raises further questions and highlights the limited number of studies able to clearly demonstrate positive or negative impacts of coffee production standards on the coffee smallholders. The Scientific and Technical Advisory Panel (STAP, 2010) set out to credibly identify the impacts of certification by reviewing the available literature on the subject. They found only six studies that actually estimated the environmental or socioeconomic outcomes for certified entities. STAP concludes that these farm-

Figure 4 Volume of available and purchased certified and verified coffees in 2010 and future projections
(in thousand metric tonnes)



level studies do not provide compelling evidence that certification has positive socioeconomic or environmental impacts. COSA's Preliminary Cost Benefit Analysis of Sustainable Practices in Coffee (Giovanucci et al. 2008) is more specific and summarizes its main findings as follows:

1. Economic situation: Certified farms generally appear to be better off economically (assessed by net income) than their conventional counterparts, but the gap seems to be small.

2. Environment: Many of the environmental parameters measured (such as biodiversity and shade coverage), show little evidence that certification had a significant effect on the environment over the first two years of certification - possibly due to the lag time between implementation of practices and environmental impact (e.g., planting of shade trees or constructing erosion barriers).

3. Social situation: Certified farms appear to have distinctly better occupational health and safety practices, employee relations and labour rights performance.

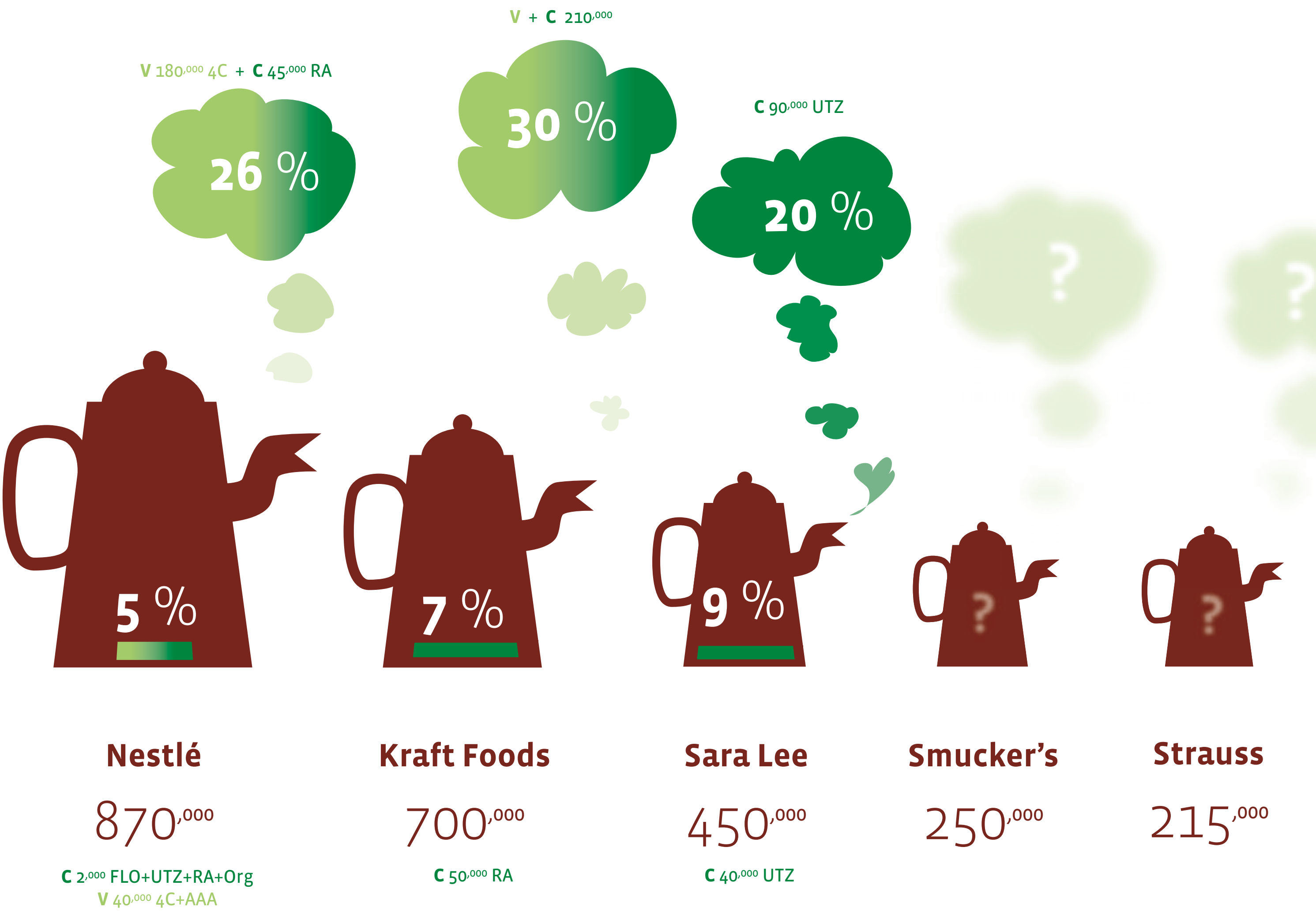
The conclusions of COSA and STAP highlight the difficulties involved in appraising the actual value of sustainability standards at producer level. This lack of measurable results jeopardizes the credibility of the different coffee certification and verification systems. Meanwhile, as the standards systems are rolled out, coffee producers are now finding that conformance to their requirements is becoming a mandatory requirement to sell green beans to certain buyers and markets. As emphasized by TCC (2009), the mechanisms and principles for implementing and monitoring coffee standards systems should stimulate a continuous process for improving the social, environmental and economic situation. To bring about this process of continuing improvement, with any degree of efficiency, the convergence of coffee production standards at the producer level is an absolute must. A first step in the right direction has been taken by ISEAL members FLO, RA and UTZ, announcing their commitment to work together in developing tools and materials to enable adherence to multiple standards, shared independent third party certification and improving audit efficiency.[2] Furthermore, the positioning of 4C as a stepping stone to more demanding sustainability systems might help to increase cooperation in the field.

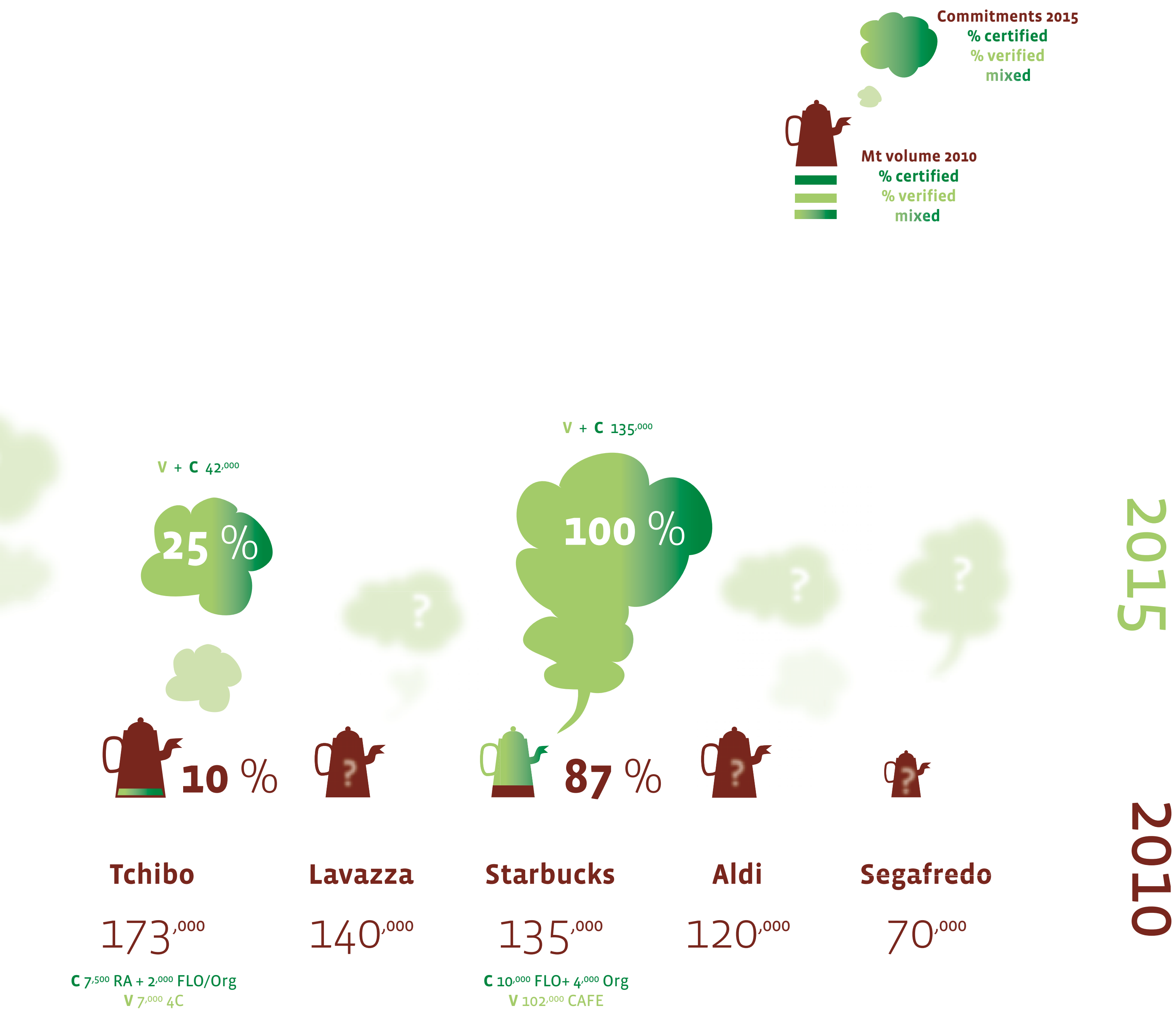
Figure 4 shows not only the rapid growth of sustainable coffee production; it also highlights the ambitious goals for the future. All standards systems expect their demand to increase; both UTZ and Rainforest Alliance plan to double their volumes by 2015. It should be noted that the current figures and future forecasts are estimates and that the coverage already overlaps to varying degrees at the producer level, leading to double or triple certification.[3] FLO has always propagated a development model focused on poverty alleviation through empowerment of, and market access for, smallholders. RA and UTZ have focused their improvement trajectories on estates and large cooperatives. The existing supply of certified coffee is increasingly subject to additional certification to another standard; the process is relatively easy as many of the more difficult requirements, such as record keeping, traceability and good agricultural practices are commonly shared among the different certifications (ITC, 2011b). The 'low-hanging fruits': coffee estates and cooperatives that can attain certification relatively easily seem to be certified by at least one of the standards systems. Another important point to note is that the supply of sustainable coffee remains highly concentrated among a small number of countries, with two-thirds of the supply coming from the more organized and developed Latin American producers (IISD and IIED, 2010).

Growth of the supply of sustainable coffee may have to increasingly depend on large-scale farmers who currently operate intensive conventional systems. These farmers will be constrained by the difficulty in converting intensive production systems towards more sustainable models where economic output is not the only measure of success. Furthermore, multiple certification is not likely to significantly improve the sustainability at farm level, but surely reduces the resources that could be directed towards farmers seeking first certifications (ITC, 2011b). Next to including more smallholder cooperatives, standards systems must find ways and means to pull in more coffee producers in Africa and Asia.

In 2011, the market demand is driving cooperation in the field; this is a logical step in the development of the coffee standards systems. 4C has changed its business model towards a demand-driven approach, matching market demand with a new base of suppliers. RA and UTZ intensify cooperation with FLO, because they need to include more smallholder cooperatives in their supplier base to be able to grow rapidly. Transfair USA is resigning from the FLO system[4] in order to adopt a more mainstream approach and opens up its system to estate coffee, possibly estates that are already covered by RA and UTZ certification.

Figure 5 Top ten coffee roasters: certified and verified coffees purchased in 2010 and future commitments




Commitments 2015
% certified
% verified
mixed
Mt volume 2010
% certified
% verified
mixed
V + C 42,000
25 %
10 %
V + C 135,000
100 %
87 %
?
2015
2010
Tchibo
173,000
C 7,500 RA + 2,000 FLO/Org
V 7,000 4C
Lavazza
140,000
Starbucks
135,000
C 10,000 FLO+ 4,000 Org
V 102,000 CAFE
Aldi
120,000
Segafredo
70,000

The sustainably produced coffee business has grown quite robust at all levels of the supply chain. Sustainable coffee production involves producer organizations, traders, roasters, brand owners and retailers. All of them need information on the characteristics, requirements and performance, and market trends associated with the different initiatives as a prerequisite to further investment in a sustainable coffee sector. The world coffee market is dominated by three very large transnationals - Nestlé, Kraft Foods and Sara Lee, and a few big coffee roasters like Smucker's, Strauss, Starbucks and Tchibo. The decisions these companies make impact significantly on the overall demand for sustainable coffee. More than half of the top ten roasters are members of the 4C Association: Nestlé, Kraft Foods, Strauss, Tchibo, Aldi Nord and Aldi Sud.[5] These companies seem to accept the idea that the whole coffee chain should meet a minimum decency standard. Being the two largest coffee companies, Nestlé and Kraft Foods are prominent 4C members. Both are planning to source increasing volumes of 4C compliant coffee in the next years.

The largest roasters tend to rely heavily upon traders for their supply of coffee rather than dealing directly with producers or producer groups. Trading companies are large players and include Neumann Gruppe (Germany), Volcafé (Switzerland) and ECOM (Switzerland). These three companies together trade 50% of the world's green coffee beans. In recent years, international traders have strengthened their supply network especially, to guarantee a minimum amount of certified coffee to their major clients. Traders are the closest to the farmer and have to secure quality production and volume. These companies have established sourcing guidelines for sustainable coffee procurement. To source a growing share of sustainably produced coffee they are actively involved in the design and implementation of training programmes to improve and protect the economic, social and environmental conditions at the beginning of the coffee chain.

In recent years, most of the top ten coffee roasters have developed strategic alliances with a number of international standards initiatives, like FLO, RA and UTZ, or developed their own private coffee standards systems as part of their overall corporate strategies. Figure 5 shows that nearly all the companies buy one or more kinds of sustainably produced coffee. The statistics reveal the total volume of coffee purchased by each company in 2010, including the volume of certified and verified coffee. Currently, the volumes of certified and verified coffee purchased by these ten mainstream companies differ considerably. However, their future public commitments to support a sustainable coffee sector by gradually increasing the procurement of sustainable coffees reveal striking similarities.

Nestlé

With the launch of its Nescafé Plan in 2010, Nestlé emphasizes its own responsibility in the coffee sector, by aligning its Nespresso guidelines with the standards of RA and committing to 4C, and making large-scale investments in capacity building trajectories at farm level. Over the next five years, Nestlé will double the amount of Nescafé coffee bought directly from farmers and procure 180,000 tonnes of 4C verified green coffee. In addition, 90,000 tonnes of Nescafé coffee will be sourced according to the Rainforest Alliance standards by 2020.[6]

Kraft Foods

Kraft Foods actively communicates a global commitment to increase its sustainable sourcing of agricultural commodities to 25% by 2015. The company is investing in sustainable coffee production by funding technical assistance and training to improve working and living conditions on coffee farms. Today, it is the world's largest buyer of RA coffee and committed to purchase increasing quantities of certified coffee to blend into its mainstream European brands. All its European coffee brands will contain 100% sustainable coffee by 2015[7], this equals about 30% of Kraft Foods' global coffee volume. However, the company is not disclosing exact figures on the amount of RA certified coffee versus the share of 4C verified coffee in its future blends.

Tchibo

Amongst the current 4C members, only Tchibo has committed itself to a fully sustainable future path; it plans to procure 25% sustainable coffee by 2015 and has a future commitment of 100 per cent. Tchibo supports training programmes for coffee producers, is the main buyer of 4C compliant coffee, and its brands contain RA, UTZ, Organic and FLO labelled coffees.

Strauss and Aldi

Strauss and Aldi prominently display their membership of the 4C Association. However their support and commitment to make the coffee sector more sustainable is questionable. None of these companies have publicly shared their sustainability strategy and are not known to invest significant resources to transform their practices to a sustainable coffee business. Without disclosing any tangible information on their current 4C procurement or future commitments, it looks like their membership amounts to fairwashing of their coffee business.

Sara Lee

Sara Lee, Smucker's, Starbucks, Lavazza and Segafredo are not members of the 4C Association. Of these companies Sara Lee and Starbucks, take their own route towards a more sustainable coffee sector. In 2008, Sara Lee left the 4C Association to concentrate fully on procuring UTZ Certified coffee. In 2011, it announced an ambitious five-year initiative to boost its sustainable commodity program. Sara Lee is the world's largest buyer of UTZ Certified coffee and is committed to triple its current procurement, over the next five years, to a minimum of 20% across all its markets and product segments.[8]

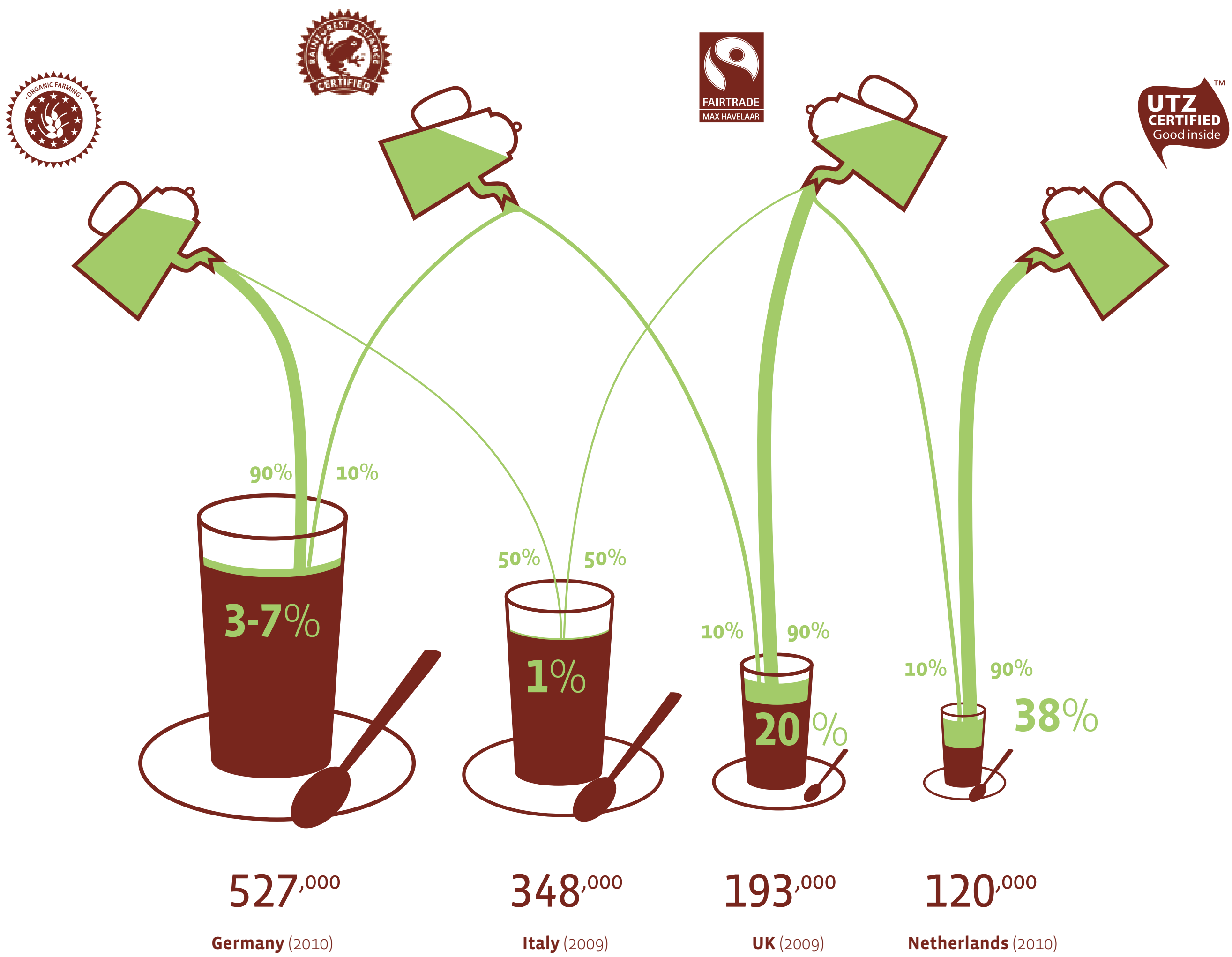
Starbucks

Starbucks has set a goal that by 2015, all of its coffee will be third-party verified or certified, either through its own code, CAFE Practices, FLO or another program. In 2010, 84 percent of its total green coffee purchases were CAFE Practices verified. With 7.9 percent of FLO certified coffee purchases, Starbucks is the second largest purchaser of FLO certified coffee after Green Mountain Coffee Roasters (which procured 11,800 tonnes in 2010).

Smucker's, Lavazza and Segafredo

Smucker's, Lavazza and Segafredo seem to have no clear sustainability strategy. These companies are the laggards in the top ten; they need to recognize their social responsibility. Although Smucker's is the world's fourth biggest coffee company it seems to lack a clear and concise CSR strategy for its coffee business. The company does not provide verifiable procurement figures of certified coffee, has no specific goals for its contribution to a more sustainable coffee sector, and its future commitment is extremely vague, declaring to 'substantially increase the purchase of certified green coffee over the next five years'. Lavazza, a family coffee company, is Italy's market leader. Its CSR policy is limited to philanthropy and some coffee business related development projects. Interestingly, Lavazza has a partnership with RA, but it sells this coffee only in the British market. Segafredo is the well-known coffee brand of the Massimo Zanetti Beverage Group. This is a completely vertically integrated coffee company; it grows, processes, trades, roasts and distributes its coffee. The Group owns the largest coffee plantation in the world.

Figure 6 European market demand of sustainable coffee



4 European market demand

Today, the global coffee market is more convenient, dynamic and flexible than ever before. In the wake of the global economic crisis, consumers are spending less on coffee by drinking at home and roasters are responding by launching convenient, easy-to-use premium products. New players and distribution channels are emerging, traditional brands are competing with cheaper products and major companies are taking tactical measures to adapt and survive in a changing market.
In developed coffee markets such as Western Europe, North America and Japan, finer quality regular coffee is becoming more and more popular. The fast expansion of coffee bar chains and the new single-cup brewing methods (Nespresso, Senseo) give the consumer the convenience of enjoying a fresh cup at any time of the day. Consumers' price-quality requirements differ, but intangible aspects such as the degree of sustainability of coffee production do play a role nowadays. The world market share of certified coffees has grown considerably; in 2002, it was just one percent of the total. In 2010, the market sales of coffees making sustainability claims were almost 12 million bags or nine percent of the total world production. Some of these coffees are sold as certified coffees, with a label from one of the major coffee standards systems; Organic, Fairtrade, Rainforest Alliance or UTZ Certified. And some are blended with conventional coffee and not labelled nor marketed as sustainable coffee.
Consumers can be overwhelmed by the choice of options pertaining to the social and environmental credentials of coffee. Credibility of a label in the marketplace is critical to the success of coffee products that lay claim to environmental and social benefits. As a consequence, there are huge differences in the availability and consumption of sustainable coffee across Europe (see figure 6). Fairtrade is highly valued in the United Kingdom and France. Organic coffee has a stable market share in Germany and Italy. UTZ coffee is dominant in the Netherlands and Switzerland and holds a strong position in several Scandinavian markets. RA has been the preferred choice of many key players in the European coffee sector. In analyzing the share of sustainable coffee and the market trends, different types of coffee markets have to be taken into account (Kolk, 2011a):

Retail consumption: This market segment is diverse and accounts for around 70% of coffee consumption. Consumers purchase their coffee at supermarkets and grocery stores, specialty tea and coffee shops, organic and fair trade shops, and internet specialty coffee shops.

Out-of-home consumption: Around 30% of the coffee consumption takes place away from home, mostly in coffee bars, restaurants, at vending machines and the work place. This is also the market segment where governments are becoming prominent buyers of sustainable certified coffee, as a direct result of the implementation of sustainable procurement policies.

In volume and value, Germany is the main coffee market in Europe; Italy is the second biggest consumer. The Netherlands has a high per capita coffee consumption level and its coffee industry has collectively decided to increase the total share of sustainably produced coffee to 75 percent by 2015 (KNVKT, 2010). The UK has a growing quality coffee market, with mainstream retailers devoting more and more shelf space to sustainable coffees. A closer look at these European markets reveals huge differences in the availability and consumption of sustainable coffees.

Germany

Germany is the largest coffee consumer in Europe, with a market share of 23% (ICO, 2010), and the largest importer of coffee in the world, barring USA. Total coffee consumption amounted to 526,860 tonnes in 2010 (ECF, 2011). The coffee market is characterized by fierce competition at the processor, wholesale trader and grocery level. It is dominated by a handful of companies; Kraft Foods and Tchibo are the main players, competing with other roasters like Melitta, Aldi and Dalmayr.

Germany is the largest organic food market in Europe. Organic coffee imports amounted to only 7,620 tonnes in 2010, a substantial decrease from 2009 (8,400 tonnes). In 2011, the German Coffee Industry Association (DKV) took the initiative to convene an industry wide discussion about sustainability in the German coffee sector. They estimated the share of sustainable coffee in the German market to be 3%, mainly Organic and to a smaller extent FLO, RA and UTZ (DKV, 2011).

According to TCC's industry sources this is a very conservative estimate; the share is more likely to be around 7% considering the promotion of certified coffee by the market leaders Kraft Foods and Tchibo. In 2011, Kraft Foods announced it will purchase increasing quantities of certified RA and verified 4C coffee for blending into all its mainstream European brands, and to reach its goal of 100% sustainable coffee by 2015.[9] Tchibo is steadily increasing its share of sustainable coffee by offering its customers different options, like Fairtrade, Organic and RA, and since June 2011 UTZ as well. Tchibo has committed itself to progress gradually towards purchasing 100 percent sustainable coffee in the near future; the first milestone to be reached in 2012 is 25 percent. About half of its current sustainable volume is 4C compliant coffee.

Worldwide purchases of 4C compliant coffee, in the coffee year 2010/11, amounted to 48,600 tonnes (4C, 2011). However, the total volume of 4C compliant coffee in the German market is not at all clear. Tchibo procured 7,000 tonnes in 2010. None of the other 4C Association members, like Kraft Foods, Nestlé, Aldi, Melitta and Dalmayr have disclosed the volumes of 4C compliant coffee they purchased for the German market. Lack of publicly disclosed procurement figures remains a crucial element in determining the credibility and market acceptance of this low-bar sustainability initiative. In 2011, 4C changed its business model from a supply-driven approach to a demand-driven approach. According to 4C, this new direction should boost growth, by matching demand and supply in volume, quality and origin.[10]

Italy

Italy is the second largest consumer of coffee in Europe with a market share of 15% (ICO, 2010). Italians drink espresso coffee, almost exclusively. The global spread of Italian-style coffee has greatly benefited Italy's coffee industry. Domestic consumption amounted to 349,000 tonnes in 2009. Exports of roasted espresso have risen substantially to 19 percent of total exports in 2009. (CBI, 2011)

Most coffee roasters are small businesses supplying the local market. A few family coffee corporations who are aggressive players in the international markets are now well-known, like Lavazza, Segafredo and Illy. Lavazza is world's eighth biggest coffee roaster, in terms of green coffee purchases, closely followed by competitor Segafredo. Lavazza is the market leader in Italy, with a market share close to 50 percent. Lavazza sells its roasted coffee in more than 80 countries and has a strategy in place to grow internationally. It has set its sights, for example, on the rapidly growing domestic coffee markets in India and China. The premium roaster Illy generates more earnings abroad than in Italy, and has developed the licensed café concept to capitalize on the coffee shop phenomenon.

According to FLO, Italian consumption of Fairtrade coffee is growing, although still a niche amounting to 371 tonnes in 2008. Although the market for organic food products is well developed in Italy, organic coffee accounts for only 0.5 percent of the total. Interestingly, market leader Lavazza buys Rainforest Alliance certified coffee, but sells it only in the British market and does not invest in Italy to promote sustainable coffee.

The Netherlands

The Dutch like their coffee and consume around three cups a day on average. Per capita consumption of coffee in the Netherlands, on a yearly basis, is higher than in Germany and Italy. The total annual consumption of roasted coffee, in 2010, amounted to 120,000 tonnes (ECF, 2011). In 1989, Max Havelaar entered the Dutch market with Fairtrade coffee. Since 2002, UTZ has grown rapidly and RA also came on the market in 2005. The main player in the Dutch market is the multinational Sara Lee with its well-known brand Douwe Egberts, which has a market share of over 50%. Its coffee products are widely known and are available on supermarket shelves and in the out-of-home market. Other important players are the Ahold Coffee Company and United Coffee, both of which supply supermarket private label coffees.

In 2010, the three largest supermarkets, Albert Heijn, C1000 and Jumbo, used 100% certified coffee from UTZ and RA for their private mainstream labels, and Fairtrade or Organic for private specialty products. In 2011, the supermarkets Plus and Spar also reached their 100% certified coffee goal. Lidl and Coop committed themselves to offer 50% certified coffee in their private brands. Aldi, which has an 8% market share in the Dutch coffee sector, is the only large supermarket that does not offer any sustainable coffee (Oxfam-Novib, 2010).

Furthermore, the out-of-home market demand of sustainable coffee expanded. The government's new sustainable purchasing guidelines that contain fair trade norms like a living wage/income for farmers and workers (Kolk, 2011b), has led Sara Lee to start offering Fairtrade coffee to its clients. After twenty years of ignoring and resisting Fairtrade as a viable system, this move to include Fairtrade certified coffee in its portfolio came as a surprise to many. However, the business case is obvious - government expenditure on hot drinks in the Netherlands (excluding those for meetings) is estimated at € 100 million per year (Kolk, 2011b).

In 2010, the Dutch coffee industry took a collective decision to increase the total share of sustainably produced coffee to 75 percent by 2015 (KNVKT, 2010). This highly ambitious target seems to be well within reach. TCC estimates the current share of sustainably produced coffee to be 38 percent (a growth of 13 percent since 2008). Furthermore, the IDH Coffee Program launched by the Sustainable Trade Initiative is scheduled to start in 2012. The program partners, Kraft Foods, Nestlé, Sara Lee and Tchibo, together with ECF, GIZ, KNVKT and TCC, will join hands to further increase sustainable coffee production in a pre-competitive manner. The program recognizes the need to move beyond the use of standards and labels, and aims to develop a more holistic strategy to transform the coffee sector into a more sustainable industry.[11]

The United Kingdom

The United Kingdom is the fifth largest coffee consumer in the EU, with a market share of 8.3%. UK coffee consumption equaled 193,000 tonnes in 2009 (CBI, 2011). Consumer preference in the UK is rather different from other EU countries. The British prefer instant coffee: 75% of coffee consumption is instant coffee, 25% is roasted and ground coffee (ECF, 2010). The presence of coffee chains such as Costa Coffee and Starbucks has influenced consumers' attitude towards coffee quality and consumption. Although coffee consumption increased significantly in recent years, the per capita consumption remains quite low at only 3 kg in 2008. Nevertheless, the UK ethical consumer is very critical and expects proof of ethical and environmental practices beyond simple accreditation (Allegra, 2011).

Fairtrade appears to have been most successful in the United Kingdom. UK has the second highest per capita consumption of Fairtrade certified products worldwide, only behind Switzerland. Fairtrade coffee accounts for about 20% of the UK coffee market (CBI, 2011). With more and more commercial partners joining the Fairtrade certification scheme, the UK market experienced an unprecedented dynamism. This has benefitted most of the traditional Fairtrade players, big and small, with their turnover rising very rapidly in recent years. The Co-op has become the first supermarket to switch its entire hot beverage range to Fairtrade. Also, Marks and Spencer coffee is Fairtrade certified (DAWS, 2008). With the smaller retailers enjoying great success with certified coffees the market leaders have followed suit. They have adopted a variety of approaches to sustainable coffee: Tesco has developed its own Roast & Ground RA labelled brand, and Sainsbury has switched its entire range of roast and ground coffee to Fairtrade, Organic or RA certified coffees. Rainforest Alliance has been the choice of the key players in the UK coffee industry with companies such as Costa Coffee and Kraft Foods promoting it. Costa Coffee is the high street coffee chain with the largest market share in the UK, directly competing with Starbucks, Caffè Nero and McCafes. Kenco, an instant coffee variety produced by Kraft Foods, is the number one retail coffee brand. Kenco offers all its product lines with 100% Rainforest Alliance certified coffee. Sara Lee's coffee lines in the UK will all be UTZ Certified by 2013.

5 Conclusion

Credible growth and challenges

Coffee Barometer 2012 is a TCC endeavour to stimulate and enable the stakeholders to communicate and discuss critical issues. More transparency can promote market efficiency, social welfare and cost-internalization, all core principles of sustainable development. The world market share of sustainable coffees has grown rapidly in the past few years. In 2010, about 16 percent of global production was certified or verified. The sales of sustainable coffee have grown to 12 million bags worldwide or 9 per cent of total consumption. The future success of sustainable coffee will depend on the difference it makes at farm level, and its acceptance by consumers.

All coffee standards systems have experienced growth in the production of sustainable coffee and significant penetration of the mainstream coffee market. All predict a further increase in demand, with both UTZ and RA set to double their current volumes by 2015. Coffee farmers might benefit from the infrastructure that standards systems bring with them, like training in good agricultural practices and technical assistance in farm management. However, with the systems ambitions for rapid growth, and adopting different approaches, new challenges arise. For instance, what social, environmental and economic improvements at farm level can be attributed to implementing a particular set of sustainability standards? This is virtually unexplored territory but according to preliminary studies measurable effects seem to be limited to social criteria, like occupational health and safety, employee relations and labour rights performance. However, even these perceived positive effects regarding labour issues are questioned by labour unions and NGOs, highlighting non-enforcement of standards addressing freedom of association and collective bargaining.

The current trend toward multiple certification does not improve the sustainability at farm level, rather it reduces the resources that could be directed towards bringing in first certifications in Africa and Asia. A better understanding of the costs of compliance at farm level is critical to determine how and where standards bring about sustainable development. Many of the problems that directly confront farmers, farm workers and their communities might not be addressed by simply conforming to standards. The continuing improvement process should be complemented with access to farm credit, differentiated markets, improvement of organizational management and development of alternative economic opportunities to ensure sustainable livelihoods.

International development donors, NGOs and labour unions are aware of the shortcomings and push for innovations. With certification as the starting point, new challenges like climate change mitigation and adaptation, promotion of gender equality and payment of living wages are added on. This increasing diversity of demands brings about uncertainty and waste of limited resources. Having spent time and money to attain a certain social or ethical certification, and then learn that the market has moved on and now calls for climate change reduction methods, is surely distressing. In this light, the agenda of standards harmonization becomes more pressing. Convergence of standards at the producers' level seems inevitable. ISEAL is taking the lead in coordinating this discussion and the cooperation announcement of its members FLO, RA and UTZ might be the first step towards a common set of standards for sustainable coffee that is ecologically and socially responsible and economically viable. Such a generic module will provide a base, for any coffee standards system that so desires, to add on its specific requirements and establish its identity.

Sustainability strategies and commitment

The 25 million coffee farmers face a global market in which Nestlé, Kraft Foods, Sara Lee and Smucker's account for the main share of green coffee bean roasting. Statistics to accurately compare different roasters are not in the public domain, but indicative estimations are possible using company data. Five companies have shared their future commitments. The three largest roasters in the world; Nestlé, Kraft Foods and Sara Lee as well as Tchibo and Starbucks are buying one or more kinds of certified and verified coffee. The frontrunners communicate impressive sounding pledges to make the coffee sector more sustainable, including long-term investments in training programs to upgrade farmers to sustainable producers. To realistically assess these roasters' commitments (present and future), we should consider the size of their operations. Nestlé's Nescafé Plan might result in the procurement of roughly 10% RA certified and 20% 4C verified coffee by 2020. Kraft Foods, Sara Lee and Tchibo, all have future commitments of 100% but do not share a timeline for achieving their targets. Kraft Foods is targeting the European consumer with a mixture of RA and 4C compliant coffee, without disclosing real specifics. Sara Lee is the only top ten company setting the bar high by focusing on external third-party standards systems for reaching its 100% sustainable coffee commitment. Its main focus is concentrating on procuring UTZ Certified coffee. Starbucks appears to be far and away the best in terms of sustainable coffee procurement, and communicates openly about its improvement programmes at farm level. Nonetheless, the lack of an independent third-party verification system should be addressed to bolster credibility of their CAFÉ Practices standards system.

Membership of the 4C Association implies acceptance of the idea that the whole coffee chain should meet a decency standard. Aldi, Kraft Foods, Melitta, Nestlé, Strauss and Tchibo are the 4C Association members among the top ten coffee roasters. Their sustainability strategies differ enormously. Tchibo is a transparent frontrunner; Aldi a reputed laggard, disinclined to share any information regarding its coffee business. The 4C Association will gain in relevance and credibility if it calls the laggards, Aldi, Melitta and Strauss to account, and encourage them to emulate the best-performing companies in terms of both transparency and procurement. Smucker's, Lavazza and Segafredo have not joined the 4C bandwagon and lack a clear sustainability strategy; they must become proactive and start publicly sharing their ideas and viewpoints regarding a sustainable coffee sector.

Market acceptance and competition

Taste and price still dominate the evaluation criteria, but ethical considerations are becoming a factor in driving brand choice, in both the retail and out-of-home markets. In the highly competitive European retail environment, retailers use private standards and labelling to 'out-compete' each other on social and environmental attributes associated with their coffee. However, the information about ethical attributes has to improve, because consumers may fail to understand the differences between the proliferating sustainability labels.

In the process towards gradually increasing the amounts of sustainable coffee, in addition to conventional coffee, coffee roasters and retailers need to figure out how to position certified coffee and to meet (perceived) customer requirements in different markets. The market acceptance of certified coffees varies considerably from country to country. The competition in Germany's coffee industry is fierce, with retailers attracting consumers with very low priced coffee. German roasters like Aldi, Melitta and Dalmayr take a conservative stand and fight shy of the additional costs of sustainable coffee. Nevertheless, companies like Tchibo and Kraft Foods recognize the market potential for sustainable coffee, addressing environmentally or ethically conscious consumers. In Italy, taste is the main selection criterion, and at consumer level the sustainable coffee concept is almost an unknown phenomenon. Specialty roasters procure small quantities of FLO and Organic certified coffee, but large market parties like Lavazza and Segafredo do not offer any certified coffee in Italy. In the UK the opposite situation prevails. Fierce public campaigning of NGOs, church based groups and local governments has given FLO an unprecedented market position in the UK. In the Netherlands, certified coffee has a long history. Today UTZ Certified is by far the largest in the market, but even FLO and RA have been able to expand their market considerably by addressing the out-of-home market and supermarkets' private label brands. Furthermore, the high level of cooperation between civil society, the coffee industry and the Dutch government has created a stimulating environment for the acceptance of certified coffee.

Challenges

It is paramount for the coffee sector to systematically measure the sustainability results achieved, at all levels in the coffee chain. It is especially important to back claims of impact at the producer level, measure real time progress and create sector wide credibility for the efforts of the stakeholders involved. This requires a major breakthrough towards collaboration at different levels rather than competition. The tremendous challenge to build capacity at the producer level, in the demanding environment of unorganized smallholders in Africa and Asia, needs a comprehensive effort with substantial contributions, both financial and in-kind, by all involved stakeholders. As sustainability enters mainstream markets, the ability to attract consumers and create investment opportunities in the green bean producers, represents a new and important influx of capital into sustainable coffee production. In this realm, internalizing the social and environmental costs of sustainable production is a key challenge. In other words, how do we finance and coordinate the effort towards more sustainability? Some important recommendations to foster a more sustainable coffee chain are summarized below and explained on the next page:

Recommendation 1
Promote market transparency

Recommendation 2
Organize pre-competitive cooperation

Recommendation 3
Incorporate the beyond-certification agenda

Recommendation4
Promote a global level-playing field for sustainable coffee

Recommendation 5
Ensure appropriate technical assistance and financing

Recommendation 6
Focus on integrated rural development of coffee communities

Transparency

Recommendation 1:

Promote market transparency.
More transparency at all levels can promote market efficiency, social welfare and cost-internalization, all core principles of sustainable development.

Cooperation

Recommendation 2:

Organize pre-competitive cooperation.
Key stakeholder companies, NGOs, labour unions, governments, donors and standards initiatives should coordinate their plans and investments, in order to build a shared understanding and approaches to sustainability in the coffee sector, at a global level.

Recommendation 3:

Incorporate the beyond-certification agenda.
Linking coffee growing to new financial mechanisms and the climate change agenda presents an opportunity for the whole sector. By linking carbon sequestration programs and biodiversity conservation as well as poverty alleviation, an integrated approach to sustainability can be realized.

Recommendation 4:

Promote a global level-playing field for sustainable coffee.
This will contribute to the continuing improvement of the social, environmental and economic conditions of coffee producers worldwide. Companies, standards initiatives and NGOs must communicate appropriate information about social and environmental attributes, in order to increase the awareness and demand for sustainably produced coffee.

Communities

Recommendation 5:

Ensure appropriate technical assistance and financing.
This assistance is vital to prevent the market exclusion of smallholders in Africa, Asia and Latin-America, as sustainable coffee becomes the norm instead of the exception.

Recommendation 6:

Focus on integrated rural development of coffee communities.
To ensure the production of sustainable coffee, now and in the future, farming has to be an attractive proposition to the young generation. Not likely, unless there is a considerable improvement in the working and living conditions at the beginning of the coffee chain. The current situation propels migration of the younger farmers to urban areas. Promoting the participation of women and young farmers in decision-making processes will empower their role and drive social change at community level.

Footnotes

1 Coffees that adhere to various combinations of social, environmental and economic standards, and that are independently certified by an accredited third party, have been collectively termed sustainable coffees: FLO, IFOAM, RA and UTZ are the four main coffee production standards. 4C, CAFÉ Practices and Nespresso AAA guidelines seek to verify sustainable farm practices. Therefore sometimes a distinction has been made in this report referring to certified or verified coffee.

2 Press release on 14/02/2011: *Joint Statement by Fairtrade, SAN/Rainforest Alliance and UTZ CERTIFIED.*

3 Multiple certification is a critical element in judging the market penetration of production standards; it can lead to an overestimation of the total volume available. Especially difficult to find and interpret are the figures of IFOAM, said to overlap some 50 to 70 percent with FLO labelled coffee.

4 Press release on 15/09/2011: *Fair Trade USA resigns Fairtrade International (FLO) membership.*

5 Trade and industry members list. Accessed in December 2011: www.4c-coffeeassociation.org

6 Press release on 05/08/2010: *Nestlé launches CHF 500 million global plan for sustainable coffee.*

7 Press release on 12/05/2011: *Kraft Foods Expands Sustainability Goals to Build on Success.*

8 Press release on 10/01/2011: *Sara Lee launches ambitious five-year sustainable coffee plan.*

9 RA permits the use of its logo on packs containing at least 30% RA certified coffee, on two conditions: 1) the percentage certified coffee is clearly stated on the pack as consumer information; and 2) the roaster/retailer agrees to shift to 100% certified coffee over a set period.

10 Personal communication from 4C.

11 A limited description of the programme is available at: www.idhsustainabletrade.com/koffie

Sources used to prepare the figures

Figure 2 World production and consumption of coffee in 2010

- International Coffee Organization (ICO) data on production and consumption of coffee in different regions of the world
- Sustainable coffee production and sales are estimates based on data provided by the different coffee standards initiatives (see also Figure 4), and calculated as per method used by IISD, IIED in *The State of Sustainability Initiatives Review 2010: Sustainability and Transparency (page 68-70)*

Figure 4 Volume of available and purchased certified and verified coffees in 2010 and future projections

- Data published by UTZ Certified in the *UTZ CERTIFIED Good Inside Annual Report 2010, and by personal communication*
- Data provided by FLO, Rainforest Alliance and 4C Association, by personal communication
- Organic data are not readily available; data used here were based on those published in ITC (2010) and IISD and IIED (2010) reports and by consulting coffee sector specialists

Figure 5 Top ten coffee roasters: certified and verified coffees purchased in 2010 and future commitments

- Nestlé's Nescafé Plan 2010 and by personal communication
- Press releases from Kraft Foods and by personal communication.
- Sara Lee's Sustainable Coffee Plan 2010 and by personal communication
- Tchibo's Annual Report 2010 and by personal communication
- Starbucks' Annual Report 2010 and by personal communication
- Data pertaining to Strauss, Smuckers, Aldi, Lavazza and Segafredo are not available; none of these companies directly communicate with TCC

Figure 6 European market demand of sustainable coffee

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Green coffee weight conversion

1 bag = 60 kilogram
1.0 tonne = 1,000 kilogram = 16.67 bags

Colophon

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Participants

Tropical Commodity Coalition
for sustainable Tea Coffee Cocoa

Tropical Commodity Coalition (TCC) comprises ten non-governmental organizations: Hivos, Oxfam Novib, Solidaridad, Fairfood International, Stop the Traffik, GoedeWaar.nl, India Committee of the Netherlands, SOMO, Both Ends, Oikos and two trade unions: FNV Bondgenoten en CNV Vakmensen. It cooperates with NGOs and trade unions in coffee, tea and cocoa producing countries to improve the social, environmental and economic conditions at the beginning of the coffee, tea and cocoa value chains.

TCC addresses the social, environmental and economic conditions in the coffee, tea and cocoa chains through organizing informed debates, in both the South and the North. The TCC ensures coordination of the members' activities where needed and compiles lessons learnt and promotes the interchange of strategies to build shared understanding and approaches to sustainability in these commodities. TCC shares its knowledge and influences policies and plans of companies, standards bodies, CSR initiatives, governments, NGOs and trade unions to develop and implement sustainable practices efficiently throughout the coffee, tea and cocoa chains. TCC creates an enabling environment for civil society stakeholders from producing countries to join and take an active part in the sustainable commodity debate.

At the moment that this report is published, TCC as a coalition is closing down. Our individual members can be approached for further information and they will continue in their efforts to advocate for more sustainable supply chains.

www.teacoffeecocoa.org