

International Coffee Meet Wayanad 2007

A Short Report



PARTNERS IN CHANGE

Making Corporate Social Responsibility Your Business

Background to the International Coffee Meet



The effects of the fall of global coffee prices to a thirty-year low in 2002, on key stakeholders, especially small-producers, in India has not received the attention it deserves and while there have been several analyses of the global coffee crisis in Latin America and Africa.

The contribution of coffee in India's gross domestic product (GDP) is small – a meagre 0.19 percent in 1994-95. However, it is much more important for the economies of the states in which it is grown. Coffee contributes between 3 to 4 percent of the GDP of Karnataka, the largest coffee-producing state of India. An estimated 5 million people, directly or indirectly, depend on coffee in the three southern states of Karnataka, Kerala and Tamil Nadu for their livelihood. There are 178,000 holdings in India, of which 98.4 percent are less than five hectares in size and falls under the category of small holdings as per the Government of India's definition.

Indian coffee farmers, mostly poor small holders, still sell their coffee beans for much less than they cost to produce. Small-scale coffee farmers and farm workers are still vulnerable to the price swings in the coffee market and the disproportionate market power of local buyers, international traders and multinational coffee companies.

Suicide deaths have emerged as an annual trend in

the rural scene in Karnataka. According to media reports, to date more than 200 small coffee growers have killed themselves, unable to grapple with the crisis. In Wayanad district of Kerala, 94 farmers, trapped in a vicious cycle of mounting loan liabilities, committed suicide between May 2001 and June 2004.

Such kind of an alarming situation would lead to fall in the quality of coffee produced and, in the long run, would affect all the actors in the value chain – a fact agreed by the Indian coffee traders as well.

There is a valid concern that such a situation could lead to a decline in the quality of coffee produced, which, in the long run, could affect all the actors in the value-chain.

In order to address this and other related concerns, a meet of various stakeholders under the banner of 'International Coffee Meet' was convened





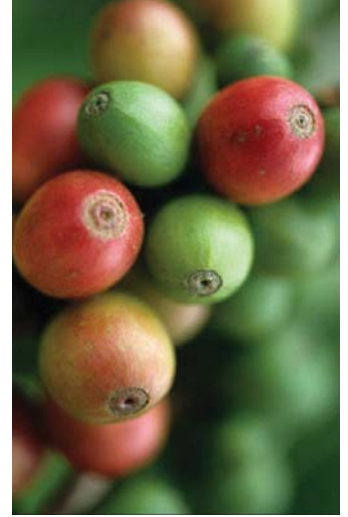
by Partners in Change in alliance with South Indian Coffee Growers Association at Wayanad in Kerala in April 2007.

The Wayanad Meet was as an assembly of growers, planters, coffee farm workers, concerned NGOs and individuals that discussed issues related to improved social, environmental and economic practices of all stakeholders across the supply chain. Remunerative prices for small coffee growers and fair wages for workers, better access to markets, reputational benefits, increased workers' satisfaction and loyalty leading to increased productivity, increased savings through better environmental management and reduction of cost of production are some of the direct impacts that could result from a concerted effort in highlighting the needs of the coffee sector.

The Wayanad Meet was attended by representatives of farmers and workers in Kenya and Brazil and from the Dutch Coffee Coalition, an alliance of NGOs and trade unions based out of Netherlands, lobbying in Europe on behalf of coffee farmers and workers in the Southern Hemisphere.



Declared Objectives and Expected Outcomes



Objectives

- ♦ To synergize on the various strategies adopted in the coffee sector in the continents of Africa, Latin America and Africa. To be done through identification of CSR campaigns, information sharing (materials, actions, testimonies, strategies) as well as through workshops.
 - ♦ To build capacity of civil society organizations to negotiate and engage with other stakeholders based on increased knowledge of the situation and forces in the global coffee trade.
- * To agree on a series of recommendations which would be forwarded to different stakeholders in the coffee supply chain to transform the industry into a sustainable sector.

- ♦ To explore the possibility of forming a national network of organizations in the coffee sector of Kerala, Tamil Nadu and Karnataka.
- ♦ To agree on a plan of action for all the three states to initiate programmes to improve quality, on the one hand, and social and environmental concerns, on the other.

Expected Outcomes

- ♦ Improved understanding of small farmers on social, economic and environmental issues globally and on the strategies adopted by different organizations in India and abroad.
- ♦ A network of small coffee farmers and workers formed and a plan of action adopted for cooperation and collaboration locally, nationally and internationally





Process - day 1

The first-ever meet of coffee growers and other stakeholders in the coffee sector with representatives from Africa and Latin America, India and other Asian countries was held in Sulthan Battery, Wayanad district of Kerala on April 12 and 13, 2007.

The first day was the representative meeting of delegates from various coffee growers' associations, planters' bodies, trade unions, non-government organizations and political formations.

Dr. Baerbel Weiligmann, Chairperson of the Dutch Coffee Coalition inaugurated the meet. She said that support from people in India would help her and the Coalition to fight against the multi-national corporations on behalf of the beneficiaries of the industry including the farmers. Mr. P.C. Ahmed Hajee, coffee trader and social activist and Patron of the Organizing Committee of the Meet chaired the session.

Also speaking on the occasion were former members of the Kerala Legislative Assembly, Smt. K.C. Rosakutty and Mr. N.D. Appachan, former Vice-Chairman of the Coffee Board Mr. K. Moidu, coffee growers Mr. M.A. Mohammed Jamal, Prof. K.P. Thomas and Mr. C.A. Subbaiah (Karnataka).

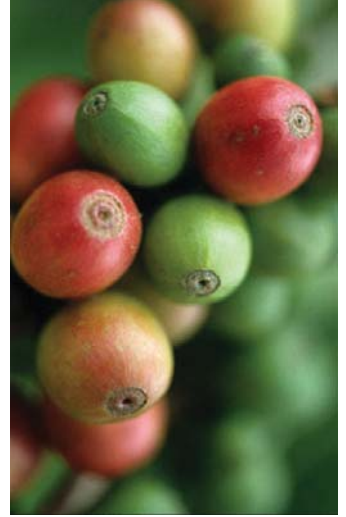


Following the inaugural session, the representatives' meeting commenced in which several speakers highlighted the plight of farmers and growers in the coffee sector.

Dr. Weiligmann, in her paper, said that organizations like the Dutch Coffee Coalition is working towards creating an ideal situation in coffee-consuming countries to ensure a good price for coffee growers by assisting them to increase the quality of the product. She asserted that 'certified coffee' would give the growers and workers a fair deal in world markets (see elsewhere in this report for highlights of her presentation).



George Mwamodo, Coordinator, of the Kenya Coffee Solidarity Network representing the African farmers and coffee workers and Sjoerd Panhzeusen representing the Brazilian coffee sector also presented papers, highlights of which are found at the end of this report. Nallimuthu (Tamil Nadu), K. Mukundan (Kerala), A.C. Varkey of the Farmers' Relief Forum, Prof. P.M. Thomas, former Vice-Chairman, Coffee Board, Tommy Mathew of Fair Trade Alliance-Kerala, and C.A. Subbayya (Coorg) and Adv. Venkatasubramania, former Vice-Chairman, Coffee Board also presented papers



highlighting the plight of the farmers and worker in the coffee sector in India.

Group discussions and working groups on framing a set of recommendations to various stakeholders were conducted during the second half of the first day. Another group was entrusted with the task of finalizing the Wayanad Declaration (found elsewhere in this report).



In the evening, a public meeting was organized at the town square to highlight the situation of coffee growers and workers. Several of the delegates attending the meeting spoke on various aspects of the coffee crisis in India and elsewhere.



School children from a local school put up a thematic variety cultural show depicting the situation of the farmers and workers in Wayanad.





Process - day 2

The second day saw a packed auditorium with over 1200 farmers and workers from as many as 78 panchayats in Kerala, Karnataka and Tamil Nadu.

The Chief Guest of the day was Mr. M.V. Shreyams Kumar, MLA. With Mr. P.C. Ahmed in the chair, the distinguished speakers of the day were: Mr. N.M. Vijayan, Mr. K.P. Damodar, Mr. Shatadru Chattopadhyay, Mr. K.J. Devasia, Mr. Roy David, Mr. Nallamuthu, Prof. P.M. Thomas....



Smt. Clara and Smt. Mary, widows of two small coffee farmers who committed suicide following the coffee crisis, shared their experience during the critical years and said that the solidarity lent by Partners in Change and other groups in Wayanad had stood them in recovering from the shock and humiliation they suffered on account of their husbands' acts.

The highlight of the meet was adoption of the Wayanad Declaration which, among other matters, announced the formation of regional committees in Kerala, Karnataka and Tamil Nadu as the preliminary step towards the formation of a national coordination committee to address the issues confronting the coffee sector (see page 13 for full text).

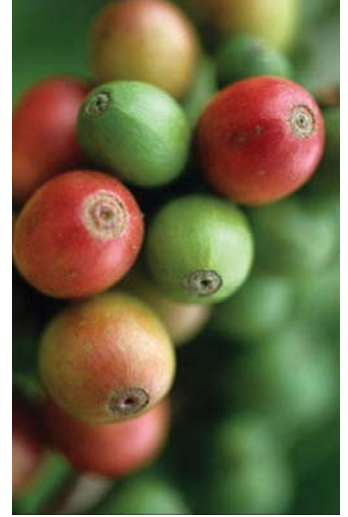
The Meet declared its resolution to help coffee farmers with the support of alternative trading organizations, NGOs, government agencies and trade bodies. Partners in Change will take lead role in this matter. As a pilot project, 300 farmers from Wayanad region will be adopted by PiC.

Partners in Change announced a margin of Rs. 2 per kilogram for 'certified coffee', leveraging its influence and contacts with the international fair trade network. To achieve the certified coffee status, farmers will have to adopt certain internationally-accepted ethical and ecological standards, for which PiC will extend technical assistance.

A plan to form farmers' clusters in rural pockets was also announced. PiC would facilitate farmers leverage funds from agencies such as NABARD for micro-irrigation projects.

The meet also passed a set of 31 resolutions to be acted upon by the governments at the central and state levels and other stakeholders such as the roasters and traders the ICO (see pages 11-12).





Major Outcomes of the Meet

The first-ever attempt to gather small coffee-growers and farm-workers in coffee holdings in an attempt to consolidate a united voice to highlight the plight of those involed in the first link in the coffee chain was held at Wayanad, Kerala, India, on March 12 and 13, 2007. Some of the major outcomes of the two-day meet are captured below:

- ♦ Improved understanding on the part of small farmers on social, economic and environmental issues globally and on the strategies adopted by different organizations in India and abroad.
- ♦ Improved understanding of the how small growers and workers are approaching the issues of sustainable coffee production in Brazil and Kenya and how CSOs in Netherlands and Germany are responding to these issues through the Codes of Conduct.
- ♦ A set of recommendations agreed upon through a process of identifying the expectations of small growers, workers' representatives and CSOs from different stakeholders involved with coffee workers and small farmers. These recommendations

would be forwarded to different stakeholders in the coffee supply chain to transform the industry into a sustainable sector.

- ♦ Formation of Regional Committees (RCs) in Kerala, Karnataka and Tamil Nadu which will work with all stakeholders in the coffee sector. The RCs would have representatives from small growers, workers and CSOs.
- ♦ Partners in Change (PiC) would engage with the RCs regularly in these states to steer the process. All RCs would be supported to develop a memorandum of cooperation amongst them.
- ♦ The RCs would work together in their respective regions to develop regional as well as national priorities for all stakeholders. It would also initiate a pilot demonstration





project on sustainability in the coffee sector through quality improvement and trade.

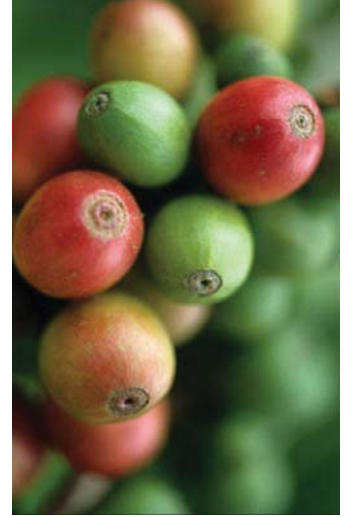
- ♦ The capacity of RC of linking with the the upper end of the supply chain, particularly the big companies, would be built up. PiC would provide a list of such coffee companies with whom cooperation could be initiated.
- ♦ The possibility of small coffee growers being certified under environmental to be explored immediately since the majority of coffee in India is produced in an environmentally-sustainable manner without disturbing the eco-system. For the recrds, most of the coffee is grown in the Nilgiri biosphere, identified as one of the global hotspots.
- ♦ Regular exchange between coffee-producing regions in the country should continue for

mutual learning. The acton step in this direction is 'exchange visits' between regions.

- ♦ Formation of a National Coordination Body/National Reference Group/India Coffee Alliance/Coalition comprising small and big growers, planters, workers, trade unions and CSOs engaged in the livelihood issues of those in the coffee sector to be formed as a bargaining forum. The principal objective of the national body would be to develop a coherent, collective and coordinated approach for quality – social, economic, and environmental – in the coffee industry, both nationally and internationally and to engage with different stakeholders on these issues.



Recommendations from the Wayanad Meet



To the Government of India

1. Provide immediate relief to the small coffee growers' families where suicides have taken place since 90 percent of the suicides have been committed by male members leaving the dependent female members and children helpless.
2. Reschedule the loans on softer terms for the marginalized small growers and desist the banks from taking over the coffee holdings.
3. Provide technical and marketing assistance to small and marginalized farmers.
4. Provide credit schemes and debt management services.
5. Ensure that in the large plantations the labour laws are not violated and the standards laid down by the ILO on decent work are maintained.
6. Strengthen the social security mechanism of coffee estate workers. For this, special agencies, an implementation mechanism and a fund must be created. The trade unions should be involved in the implementation and monitoring stages,.
7. Provide incentives and encouragement for small growers to go for alternative market intervention practices.
8. Make preferential procurement of coffee for different government departments, which adheres to acceptable codes of conduct and provide incentives for such companies that adheres to such codes.
9. Create a separate department within the Coffee

Board dedicated to small and marginalized coffee farmers.

10. Support the ICO's Coffee Quality-improvement Programme and other quality projects as a means of improving consumer appreciation and consumption of coffee in India.

To Non-Governmental Organizations

1. Technical assistance and other commercial-oriented support including quality improvement training, sales, and marketing skill building, support of participation in trade shows could be provided by the NGOs.
2. Training for coffee small growers on social, economic and environmental aspects to improve their understanding of the coffee value-chain.
3. Adapt codes of conducts to the local realities of India through a participatory process.
4. The small and marginal farmers owning between one and five acres of land often goes either





unrepresented or do not have any voice in the powerful small growers' associations. These marginal farmers need to be organized where they don't have organizations and strengthen the existing ones so that their ability to compete in the market place improves.

5. Support broad-based rural development including the development of local processing capacity and producer-associations, and measures to improve credit and risk management facilities.
6. Help the small and marginal farmers enter into regional and international alliances.
7. Encourage coffee roasters and traders to implement an effective code of conduct.
8. Support market intervention efforts of small coffee growers.
9. Initiate counselling centres for the distressed coffee farmers.

Roasters and Traders

1. Take responsibility for conditions in the entire coffee value-chain, particularly where they have in



a position to influence.

2. Pay remunerative prices to small coffee growers and provide support.
3. Provide support to small coffee growers through technical and marketing assistance.
4. Engage in comprehensive dialogue with representatives of marginal coffee growers' forms and CSOs working with them.
5. Initiate a disintermediation process by purchasing as much as possible directly from the small coffee growers and provide additional price for the coffee produced in a sustainable process.
6. Do not lobby to dilute the social protections available to coffee estate workers.
7. Conduct multi-stakeholder monitoring and verification of social and environmental standards in coffee estates from where coffee is procured.

International Coffee Organization

1. The ICO should work with member-governments, private sector and civil society groups to stimulate access to credit for small producer-organizations and establish risk-management facilities and tools suitable for use by under-resourced small farmers.

2. Expand coffee consumptions in non-traditional markets and maintain consumption levels in traditional markets through quality maintenance, developing niche markets and disseminating positive and objective information.

WAYANAD DECLARATION OF SMALL COFFEE GROWERS AND WORKERS

13 April 2007 : : Sultan Bathery, Wayanad, Kerala



We, the small coffee growers and workers, along with representatives of Civil Society Organizations (CSOs) and academicians from India and elsewhere assembled at Sultan Bathery in Wayanad district of Kerala, India, for a two-day convention on April 12 and 13, 2007 to deliberate on issues and challenges confronting the coffee sector and to devise ways and means of adopting an agenda to make this sector truly sustainable and transparent.

We represent hundreds of thousands of struggling coffee growers and workers spread over three continents in the Southern hemisphere at the first-ever such international convention facilitated by the South Indian Coffee Growers Association and Partners in Change, a not-for-profit organization in India.

We realize that in the last few years, international coffee market has begun to recover. Nevertheless, the recovery has not led to an end of the impact of the coffee crisis. Indian small coffee growers, like their counterparts from other parts of the coffee-producing world, still sell their coffee beans for much less than they cost to produce. Small-scale coffee farmers and workers are still vulnerable to price swings and the disproportionate market power of local buyers, international traders and multinational coffee companies. Such a situation at the beginning of the coffee chain affects the quality of coffee produced and, in the long run, affects all stakeholders in the supply chain.

We also recognize that in different coffee-producing countries working conditions are becoming difficult because of low wages, pathetic living accommodations and absence of rights. Pesticides are used indiscriminately, without protective clothing and trade unions are either threatened or domesticated. The challenges associated with coffee are similar to other commodities such as tea, sugar, pepper, vanilla, and cotton. Sustainable coffee industry could provide a useful example to these other sectors. .

We believe that improved social, environmental and economic practices of all stakeholders across the supply chain can lead to remunerative prices for small coffee growers and fair wages to workers, on the one hand, and better access to markets, cost-reduction, increased workers' loyalty and improved environmental management, on the other.

We also believe that stakeholder cooperation between producers, NGOs/CSOs, governments, export organizations and international buyers is necessary in order to overcome the geographical boundaries of the producing country. Hence, we call upon the stakeholders at the upper end of the value chain to recognize the urgent need of radically alter their sourcing practices and ensure that a proportionate share of the value is passed on to the lower end of the value chain, especially to the small growers and workers.

We have agreed that there is a need to develop a coherent, collective and coordinated approach by small-holders, workers and their representatives and the NGOs/CSOs on quality -social, economic, and environmental- in the coffee industry, both nationally and internationally.

Towards this direction, we declare our commitment to form regional committees in Kerala, Karnataka and Tamil Nadu which will work with all stakeholders in the coffee sector and to come together as a National Coordination Body for small coffee growers, workers, their representatives and the NGOs/CSOs that work with us.

Based on the recommendations arrived at the Wayanad convention, we commit ourselves to continue this dialogue, to evaluate the challenges we face and to propose solutions to hardships faced by small coffee growers and workers, wherever they are.

Taking the Meet to Town

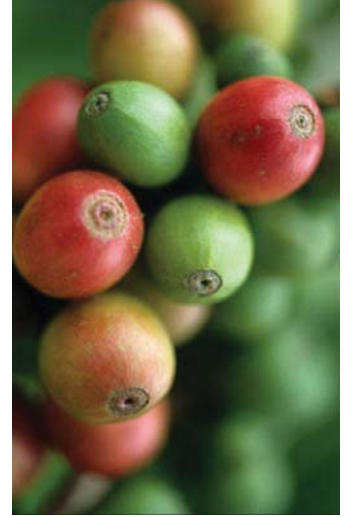


Above and below: scenes from the road show prior to the meet

One undeclared objective of the Meet was to raise public awareness in Sultan Bathery, the venue of the Meet and in the surrounding areas on the plight of coffee workers and growers. In fulfillment of this objective, concerns and issues of the coffee sector were brought to the attention of the public on three occasions – the first, through several pre-event public announcements at various locations in the town (pictures on this page), the second, in the evening of the first day of the conference – April 12 – through a public meeting in the heart of the town and the third on the morning of the concluding day by taking out a procession (pictures on facing page) through town to the venue.

The press too played a significant role in highlighting the issue through print and electronic media.





Sri Devasia, Convener of the Meet welcomes the gathering at the public meeting



Representatives of Kenyan and Brazilian coffee growers and plantation workers at the public meeting



An attentive audience



Representing to Indian coffee sector



Scenes from the rally on the concluding day of the meet

Certified Coffee - a fair deal

– Baerbel Weiligmann, Dutch Coffee Coalition



The Dutch Coalition is a network of six Holland-based not-for-profit organizations engaged in development activities in the Southern Hemisphere. The Coalition expresses solidarity with coffee workers and small growers, who are the beginning of the coffee chain in coffee-producing countries. The Coalition campaigns in Europe to bring to the attention of the large coffee-consuming countries the plight of small growers and workers in the Third World.

The Coffee Coalition has a presence in Latin America through the Brazilian Coffee Alliance, in Africa through the Kenya Coffee Solidarity Network and in Asia through Partners in Change, working hard to bring coffee growers and workers on a common platform in India.

The objectives of Coffee Coalition are to:

- Improve the working and living conditions at the beginning of the coffee supply chain.
- Stimulate the purchase of **certified coffee** by roaster companies and supermarkets in the Netherlands (towards 100%).
- Involve NGOs and unions in coffee-producing countries in the development, implementation and control of codes of conduct.

The share of consumption of certified coffee in Netherlands has risen from 2.9 percent in 2001 to 28.6 percent in 2006, as a result of the incessant campaign of Coffee Coalition.

Netherlands, Italy, Russia and Germany are the biggest importers of Indian coffee, with Netherlands accounting for 5 percent and Germany accounting for 11 percent of the total export of 233,000 tons which represent 80 percent of all coffee produced in India. Certified coffee accounts for only a minuscule portion of this.

Certified coffee is a trade manifestation of the social commitment of corporates in ensuring that working and living conditions of the people at the beginning of the coffee-chain is given a fair deal. Certified coffee calls for a code of conduct to adhere to which has social, economic and environmental commitments to deliver. By buying certified coffee at a slightly higher price, the buyer acknowledges the mandates of the certification and the producers and workers get a better price.

Certified coffee is gaining ground in Europe through the active trade promotion of Fair Trade, Rainforest Alliance and 4C. In 2004, only one roaster - Kraft - imported certified coffee into Germany. This year as many as four companies, including Nestle, the world's largest retailer of premium coffee are importing certified coffee into Germany.

Coffee Coalition has identified the following challenges in promoting certified coffee in Europe:

- Initiate campaigns in Germany and other European countries to increase the demand for certified coffee (European Initiative May 2007 in Germany)
- Follow-up of the promises by the different multinationals: Kraft, Tchibo, Nestle and Lidl
- Involve stakeholders in the coffee producing countries: Coffee product standards should have a real social impact and not exclude small-scale farmers.

Coffee Coalition is in solidarity with the small farmers and workers of the coffee-growing regions of India. We convey our best wishes for the success of this Coffee Meet.



Impact of Coffee Crisis in India

Shatadru Chattodhpadhyay

Coffee industry in India has witnessed a major crisis caused by falling coffee prices. Several plantations have either closed down or switched to other crops like tea.

One estimate says that coffee plantations in South India faced a revenue loss of Rs. 1,960 crores (19.6 bn). The status of the plantation sector is “precarious and, unless prices improve, the entire industry will close down,” according to that source.

In Wayanad, because of the fall in coffee prices many coffee plantations have closed down. In places where coffee plantations are still working, the employers have cut down the number of workers in a major way. Before the crisis it was estimated that there were 55,000 workers; it is now down to 40,000. Majority of the workers who are affected are tribals, who primarily work as plantation workers and do not own agricultural land. One fall-out is that children are working to augment family incomes.

In Karnataka, most of the organized coffee workers are located in Coorg in Kodagu District. The fall in coffee prices has led to lesser days of employment for the workers, but there are no major reports of closures of the estates. The trade union movement is weak in this region, and the fact that wages were fixed in 1999 under a tripartite agreement involving the Government, the Karnataka Planters’ Association and the trade unions is an evidence of this.

In Tamil Nadu, there are 320 estates which come under the estate system of coffee production. Out of that, 214 are between 10 and 20 hectares. Tamil Nadu, being a predominantly tea-producing state, coffee is grown alongside tea. Therefore, during the coffee crisis, the workers were

accommodated in the tea plantations. Some of the exclusive coffee estates have converted themselves into tea estates in the Nilgiris like Glenburn Estate. Some of the estates have left only one division for coffee and are concentrating on tea. There are some exclusive coffee estates in Gudalur region of Tamil Nadu like Sengel Estate which has 800 acres of coffee but there is no union representation there.

Between May 2001 and June 2004, 120 farmers committed suicide in Wayanad, 24 of them in the last six months alone. Trapped in a vicious cycle of mounting loan liabilities, they opted to resort to the ultimate step. This fact brings to the fore the magnitude of the economic collapse that prevails in the district.

The situation of the small coffee-growers of Karnataka is not different from their counterparts in Kerala. Most of the small coffee-growers are indebted and have even begun working in larger plantations as casual labourers on lesser wages.

In the Malnad region, the coffee growing peasantry is seriously indebted. Most peasants are not able to repay debts and have tried to sell their lands. But land rates have fallen to Rs 115,000 per acre from Rs 450,000. Often, this is inadequate to pay off the loans.

Suicide deaths have become a regular feature in rural Karnataka. To date more than 200 peasants have reportedly committed suicide, unable to grapple with the crisis. The situation reached such an alarming proportion that the Government through the Zilla Panchayats and officials from different departments have initiated meetings with the small coffee-growers to discuss different ways prevent the growers from taking the extreme step.

CSR in Kenya gaining ground

George Mwamodo, Coordinator, Kenya Coffee Solidarity Network



Kenya Coffee Solidarity Network (KCSN), initiated in 2003, is a coalition of like-minded civil society groups that have come together and subscribed to a common objective of bringing together stakeholders in the coffee sector to a win-win situation.

KCSN was born out of the need to help workers in plantations to address their problems with employers through dialogue. Labour rights, good sanitation, health and safety of workers and how to collectively build good negotiations, are some of the issues addressed by KCSN. On the other hand, employers are to be informed of the problems that face workers, as many workers, due to ignorance, lack the requisite knowledge and hold back for fear of victimization.

One of the achievements by KCSN is the entrenchment of corporate social responsibility in companies. At the beginning, many companies saw this as spending all their profits for the benefit of workers and the community. Through dialogue and education, it has become one of the latest tools that has promoted dialogue in the agricultural sector.

The need for certification became so important and due to employment opportunities that abound in the agricultural sector, dissemination of information became valued. KCSN opined that to change the state and living conditions of workers, it is only CSR that would effectively bring all stakeholders on board. This initiative has seen employers put up health clinics for their workers, build schools for communities around them and aggressively being involved in the conservation of the environment. Roads and railways have been constructed by some companies to facilitate transport of goods and this has greatly benefited the communities.

The smallholder still remains weak and more effort, especially to educate farmers is of primary concern to KCSN. Their vulnerability is out of marginalization in terms of capacity building and incentives that would aid and increase production. The biggest challenge Kenya's small-scale growers are facing is inadequate capacity that would lead to meshing of effort and provide one integral voice. The other factor has been politicization of the coffee sector, which has developed intrinsic political units through co-operatives, and this has had far reaching negative consequences on the farmers.

KCSN's aim is to see that producers take responsibility of their environment. It is to see that there is a well nurtured bio-diversity which can positively contribute to eco-tourism and impact on the economy.

A pilot project between KCSN and Socfinaf has realized a well-structured policy on corporate social responsibility, which is now a masterpiece of the company. This broad based policy document addresses and puts in place measures on social, economic and environmental issues with great emphasis on the rights of workers as partners in business. The all inclusive policy document by Socfinaf has already given its first fruit, which through improved working conditions, establishment of various worker committees and continued identification of hazards at workplace is what is needed for continuous improvement.



Brazil's Coffee Sector in Crisis

Sjoerd Panhuysen

Brazil is the world's leading coffee producer and exporter with a production of over million bags of coffee beans every year. In recent years it has been producing between 32 and 45 million bags. Of this about 80 percent is Arabica and the remaining is Robusta. In 2005 it exported 26 million bags of green coffee.

Although Brazil has the good fortune of being a massive domestic consumer of coffee beverages, with nearly 14 million bags, the international crisis is hurting Brazil's estimated 350,000 coffee growers. Almost 70 percent of them are small farmers who own up to 20 hectares in about 300,000 farms, each producing up to 300 bags (60 kilograms each) of coffee beans every year. They account for 20 percent of the total production. Of the rest, 20 percent are medium-sized farmers with holdings from 20 to 200 hectares that produce 300 to 3000 bags of beans annually and accounting for 40 percent of the total production. Only 10 percent of the producers can be called "large." The large producers account for 40 percent of the total production. The entire chain of coffee production employs eight million people in this country of 178 million people.

The crisis is so deep-rooted that many have abandoned the crop and even left the land, which has fed unemployment in the sector. Even with a bumper harvest forecast for next year and no sign of a pick up in demand, it is likely that many small farmers will go bust.

The coffee crisis "is an economic and social disaster." The crisis arose as a result of adjustments in the world coffee production after the end of the International Coffee Agreement in 1989. Up until that year, the coffee trade was managed – there was

a balance between supply and demand. Since then, it has been governed by market rules. At the same time, transnational roasters became more powerful and sliced out huge profits for themselves.

The "Big Four" roasters – Nestlé, Kraft Foods, Procter & Gamble, and Sara Lee-- began to define how the retail market would operate, based on the trade of widely known brands. Together with the fifth largest roaster in the world, Tchibo, which trades the product in Germany, they buy almost half the world's coffee beans. In Brazil, Sara Lee dominates one-fourth of the domestic roasting market and Nestlé is the leader of the domestic instant coffee market.

The crisis is causing losses to over 3 million Brazilians in rural areas. If we include all the coffee production chain, the impacts of the crisis may affect over 8 million men and women. This trade model, based on unequal rules, is affecting farmers who grow other commodities as well. Trade barriers and taxes created by the governments of developed countries make it difficult for exports from peripheral countries to access their markets.

In Brazil, this situation is aggravated by the huge concentration of income, one of highest in the world according to the United Nations Development Program (UNDP). In a list of 116 nations, Brazil only ranks lower than African countries like Sierra Leone, Central African Republic, and Swaziland. The unequal distribution of resources in rural areas increases social inequities. Although family farms represent 85 percent of all rural estates, occupy one-third of the total area, and account for 38 percent of the domestic agricultural/livestock production, they only receive 25 percent of all credit allocated to agricultural activities.

Voices of Concern

“



M.A. Mohammed Jamal,
Planter &
Public Worker

Kerala occupies second position in area and production of coffee in the country after Karnataka. Coffee is grown in about 84,735 hectares. Around 80% of coffee area is in Wayanad district and the rest is spread over. Yet, the people depending on this sector have found no voice in the policies of the State.



In Kerala, Wayand is the only district where coffee is the main source of livelihood for the majority of the people. From small growers to large growers and the workers depending upon them are living out of the income derived from coffee.



K.J. Devasia
South India Coffee
Growers Association

While corporate interests are predominantly represented and have forums for dedicated discussion to promote their interests, the largest stakeholders, the small producers, have little or no say in the prices.



M.Nallamuthu
NMPWU,
Yercaud, Tamil Nadu



Roy David
CORD,
Kushal Nagar, Karnataka

The smallholder still remains weak and more efforts, especially to educate farmers, are needed. Their vulnerability is out of marginalization in terms of capacity-building and incentives that would aid and increase production.



Tomy Mathew
Elements
Kozhikode

A small region like ours, while, evolving strategies in a deeply entrenched market of the world, must remember that we are not playing with equals and therefore must fashion our actions taking into account the realities of the situation without being too theoretical or dogmatic.

It is sad that the International Coffee Organization has failed to address the economic plight of millions of small farmers. In the global coffee debate, international coffee has missed a golden opportunity to give poor farmers, a greater voice.



A.C. Varkey
Farmers Relief Forum



C. A. Subbaiah
Small Growers
Association Coorg

It must be remembered that economic growth in countries creates higher purchasing power and more space for coffee in domestic or personal budgets. The richer they become, the more coffee they drink. This makes price bands more elastic and consumption becomes less susceptible to price changes.

Organising this Meet has been a challenging experience for all involved. We have come up with good resolutions and the challenge in the forthcoming months is to have them brought to fruition. PiC is committed to journey with the stakeholders in this.

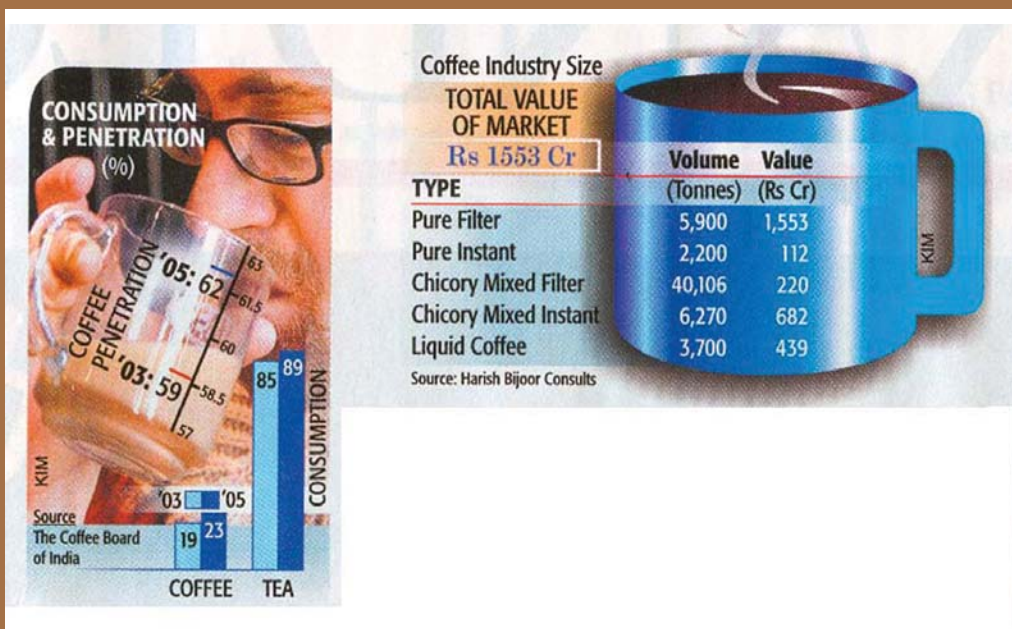


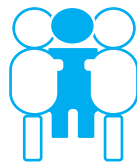
Pramod John
Sr. Program Manager
Partners in Change

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List of Participating Organisations

- 1 Indian National Congress (I), Sulthan Bathery
 - 2 Indian Union Muslim League, Sulthan Bathery
 - 3 Nationalist Congress Party, Sulthan Bathery
 - 4 Bharateeya Janatha Party, Sulthan Bathery
 - 5 Kerala Congress (M), Sulthan Bathery
 - 6 Communist Marxist Party, Sulthan Bathery
 - 7 Janatha Dal (S), Sulthan Bathery
 - 8 Karshaka Congress (I), Sulthan Bathery
 - 9 Farmers' Relief Forum, Kalpatta
 - 10 Hilda, Sulthan Bathery
 - 11 Swaminathan Foundation, Calicut
 - 12 Rastha , Sulthan Bathery
 - 13 Wayanad Social Service Society, Sulthan Bathery
 - 14 Uravu, Sulthan Bathery
 - 15 Swaminathan Karshaka Sangam, Calicut
 - 16 Kisan Janatha, Sulthan Bathery
 - 17 Kerala Karshaka Union (M), Calicut
 - 18 Haritha Sena, Sulthan Bathery
 - 19 Nationalist Karshaka Congress, Sulthan Bathery
 - 20 Indian National Trade Union Congress, Kerala
 - 21.Indian National Labour Congress, Kerala
 22. Kerala Trade Union Congress, Kerala
 23. Servarayan Trade Union, Tamil Nadu
 - 24 Edakkal Nature Lovers' Forum, Kalpatta
 - 25 Centre for Political Science, Kerala
 - 26 Wayanad Coffee Growers' Association
 - 27 Kerala Bar Federation, Calicut
 - 28 Neela Malai Plantation Workers' Union, Yercad, Tamil Nadu
 - 29 Small Growers' Association, Coorg, Karnataka
 - 30 Karna Planters' Association, Kushalnagar, Karnataka
 - 31.Coorg Organisation for Rural Development, Kushalnagar , Karnataka
 - 32.Indocert, Cochin
 - 33.Fair Trade Alliance-Kerala
 - 34.Tamil Manila KettidaTS, Chennai, Tamil Nadu
 - 35.Hivos, Bangalore, Karnataka
 - 36.Budagattu Krishigara Sangha, Karnataka
 - 37.Centad, New Delhi
 - 38.Novb-Oxtam, New Delhi
 - 40 INFAC, Palai, Kerala
 - 41 Elements, Calicut, Kerala
 - 42.Coffee Coalitie, The Netherlands
- In their individual capacity**
1. Adv. Venketasubramania, former Vice-Chairman, Coffee Board, India
 2. Adv. K. Moidu, former Vice-Chairman, Coffee Board, India
 3. K.C. Rosakutty Teacher, Teacher, former Member of Legislative Assembly, Kerala
 4. N.D. Appachan, former Member of Legislative Assembly, Kerala
 5. M.V. Sreyams Kumar, Member of Legislative Assembly, Kerala.





PARTNERS IN CHANGE

Making Corporate Social Responsibility Your Business