Tropical Commodity Coalition

for sustainable Tea Coffee Cocoa

Coffee Barometer 2009

Figure 1 Coffee supply chain

Content

1 Introduction

Coffee is one of the most widely traded agricultural commodities in the world. It is farmed in 80 countries and exported by over 50 in Central and South America, Africa and Asia. The 25 million coffee farmers in the developing countries are mostly small-scale producers. More than a 100 million people are engaged in producing and processing coffee.[1] Clearly, the production of coffee has a significant impact on the economic development of the producing areas and their environment.

Producers prices of coffee plummeted to an all time low in 2001. 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.[2] Although green bean coffee prices have increased over the years, the dynamics of the system that precipitated the crisis have not appreciably changed. Thus, it is more than likely that the cycle will repeat itself and a similar coffee crisis will return.

Nevertheless, coffee is ideally suited for sustainable production and social change. A handful of transnational corporations control the market. They could easily act as major drivers of change and bring about a more sustainable coffee sector. Most coffee exports finds their way to coffee drinkers in Europe and the United States, where drinking coffee is integral to their way of life. Consumers are increasingly attentive to quality and origin, and show a growing interest in the economic, social and environmental aspects of coffee production.

Whole bean bulk coffee accounts for roughly ninety percent of all the coffee traded. About ten percent of the coffee traded can be differentiated according to various attributes of quality, including taste, origin and certifications. However, only a small fraction of this coffee is purchased by the leading coffee roaster companies. The inaugural issue of the Coffee Barometer, published by the Coffee Coalition[3] in 2006, presented an overview of the growing share of certified coffee in the Netherlands and the trends in the European coffee sector.[4]

This 'Coffee Barometer 2009' presents an analysis of the recent market developments in the certified coffee sector. It starts out with a brief introduction to the concept of certification and the different standards systems used for certification and their main features. An overview of the availability of certified coffee, and its procurement by the world's top ten coffee roasters follows. The developments and trends in the European coffee market are briefly examined, and to put the share of certified coffee into perspective we take a closer look at the German, Italian and Dutch coffee markets.

2 Coffee certification

Growing consumer concern about food production methods and the impact on poor people and the environment have translated into various standards systems that seek to address these concerns. Nowhere is this trend more evident than in the production, trade, and marketing of coffee. Its considerable importance to both producer and consumer nations, makes coffee an ideal crop to test and develop various market-oriented sustainability initiatives.[5] Today, the sustainable coffee sector is replete with a range of different standards systems for sustainable production, each with its label and claims.

Consumers can be overwhelmed by the choice of options pertaining to the social and environmental credentials of coffee. All coffee sustainability standards embody some combination of environmental, economic and social goals, and require suppliers to meet standards on food safety, working conditions and environmentally friendly production.

Certified coffees are commonly defined as those that include the three pillars of sustainable development. The concept of sustainable development in this realm includes such aspects as 'economic development for farmers', 'environmental conservation' and 'social improvements'. Certification is the procedure by which an independent third party certification body gives written assurance that the quality of the coffee and the production process have been assessed and conforms to requirements specified by the Standards Bodies.[6]

Independent monitoring and certification are central to the four major coffee production standards: Fairtrade Labelling Organisation (FLO), Organic (IFOAM), Rainforest Alliance and Utz Certified. The Common Code for the Coffee Community (4C) distinguishes itself from the coffee standards systems by relying on an internal monitoring system rather than relying on external verifiers and/ or third party guarantees. Starbucks has its own private standard for quality and sustainable coffee production, termed Starbucks' Coffee and Farmer Equity Practices (or C.A.F.E. 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.[7]

Figure 2 provides an overview of the main coffee production standards systems, all benchmarked against the basic TCC principles to identify a decent code of conduct.[8] It is important to emphasize that according to TCC a decent code not only determines standards, but contains mechanisms and principles for its implementation and monitoring and stimulates the continuous improvement of the social, environmental and economic situation.

Basic TCC Principles:

Labour norms must be in accordance with ILO conventions The standards system must have adopted at least the eight fundamental ILO conventions,[9] namely:

- No forced labour (ILO Conventions 29 & 105)
- No discrimination (ILO Conventions 100 & 111)
- No child labour (ILO Conventions 138 &182)
- Freedom of association and collective bargaining (ILO Conventions 87 & 98)

The standards system should also take the following conventions into account:

- A living wage that covers basic needs (ILO Con. 26 & 131)
- Healthy and safe working conditions (ILO Con. 115)
- Legal labour contracts (ILO Tripartite Declaration of Principles Concerning Enterprises and Social Policy).

Governmental regulation and standards systems In many countries there is a lack of compliance with public regulations on labour relations. Hence, standards systems contribute to the enforcement (or better enforcement) of existing laws and/or the creation of new legislation nationally or internationally. The implementation of a standards system is complementary to governmental regulations, and national legislation is always preferable if it establishes higher standards.

Environmental stewardship Standards systems should specify how their environmental standards (minimum requirements and improvement standards) contribute to sustainable development. Clear links need to be established between a healthier and cleaner environment and the welfare of all stakeholders involved.[10]

Inclusiveness of vulnerable stakeholders In applying standards systems one has to be aware of the fact that standards can have negative or unexpected impacts for certain stakeholders. Standards systems need to specify how the standards really improve the material wealth, social wellbeing and empowerment of vulnerable stakeholders, like unorganized small-scale producers, women workers and seasonal coffee pickers.

Implementation, monitoring and continuous improvement A standards system should be managed and implemented on a daily basis. It should be a continuous process: step by step, a company should develop an internal management system to ensure that its suppliers implement the standards and to assess its own progress.

Multi-stakeholder participation The continual backing of civil society is essential to create local ownership and to ensure credibility of the standards system. Local stakeholders should be engaged in developing, implementing and monitoring standards. This is important both for the continuous development of the standards systems and for its adaptation and elaboration at a local level.

External control mechanisms Standards systems can be effective only if they include internal and external verification. Internal verification means that compliance to standards must be integrated into a company's management plan and its functioning should be verified first by an independent, external party. This process should be transparent so that NGOs and unions can monitor the company's improvement actions.

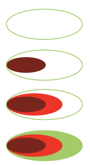
Reasonable commercial conditions A company must require suppliers to work towards compliance with standards but should avoid subjecting them to excessive financial investments. This can be done by facilitating training support and offering suppliers long-term contracts and decent prices.

Supply chain coverage and traceability A chain of custody certification for those handling the product, like traders and processors, or a traceability system should be part of the standards systems. This will assure that the labelled coffee product comes from a certified source.

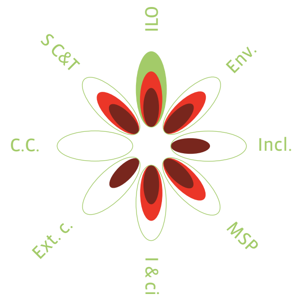
Consumer communication Consumers have the right to receive education and correct information in understandable language about the scope and goals of the various standards systems. Transparency of information for the consumer, regarding the real improvements at producers' level, is a key factor.

Figure 2 Scope of top seven coffee standards systems vis-à-vis the TCC Principles

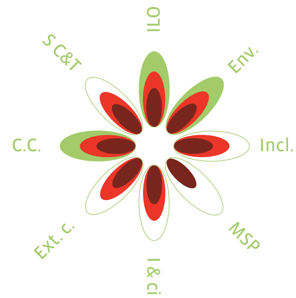
Legenda



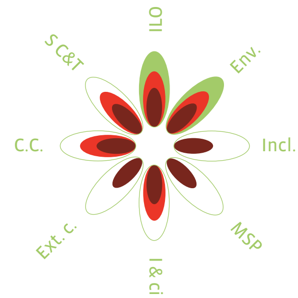
Common Code for the Coffee Community Association (4C)



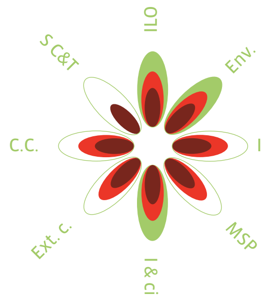
STARBUCKS COFFEE C.A.F.E. Practices

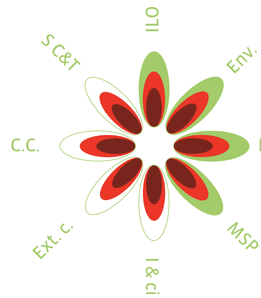


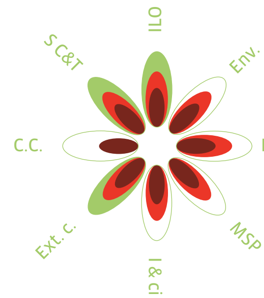
AAA Nespresso

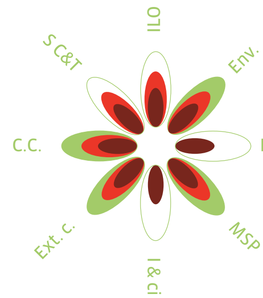


		Common Code for the Coffee Community Association (4C)	Starbucks C.A.F.E. Practices	Nespresso AAA
		Verification system	Company verification system	Company verification system
Thematic	Labour norms in line with ILO	Compliance with core ILO labour norms in the list of unacceptable practices	Compliance with relevant ILO Conventions and national laws	Compliance with relevant ILO Conventions and national laws
Thematic	Environmental requirements	Basic environmental standards, exclusion of banned pesticides through unacceptable practices and minimization of pesticides in WHO lists	Environmental leadership covers large part of the indicators	Environmental sustainability is the focus point, 100% compatible with Rainforest Alliance environmental standards
Thematic	Inclusiveness of vulnerable stakeholders	Low for small-holders, high for plantation workers and low on gender	High for small-holders, average for workers and gender	High for small-holders able to deliver specific coffee qualities
Systematic	Multistakeholder participation	Tripartite membership association with broad participation on international level of producers, companies and civil society, weak at local level	Modest multi-stakeholder participation, code designed as company standard	Modest multi-stakeholder participation, close relationship with Rainforest Alliance and SAN network
Systematic	Implementation & continual improvement	3 levels of criteria (green, yellow, red); low entrance level and step-by-step improvement process with access to support service	Low entry level, possibility to improve to higher score, three supplier levels, low amount of Zero-tolerance criteria	Low entry level, in a region of specific coffee quality all producers can participate, long term relation, improvement over time
Systematic	External control	Annual self-assessment, verified by third-party if self-assessment reflects reality and supports the producers to improve	Second-party verification system, internal and external control mechanism	Second-party verification by Rainforest Alliance, will become third-party certification by 2013
Economic	Commercial conditions	No assurance of demand, rules of participation oblige companies to raise the volume over time	High assurance of actual demand by Starbucks, if supplier level score is high	Average assurance of demand, not all verified coffee complies as Nespresso AAA.
Economic	Supply chain coverage & traceability	Coverage on multiple levels (farmers, processing, trading)	Strong connection between producer and Starbucks	Strong connection between Nespresso and producers
Economic	Consumer communication	B2B model, Membership Statement on pack; Corporate Communication by 4C Members	B2B concept, communication only through Shared Planet website	Quality and sustainability is actively communicated to the Nespresso club members





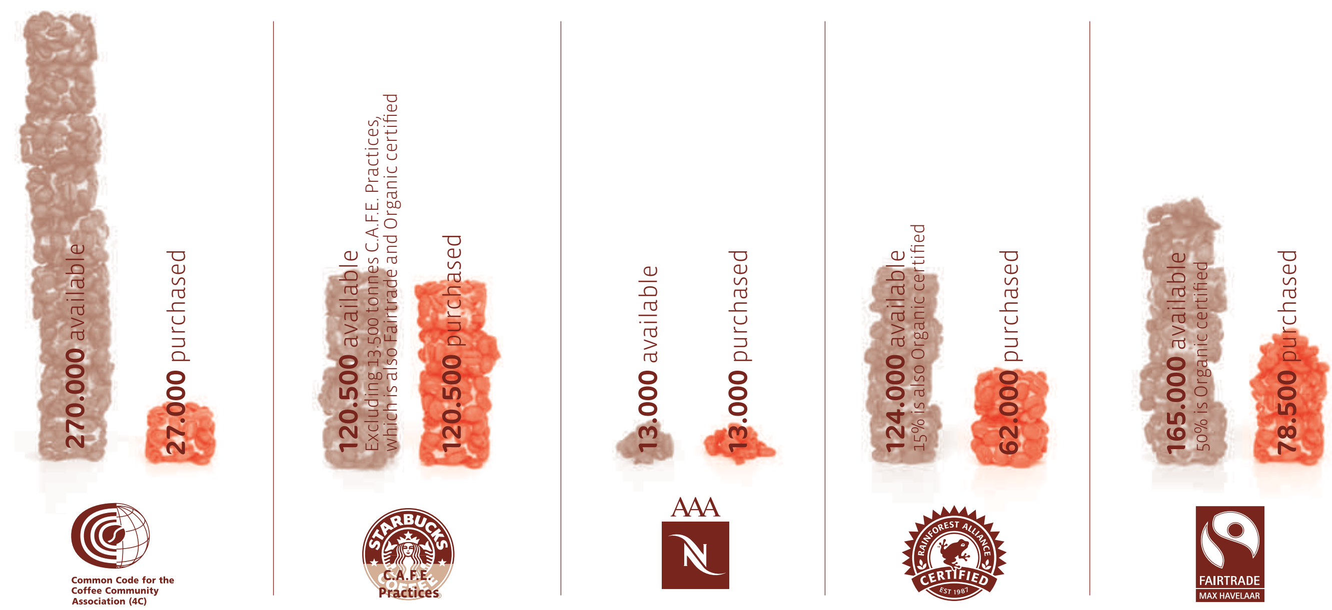




Certification system	Certification system	Certification system	Certification system
Compliance with relevant ILO Conventions and national laws	Compliance with relevant ILO Conventions and national laws	Compliance with relevant ILO Conventions and national laws	Operators should comply with all ILO Conventions relating to labor welfare and the UN Charter
More than half of the code consists of very specific environmental criteria, including ecosystem and wildlife conservation	Substantial part of the code is reserved for generic environmental standards with a three year implementation period	Environmental standards to improve agricultural and processing practices	Main part of the code consists of environmental requirements
Good on small-holders, average on workers and low on gender	Code is designed for smallholders with difficult market access, additional standards for hired labor, average focus on gender	Support network Average for small-holders, strong for workers and low on gender	Average for small-holders who comply to minimal requirements, low for workers, low on gender
Standards developed by environmental NGOs of the SAN network, together with local stakeholders and international experts	Revision of governance structure, to balance stakeholder participation from producers side. Difficult to enter for new producer groups	Two-yearly evaluation of standards in multi-stakeholder consultation process. At local level there is a weak relationship with labour unions	Federation of 750 member organizations ranging from organic producers, retailers, NGOs, to (large) companies with indirect influence on Standards Bodies
Standards include planning and monitoring component to demonstrate compliance and allow for improvement	Producer standards contain minimum and progress requirements, permanent improvement over time	Over a period of 4 years, the amount of mandatory control points increases gradually	Basic reference set of organic standards, additional certification standards for organic coffee production
Certification by SAN network members	Certification centralized through FLO-Cert in Germany, based upon check list of local inspectors	Independent third-party control by approved bodies, local and international	Accreditation and certification, by private and governmental bodies
Good balance between production and demand, price premium depends on market demand	Pre-financing and long-term relationship. Assurance of a Fairtrade premium, internalisation of social and environmental costs. Contribution to balance demand and supply	Strategic balance between supply and demand. Price premium depends on market demand.	High assurance of demand, with a market price premium
Coverage of standards focused at producers' level, transactions registered at electronic marketplace	Coverage focused at producers' level, trader standards applicable	4 inspection levels (producer, certificate holder, nursery, storage); separate chain of custody code. High traceability, web-based	Separate criteria on processing and handling
2 types of B2C communication: 1. Label : 100% RA coffee 2. Label: minimum 30%-90% RA coffee with a seal indicating the exact percentage	B2C concept with active communication	B2B communication. Assurance label used on pack when at least 90% of content is Utz certified	B2C message by 95% organic

3 Certified coffee production

Figure 3 Volume of certified coffees 2008, available versus purchased [1-7]



The world market share of certified coffees has grown considerably in recent years; in 2002, it was just one percent of the total. In 2008, the market sales of coffees, making sustainability claims, were almost 8 million bags or six percent of the total world production.[11] In addition to the strong growth of Fair Trade and Organic coffees, the three relatively new sustainability coffee standards – Utz Certified, Rainforest Alliance and Starbucks CAFÉ practices – also grew dramatically. The first operational coffee year of the 4C Association saw the addition of another 450.000 bags of 4C compliant coffee to the market.[12] *Figure 3* illustrates the certified coffee production volumes in 2008 (totalling almost 18 million bags) versus the quantities actually purchased as certified (around 8 million bags). It should be noted that these figures are estimates and that these standards systems overlap into a varying degree, leading to double or triple certification at producers' level.

Top ten coffee roasters

The coffee market is highly competitive. Hence, companies are looking out for ways to get ahead of the competition. The share of sustainable coffee is still relatively small in relation to the size and value of the world coffee market. But with sales growing at many times more than of conventional coffees, the adoption and marketing of certified coffee has attracted the attention of large roasters and retailers. In terms of concentration, the world coffee market is dominated by three very large transnationals, Nestlé, Kraft and Sara Lee and a few big coffee roasters like Starbucks, Tchibo and Lavazza.

Nearly all of these large coffee companies are buying one or more kinds of certified coffee. *Figure 4* shows the total volumes of purchased coffee by each company in 2008, including the volume of certified coffee. The volumes of certified coffee purchased by these ten mainstream

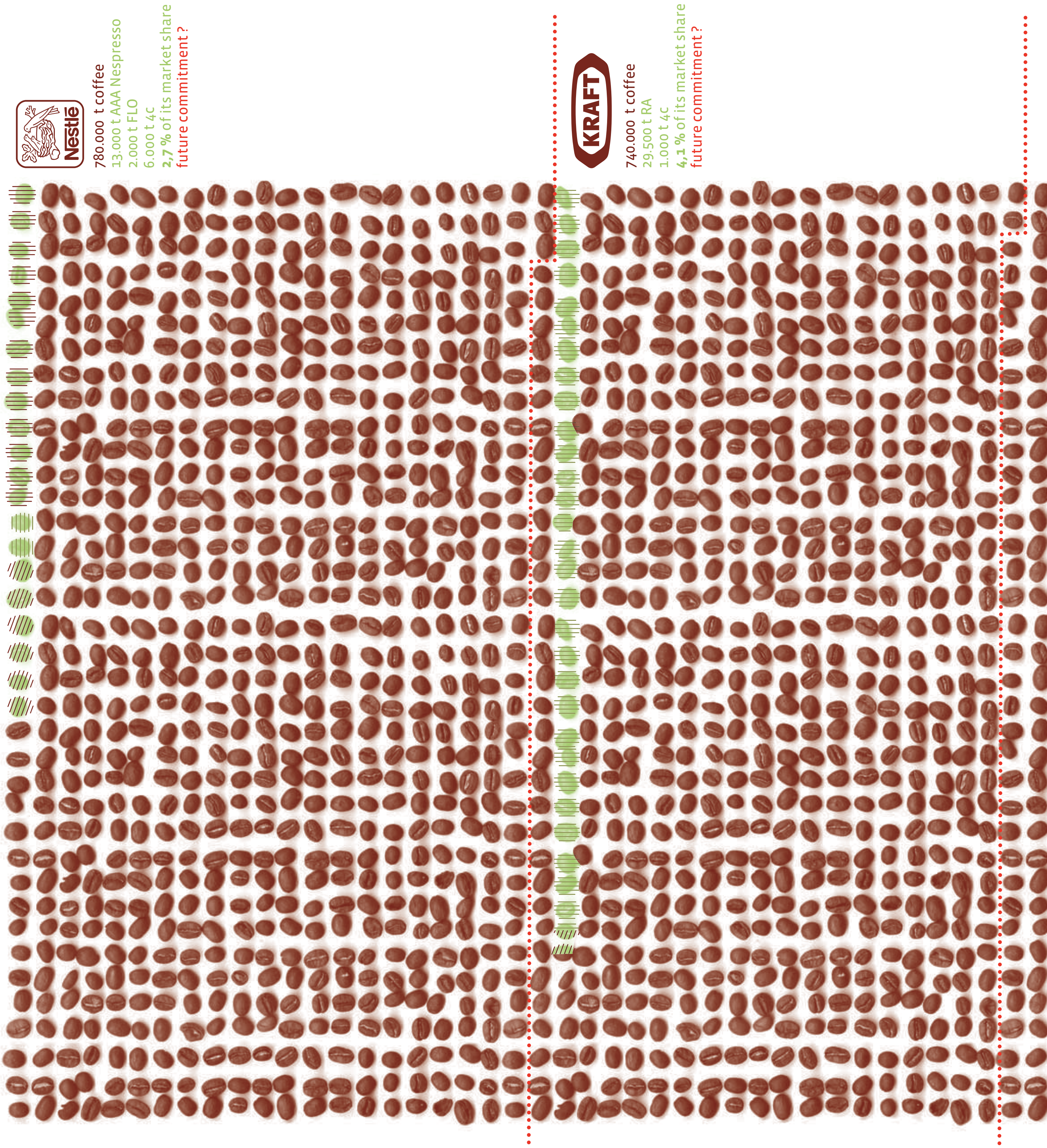
companies differ considerably. A closer look at *Figure 4* is revealing. Most roasters seem only to be experimenting with certified premium products. They appear to be addressing specific growth markets and are clearly targeting at a different set of consumers from those buying the more traditional coffee products.

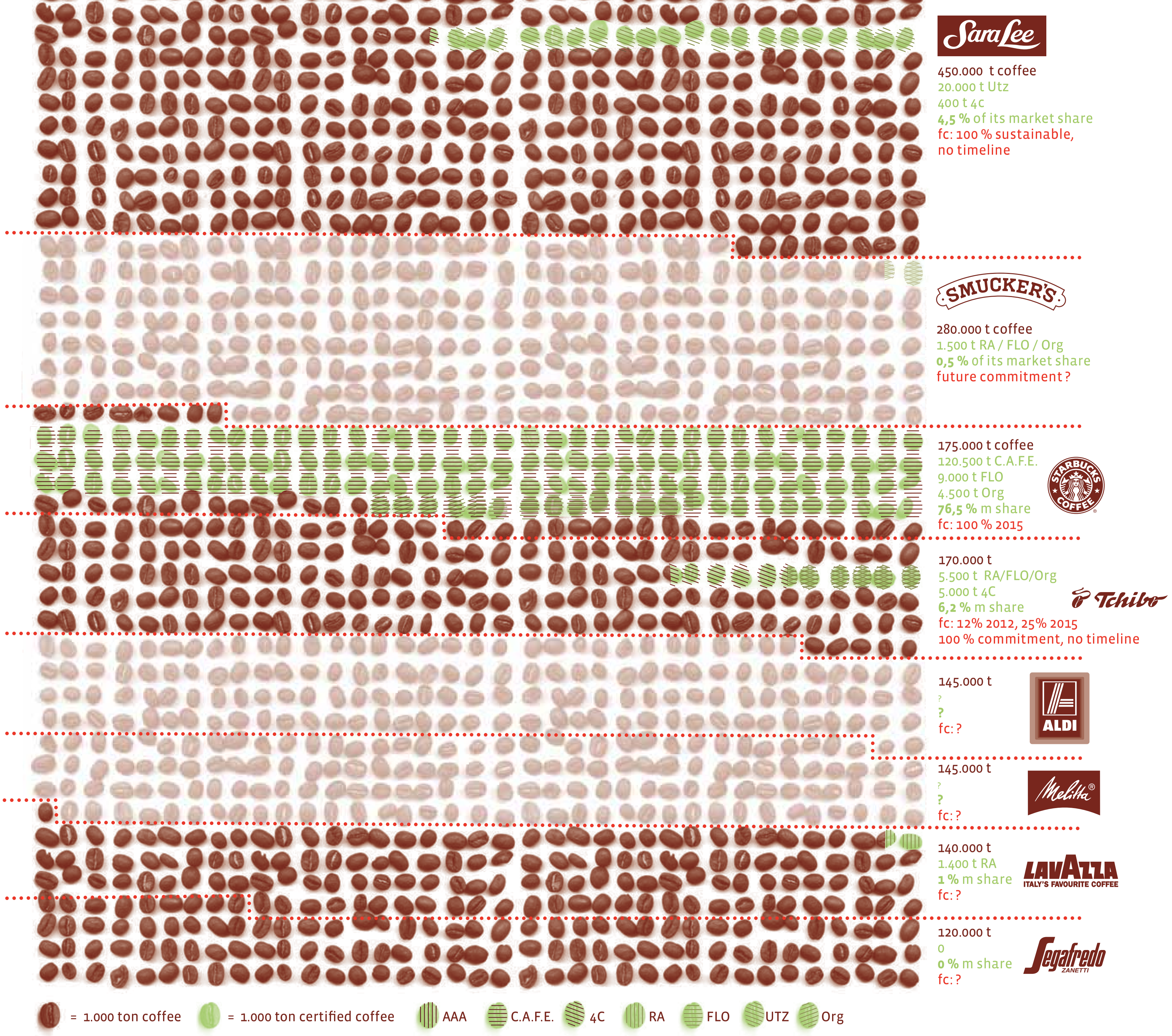
Sara Lee, Starbucks and Tchibo have publicly declared their commitment to make the coffee sector more sustainable. These companies conduct training programmes for coffee producers to upgrade them to certified suppliers. Furthermore, they make the effort to report upon the progress of their training programmes. In 2008, to walk the talk, Starbucks invested $1.6 million in projects in coffee growing communities.[13] The Sara Lee Foundation invested a similar amount in its coffee projects worldwide.[14] Tchibo and Lavazza are directly involved in cooperation programmes with coffee traders like Neumann, Volcafé and ECOM.[15] In recent years, international traders have strengthened their supply network, especially to guarantee a reliable minimum amount of certified supply to satisfy their major clients. Traders are the closest to the farmers 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.

Drivers of change The big players in the industry show a growing interest in certified coffee. This can be attributed to the rising demand from giant companies active in the 'travelling-consumer' market, and to mainstream retailers devoting more store shelf space for sustainable coffees. Together these companies are the drivers for the fast-growing consumption of certified sustainable coffees. In the constant search for customer preference they differentiate their offerings while improving their positioning as socially responsible corporations.[16] This market diversification strategy requires the freedom to choose from a range of standards systems; different labels for different markets. For example, MacDonalds sells Rainforest Alliance certified coffee in its British outlets, in some other European countries it offers Utz Certified, and sells Fairtrade certified coffee in New England (USA). Since a few years, Dunkin'Donuts offers a 100% Fairtrade espresso line in its USA outlets. Recently, IKEA started serving Utz Certified coffee to all its restaurant visitors. Dutch retail market leader Albert Heijn's home brand coffee is Utz Certified, at the same time it offers a home brand line of Fairtrade certified coffees to its costumers.

Figure 4 Certified coffee purchased by the top ten coffee roasters in 2008[8]

Shown: 3.145.000 tonnes coffee, marketshare of the ten major coffee roasters together.





450.000 t coffee
20.000 t Utz
400 t 4c
4,5 % of its market share
fc: 100 % sustainable,
no timeline
280.000 t coffee
1.500 t RA / FLO / Org
0,5 % of its market share
future commitment ?
175.000 t coffee
120.500 t C.A.F.E.
9.000 t FLO
4.500 t Org
76,5 % m share
fc: 100 % 2015
170.000 t
5.500 t RA/FLO/Org
5.000 t 4C
6,2 % m share
fc: 12% 2012, 25% 2015
100 % commitment, no timeline
145.000 t
?
?
fc: ?
145.000 t
?
?
fc: ?
140.000 t
1.400 t RA
1 % m share
fc: ?
120.000 t
0
0 % m share
fc: ?
= 1.000 ton coffee
= 1.000 ton certified coffee
AAA
C.A.F.E.
4C
RA
FLO
UTZ
Org

4 Certified coffee consumption in Europe

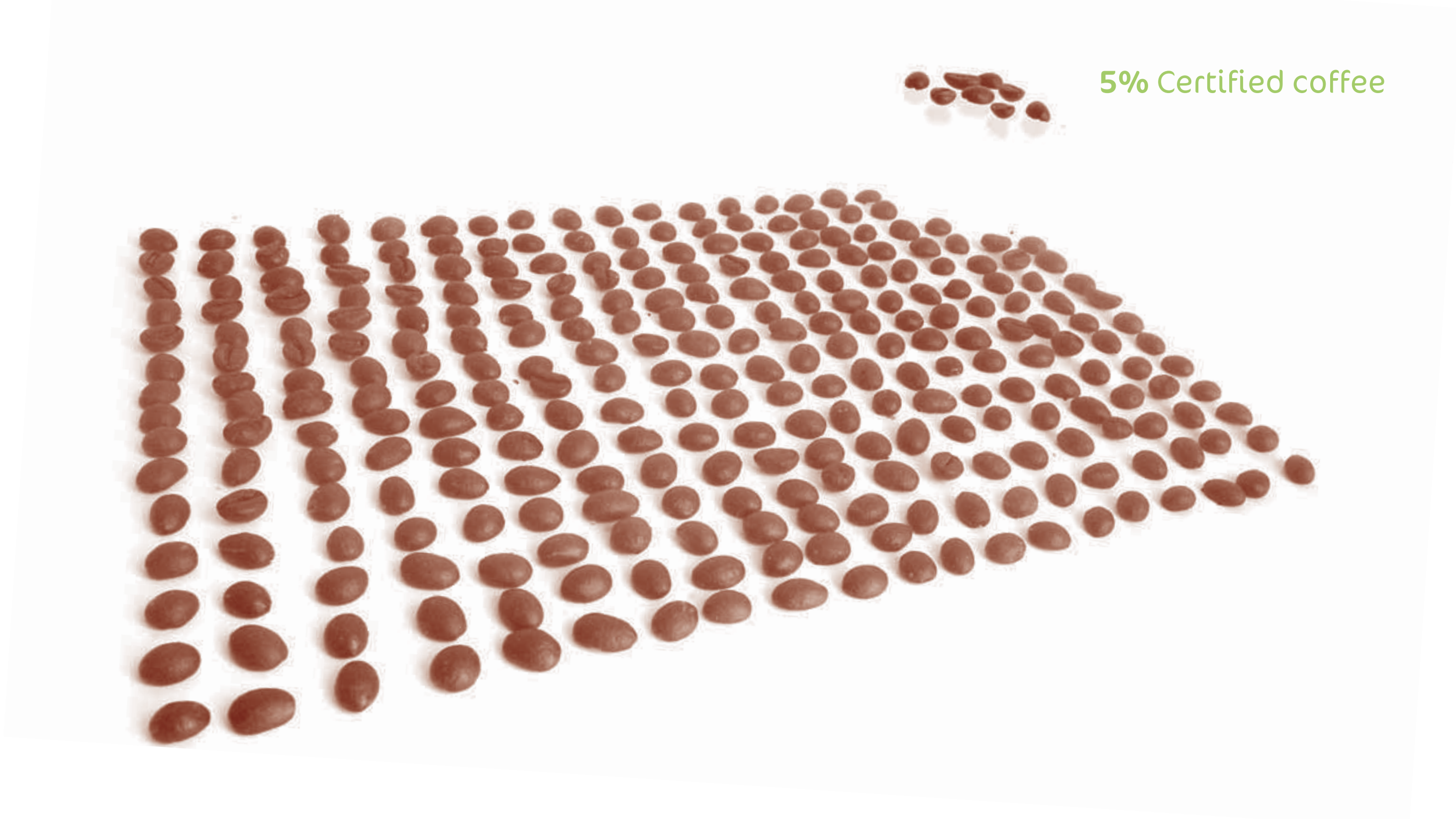
In developed coffee markets such as Western Europe, North America and Japan, finer quality regular coffee is gradually gaining more popularity. The fast expansion of coffee bar chains and the new single-cup brewing methods (i.e. Nespresso, Senseo) give the consumer the convenience of enjoying a fresh cup at every moment of the day. Sustainability is now a key element for the marketing of quality coffee. 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.

Germany is the main coffee market in Europe, followed by Italy, the second biggest consumer. The Netherlands has a high per capita coffee consumption level and its market is seen as a good testing ground for introducing sustainable coffee products. Credibility of a label in the marketplace is critical to the success of new products that lay claim to environmental and social benefits. A closer look at these European markets reveals huge differences in the availability and consumption of certified coffees.

Germany

Germany is the largest coffee consumer in Europe, with a market share of 22% (ICO, 2007), and largest importer of coffee in the world, barring USA. Total coffee consumption amounted to 512.000 tonnes in 2007.[17] The coffee market is characterized by a fierce competition at the processors, wholesale trader and grocery level. It is dominated by a handful of companies, Kraft and Tchibo are the main players, competing with other roasters like Melitta, Aldi and Dalmayr.[18]

Figure 5a The German coffee market

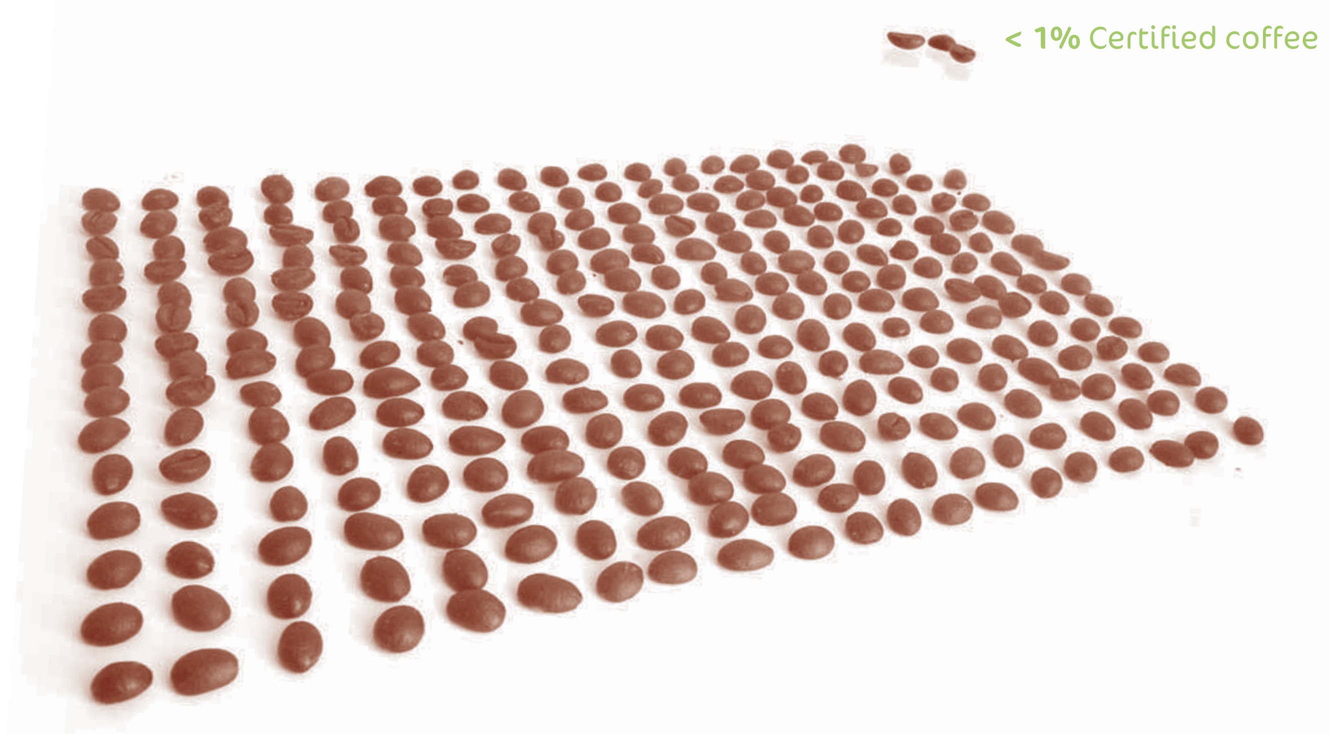


Germany is the largest organic food market in Europe and Organic coffee accounts for a stable two percent of its coffee consumption.[19] Remarkably, the volume of Fairtrade coffee is relatively low, totalling a meager 4.787 tonnes in 2008 of which half is double-certified organic. The market leaders, Kraft and Tchibo, both promote certified coffee but with different concepts. Some specialty products of the well-known Jacobs and Onko brands of Kraft are labelled Rainforest Alliance. Tchibo targets different sets of consumers, with a wide choice of labelled coffee products. Among the Tchibo coffee brands there is Rainforest Alliance (Frische Ernte, Raritäten), Fairtrade (Vista Fair Trade) and Organic (Bio Genuss) labelled coffee. Tchibo has publicly stated to committed itself to progress gradually towards purchasing 100 percent sustainable coffee in the near future, the first goal to be reached in 2012 is 25 percent.

Since the 2007-2008 coffee season, 4C compliant coffee is also available on the market. Although it is a German initiative, the volume of 4C compliant coffee purchased by German roasters is relatively low. Only Tchibo seems to really believe in 4C, buying 5.000 tonnes in 2008. Kraft has purchased less than 1.000 tonnes, while companies like Nestle, Aldi, Melitta and Dalmayr have not disclosed their contribution towards making the sector more sustainable via 4C.

Growth of the share of certified coffees in the German market is also driven by American coffee companies offering specialty coffee. Starbucks Coffee Shops are well-known and MacDonalds is planning to open more than 300 McCafes all over Germany in 2009.

Figure 5b The Italian coffee market



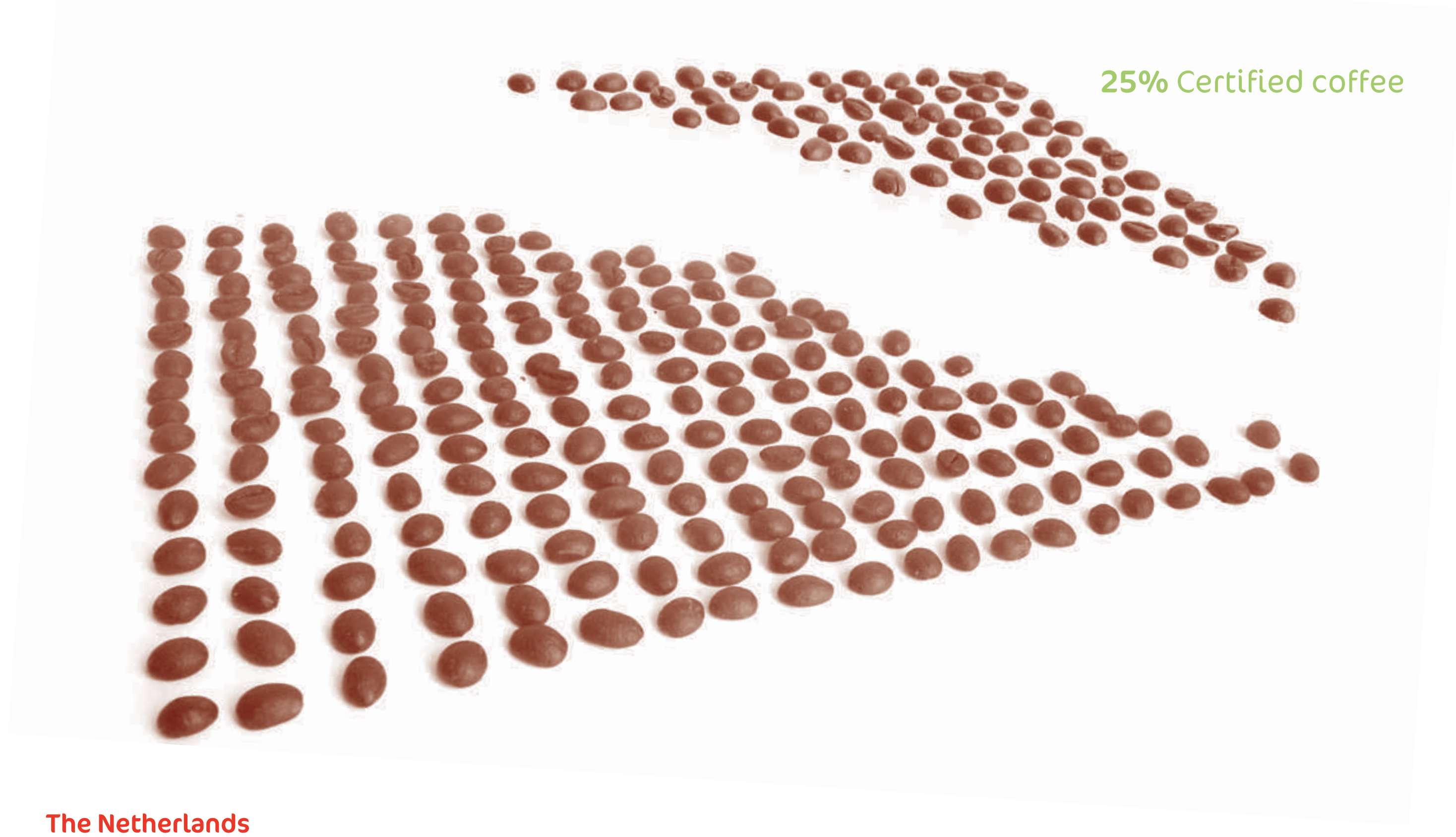
Italy

Italy is the second biggest consumer of coffee in Europe with a market share of 14% (ICO, 2008). Italians drink espresso coffee, almost exclusively. The global spread of Italian-style coffee has greatly benefited to Italy's coffee industry. Domestic consumption amounted to 340.000 tonnes in 2007, while exports of roasted espresso have risen substantially to 20 percent of production.

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 the ninth 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 Indian coffee market.[20] The premium roaster Illy generates more earnings abroad than in Italy, and has developed the licensed café concepts to capitalise on the coffee shop phenomenon.

According to FLO, Italian consumption of Fairtrade coffee is a 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 a half percent of the total.[21] Interestingly, market leader Lavazza buys Rainforest Alliance certified coffee, but sells it is only in the British market.

Figure 5c The Dutch coffee market



The Netherlands

The Dutch like their coffee and consume around three cups a day on average. Per capita consumption of coffee, on a yearly basis, is higher than in Germany and Italy. Coffee consumption in the Netherlands has remained stable for the last two decades. The total annual consumption of roasted coffee, in 2007 amounted to 113.580 tonnes.

The main player in the Dutch market is the multinational Sara Lee Douwe Egberts, which has a market share of more than 50%. Its coffee products are widely known and are available on the shelves of supermarkets and in the out-of-home market. Douwe Egberts is the most popular A-brand of Dutch consumers.[22] Other important players are the Ahold Coffee Company and Drie Mollen Holding, both of which supply supermarket own brand coffees.

The Netherlands has a long history of sustainable coffee. In 1989 Max Havelaar entered the Dutch market with Fairtrade coffee. The market share of Fair trade (3.089 tonnes) and of Organic (500 tonnes) have remained stable over recent years.[23] Since 2003, the private label coffee of the Albert Heijn supermarket chain is all Utz certified, the supply of the Ahold Coffee Company is amounting to more than 16.000 tonnes. In 2007, the Ahold Coffee Company, together with Solidaridad, introduced 'Café Oké', a line of own brand Fairtrade coffee products with the Max Havelaar label. In 2008, Sara Lee Douwe Egberts purchased 20.000 tonnes of Utz certified coffee. The TCC estimates that nearly 40% (8.000 tonnes) of Douwe Egberts certified coffee has been consumed in the Dutch market.[24] Dutch coffee roaster Drie Mollen Holding, an important supplier of private coffee brands to Dutch supermarkets, is the only coffee roaster that offers Rainforest Alliance, Utz Certified, Fairtrade and 4C coffee to its clients.[25]

5 Conclusion

The coffee sector has seen major changes in recent years. The supply of, and demand for, coffees certified against sustainability standards, has grown appreciably. New standards and verification systems, with different business perspectives and consumer profiles, are rapidly entering the mainstream coffee market. This proliferation could end up being counter-productive. Both producers and consumers may fail to differentiate the relative merits and actual value of the labels, thereby jeopardizing the credibility of the system. The systems of sustainability standards should be seen as instruments to improve the social, environmental and economic situation. Convergence of standards at the producers' level seems inevitable. We may, before long, see a common set of standards for sustainable coffee that is ecologically and socially responsible and also economically viable. Such a generic module will provide a base, for any standards body that so desires, to add on its specific requirements and establish its identity.

Internalizing the social and environmental costs of sustainable production is a key challenge. In other words: how do we finance the effort towards more sustainability? The volumes of certified coffee purchased by the large coffee companies reflect their dominant strategy, 'business as usual'; they seek cost efficiency and are prepared to absorb only minimal additional costs. The dominant players in the industry seem convinced of the need to shift towards certified coffee, but fight shy of the additional costs. Most roasters venture out on certified premium products, and focus mainly on their own image and commercial interests. The relatively small volumes currently procured suggest that using certified coffee on a major scale in their established brands is not likely, in the near future.

Illustrative here is the reluctance of nearly all the players in the industry to buy 4C compliant coffee, which recently entered the market as a stepping-stone to more demanding sustainability systems. The lack of commitment, in practical terms, by dominant players to this low-bar system raises doubts about the potential of higher-bar standards systems. The dominant companies have chosen to use different standards systems, and are marketing 'sustainability' in their premium product lines. Kraft is promoting Rainforest Alliance coffee, while Sara Lee has adopted Utz Certified. Nestlé, who developed its own AAA Nespresso programme for a very specific high quality premium coffee, is the main buyer of 4C compliant coffee. While the sustainability efforts of companies like Nestlé and Kraft are limited to premium grades, Sara Lee has signalled a gradual shift towards 100% sustainable coffee. Tchibo has declared the same target, with clear timelines. Both companies are developing a CSR-policy specifically focused on procuring more sustainable coffee on a yearly basis. Starbucks is the only company that buys large quantities of coffee, certified against CAFE Practices, Fairtrade and/or Organic, and has set a clear goal of 100% sustainable coffee, by 2015. However, the lack of an independent third-party verification system needs to be addressed to bolster the credibility of its company programme.

The share of sustainable coffee is growing, but contrary to expectations, the drivers of change are not the main roasters. The growing demand in volume can be ascribed to their large clients like MacDonald's, Servex, Ikea, and Dunkin'Donuts, who seek to distinguish their offerings and improve their image as socially responsible corporations.

The demand for certified coffee differs from country to country. Important coffee consuming countries like Germany and Italy only procure a small part of their coffee from certified producers. In the Netherlands the level-playing field for certified coffee is well developed, with Utz Certified as the main supplier. Nonetheless, the level has remained stable over recent years, which shows a level-playing field for certified coffee does not expand by itself. To contribute to the continuing improvement of social, environmental and economic conditions of coffee producers worldwide it is necessary to further develop the global level-playing field for certified coffee.

In order to assure an adequate supply of quality coffee and to avoid another coffee crisis the dominant players in the industry should take on the responsibility and assume the role of 'drivers of change'. The minimalist 'business as usual' approach is not the solution. The coffee industry cannot afford not to invest in the green bean producer. At the same time, civil society has an important role to play in creating more consumer awareness and increasing the demand for certified coffee.

Literature

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10. Dutch CSR Platform (2007): *CSR-Frame of Reference for Corporate Social Responsibility.*
11. Approximately 128 million bags in 2008. Statistics available at International Coffee Organisation website: www.ico.org. The total figures provided regarding produced and purchased certified green coffees are estimates, because only a portion of the coffee certified is actually sold under a certified seal.
12. 4C Association press release 05/02/2009: *The 4C Association is celebrating one year of operations.*
13. Starbucks 2009: www.starbucks.com/sharedplanet
14. Douwe Egberts Foundation (2009): *Annual report 2007-2008*.
15. The level of concentration in the market for international coffee traders is even higher than for the coffee roasters. Only three companies, Neumann, Volcafé and ECOM control almost 50% of the market.
16. Giovanucci, D., Liu, P. and Byers, A., (2008): Adding Value: Certified Coffee Trade in North America. In Liu, P. [Ed.]:*Value-adding Standards in the North American Food Market – Trade Opportunities in Certified Products for Developing Countries.*
17. Deutscher Kaffeeverband (2008): *Kaffee-Kompass 2007/08 Jahresbericht*.
18. In Germany these five companies have an estimated market share of more than 80 percent.
19. CBI Market survey (2008): The (organic) coffee, tea and cocoa market in Germany.
20. In March 2007, Lavazza acquired India's second biggest coffee shop chain Barista Coffee Company and Indian vending company Fresh & Honest Cafe in a 100 million euro deal. Press release Reuters 10/04/2007: *Italy's Lavazza bets on foreign expansion.*
21. *CBI Market survey (2008): The (organic) coffee, tea and cocoa market in Italy.*
22. Foodmagazine press release 12/09/2008: *Douwe Egberts favoriete merk in supermarkten.*
23. *CBI Market survey (2008): The (organic) coffee, tea and cocoa market in the Netherlands.*
24. Sara Lee has announced that it intends to raise its purchased volume of certified coffee to 26,500 tons in 2009, with an estimated 40% designated for the Dutch market.
25. 3Mollen 66.000 tonnes, the company procured 12% of its coffee in 2008 from a certified source.

Colophon

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Sources for figures

Fig 3:

1. Figures published by the 4C Association. 4C Association press release 05/02/2009: The 4C Association is celebrating one year of operations.
2. Figures published by Starbucks Shared Planet (2009): Global responsibility report.
3. Figures based upon personal communication with Nestlé: 'Nespresso utilised around 550.000 bags of 60 kg in 2008, of which more than 40% was sourced from farms in the Nespresso AAA Sustainable Quality™ Program'.
4. Figures provided by Rainforest Alliance, personal communication.
5. Figures published by FLO (2009): Fairtrade leading the way. Annual report 2008-09. Adapted from roasted to green coffee (green volume = roasted volume + 16%).
6. Figures published by Utz Certified Good Inside (2009): Annual report 2008.
7. Total figures for Organic are difficult to find and interpret, available production level is an estimation based on different sources and market demand.

Fig 4:

8. Calculating estimates of the quantities of certified coffee purchased by each roaster is made difficult by the fact that some companies are not publishing these figures, therefore some figures are estimated.
9. Personal communication with Nestlé, regarding total figure of sustainable coffees procured. Nespresso AAA programme figures are available, both FLO and 4C are calculated estimates.
10. Personal communication with Kraft. Figures of Rainforest Alliance coffee have been published in April 2009: Kraft Foods sustainability progress fact sheet.
11. Personal communication with Sara Lee. Utz Certified figure has been published in December 2008: Douwe Egberts Foundation, Annual report 2007-2008.
12. Volume has been estimated, based upon the volume handled by the coffee division of Procter & Gamble, which has been acquired by JM Smucker in November 2008 (Brands like Folgers, Millstone, Kava and Dunkin'Donuts Coffee). There are no figures available regarding its sustainability efforts.
13. Figures published by Starbucks Shared Planet (2009): Global responsibility report.
14. Personal communication with Tchibo, and future commitment has been published in January 2009: Bericht zur nachhaltigen Entwicklung 2008.
15. Combined figure of Aldi Nord and Aldi Sud coffee figures. This figure is based upon information from 2007/08, confirmed by a German coffee expert.
16. Estimated figure based upon information from 2007/08, confirmed by German coffee expert.

Green coffee weight conversion

1 bag = 60 kilogram
1.000 ton = 16,67 bags

Participants

Oxfam Novib
Solidaridad
Hivos people unlimited
FNV Bondgenoten
CNV BedrijvenBond
Oikos
Landelijke India Werkgroep
India Committee of the Netherlands
Both ENDS
Environment and Development Service
fairfood
eat fair, beat hunger
SOMO

Tropical Commodity Coalition
for sustainable Tea Coffee Cocoa

Tropical Commodity Coalition (TCC) comprises eight non-governmental organisations: Hivos, Oxfam-Novib, Solidaridad, Oikos, Somo, Fairfood, India Committee of the Netherlands, BothEnds and two trade unions, FNV Bondgenoten, CNV Bedrijvenbond. 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 organising 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, standard bodies, CSR initiatives, governments, NGOs and 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.

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