

## **Position Statement**

### **Ethical sourcing**

Our company is fully aware of the living and working conditions existing in some of the coffee-producing countries, although we believe that these issues cannot be solved solely through the effort of one single operator, but require the combined efforts of all the actors operating on the international coffee market (companies from both coffee-producing and coffee-consuming countries, associations, government agencies).

The current International Coffee Agreement, that entered into force on October 1<sup>st</sup> 2001, clearly indicates this. It is an international convention that – under Article 40 – explicitly provides for a commitment of participating countries to improve the living and working conditions in coffee-producing countries.

The document has been produced by the International Coffee Organisation (ICO), the organisation that includes representatives from both coffee-producing and coffee-consuming countries. Article 40 has been drafted taking into consideration the suggestions of the European Federation of Associations of Coffee Roasters (EUCA), which we currently chair, and the European Coffee Federation (ECF).

ECF has also drafted some guidelines for the whole coffee sector, the so-called “ECF Ethical Sourcing Principles”, based on the core ILO (International Labour Organization) labour standard, such as freedom of association and right to collective bargaining, no forced labour, no discrimination, prohibition of the worst forms of child labour. The new project “Common Code for the Coffee Community”, carried out together with the German Development Agency (GtZ) and with involvement of different stakeholders (NGOs, coffee producing countries) will be based on such guidelines. Aim of this project is to draft a social and environmental sustainability code for the whole coffee sector, from coffee growing to roasting.

### **Fair Trade**

The social labelling organisations provide for a price to be paid to coffee producers that is higher than the market value. The labelling is then issued on the basis of checks

conducted on all the actors operating at all stages of farming and production, who pay a royalty to the labelling organisation.

The European coffee associations agree that, in the long run, this approach is not capable of solving the issue of living and working conditions in coffee-producing countries.

Paying a higher price only to a few coffee farmers provokes initial discrimination on the market; second-level discrimination is then introduced among suppliers to the same company, who receive different payments for the same type of product. Moreover, by being guaranteed a higher price some coffee farmers may be induced to start further plantations, thereby increasing the current over-production and the risk of further depreciation.

To date, the best solution seems to be the adoption of national farming policies to be determined on an international level. In this way, it will also be possible to tackle the issue of supply and demand in a way that can guarantee profitable prices to coffee farmers.

### **Our commitment**

It is our firm commitment to continue intervening, like we have done in the past, in concrete projects that will generate tangible benefits to the entire populations of these countries and in which we can intervene directly.

Consequently, together with other important coffee roasters and one major coffee trader, in 2001 we promoted an initiative ("International Coffee Partners") aimed toward planning, running and supporting social development and environmental projects in coffee-producing countries.

Aim of these projects is to foster biodiversity (as the preservation of natural heritage), improve infrastructures and train coffee farmers in management and commercial skills. Through these initiatives, which run for an average of three years, we want to educate small farmers about the importance of product quality and of sustainable production methods, thus enabling them to increase their profit-making opportunities and consequently improve their living conditions.

The first two projects in Guatemala and Honduras were started in October 2001, further projects are now being implemented in Cameroon and in the Dominican Republic.

Our company also support two important projects of an internationally recognised NGO: a project in West Africa, whose aim is to eliminate child labour under difficult and dangerous

conditions by the way of establishing alternative economic activities, and a further project in Central America, whose aim is to build early childhood development centres, where children between 0 and 7 years can play and participate in pre-school programs. In such centres children have the chance on the one end to play and on the other end to stimulate their learning abilities, in order to have a successful school attendance.

*Our company is strongly identified with coffee, which has been our core business – and, indeed, our sole business – for over 100 years. It is thus easy to understand why we are so strongly committed and motivated to improve conditions in coffee-producing countries rather than indiscriminately exploit their resources.*