

A woman with dark hair, wearing a dark brown hoodie, is smiling warmly at the camera. She is leaning over a large red sack filled with dark, roasted coffee beans. Her hands are resting on the beans, and she appears to be inspecting their quality. The background is softly blurred, showing more of the red sacks and a warm, golden light that suggests an indoor setting like a processing plant or a warehouse.

CHAPTER 6.1

FOCUS ON
FAIRTRADE
PRODUCTS:
COFFEE

Elma Morales checks roasted coffee at Fairtrade certified Federación Comercializadora de Café Especial de Guatemala (FECCEG) cooperative.
© Photography: Sean Hawkey

FAIRTRADE COFFEE: KEY DATA 2016



Coffee was the first product to hit the shelves when the Fairtrade certification model was launched back in the late 1980s. Today, coffee is still the most recognized product in the Fairtrade range and consumption of it has been increasing steadily. In 2016, sales reached over 185,777 MT, an increase of 3 percent on the previous year.

The number of Fairtrade certified coffee producer organizations has also been growing in recent years. By the end of 2016, there were 537 Fairtrade certified coffee organizations globally, an increase of 13 percent compared to 2015. This indicates that coffee producers around the world see an opportunity in Fairtrade to strive for trade fairness with their business partners, receive better prices and support the long-term viability of their organizations.

In this context, continuing to expand market demand for Fairtrade coffee is essential in order to keep pace with the growing number of Fairtrade certified coffee producer organizations and to

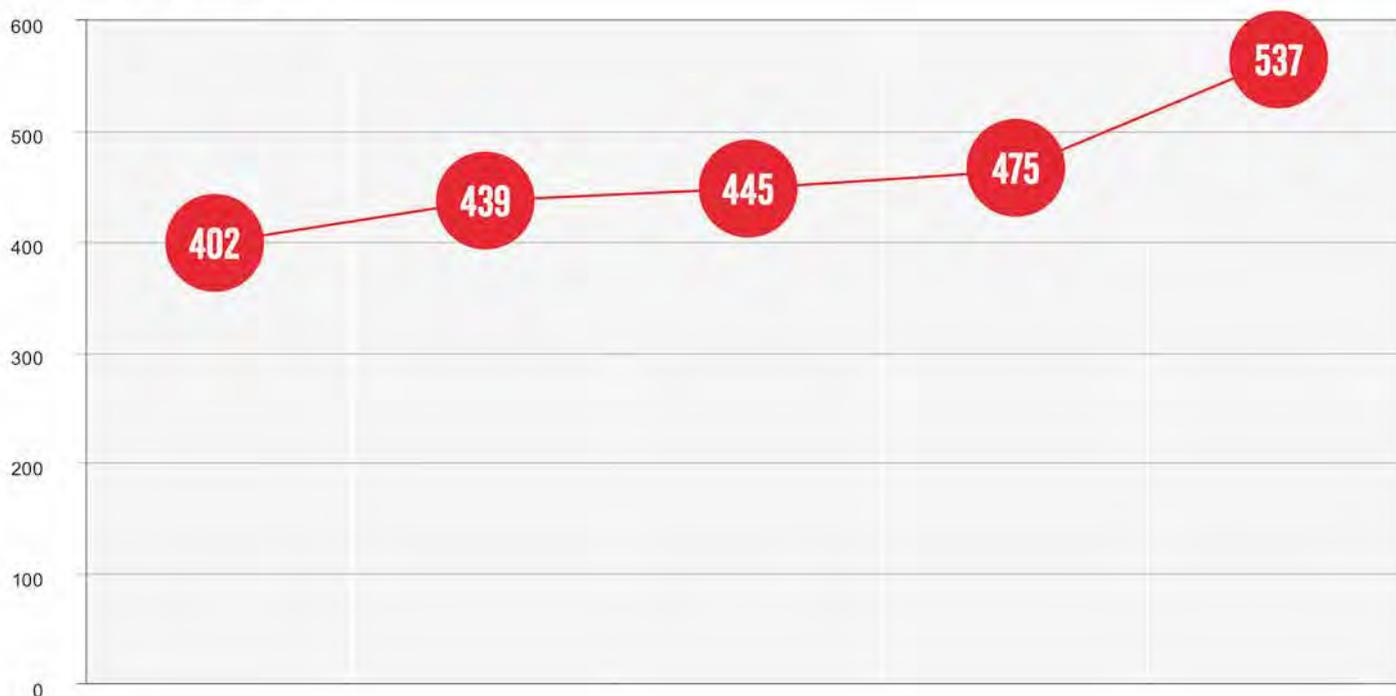
ensure that farmers continue to enjoy the benefits associated with Fairtrade sales.

However, there are several challenges in the coffee sector. One of them is climate change, which threatens the viability of many coffee farms around the world due to changes in temperature, rainfall, or conditions that foster the spread of coffee leaf rust disease.¹ Another is that not all coffee farmers earn a living income from coffee, according to a study that Fairtrade published in 2017.² Contributing factors include a highly competitive coffee market; speculation on futures markets, and low Fairtrade sales for farmers. In turn, low income can lead to a lack of investment at farm level and even lower yields, perpetuating a cycle of poverty. Solutions need to be holistic, including crop diversification to reduce the risk to farmers, improving yields, creating new market opportunities, and engaging new buyers. Looking ahead, improving incomes and opportunities will help the younger generations see a viable future in coffee production.

1 Leaf rust disease is one of the diseases that affect coffee. Read more here: Fairtrade International (2017 June 17) Coffee to Go. Available at: <https://www.fairtrade.net/new/news-archive/single/article/coffee-to-go.html>

2 True Price (June 2017) Assessing Coffee Farmer Household Income. Available at: <https://www.fairtrade.net/new/latest-news/single-view/article/future-of-coffee-depends-on-adequate-income-for-farmers-new-research-finds.html>

Number of producer organizations with certification for Fairtrade coffee



FIGHTING THE HAVOC CAUSED BY CLIMATE CHANGE

Climate change causes disturbances to weather patterns and temperatures that disrupt coffee production and threaten the livelihoods of farmers who are dependent on coffee sales. According to a study published by the Climate Institute in 2016, and commissioned by Fairtrade Australia and New Zealand³, without strong action to reduce emissions, climate change is projected to cut the global area suitable for coffee production by as much as 50 per cent by 2050. Moreover, many countries where coffee exports form a main plank of the economy are also among the most vulnerable to climate risk. Honduras, Nicaragua, Vietnam and Guatemala, for instance, rank in the top ten for climate-related damages since the 1990s.

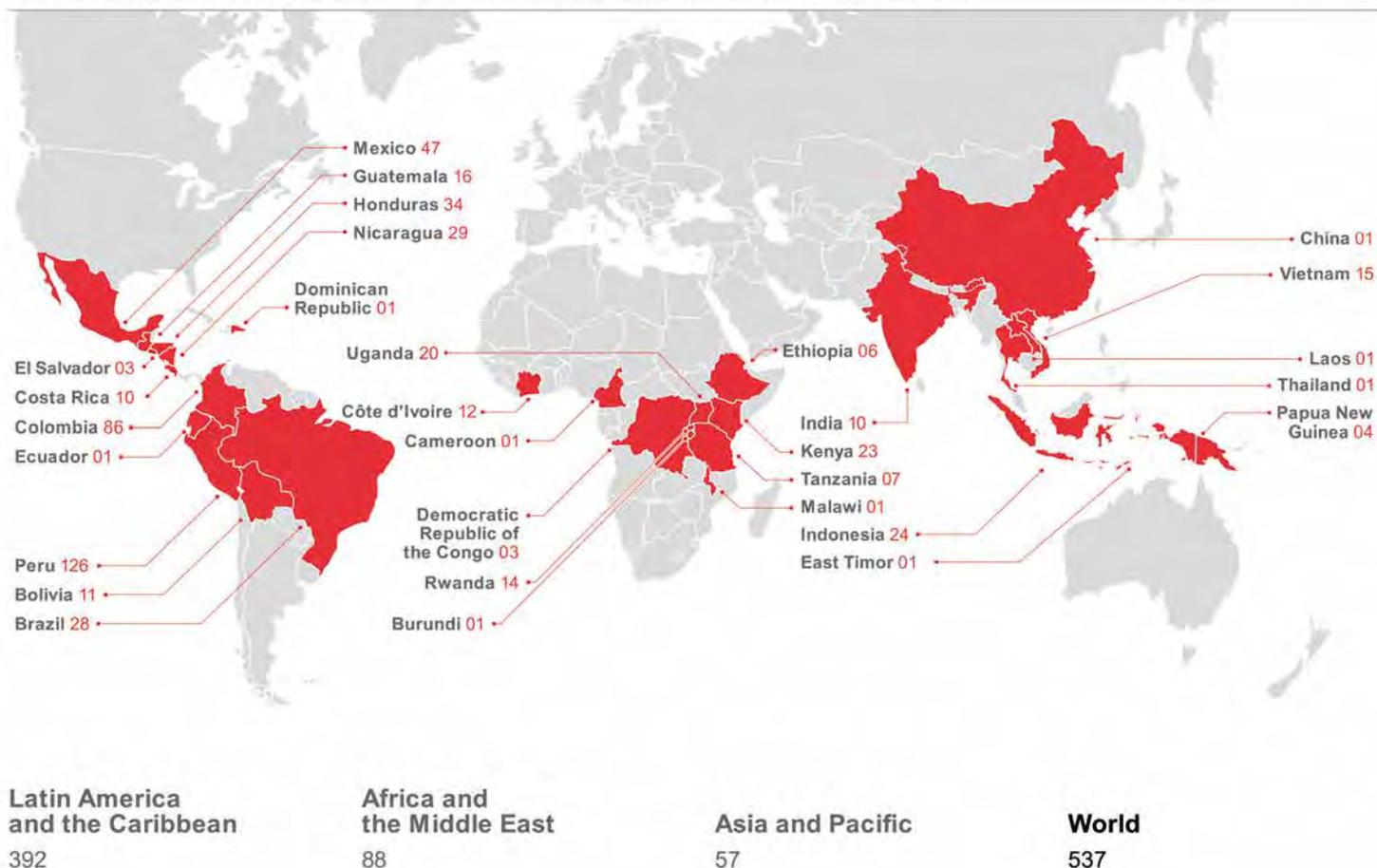
Several climate modelling studies predict that by 2050 the productivity of coffee will be severely affected and production in some areas might even disappear⁴. Many farmers will need to adapt their practices to new climatic conditions and erratic weather patterns or risk losing their livelihoods.

The Fairtrade Standards promote sustainable development through the promotion of good agricultural practices, which not only encourage producers to adapt to climate change, but also guide them on how they can mitigate its impact. Our Standards also relate to other environmental aspects and promote practices like integrated pest management, prevention of soil erosion, improvement of soil fertility, sustainable use of water resources, sustainable waste management, and reduction of greenhouse gas emissions.

Apart from aspects addressed through the Standards, Fairtrade is also scaling up its direct support to producer organizations to help them adapt and mitigate risks associated with climate change.

One of our latest training programmes is the Fairtrade Climate Academy⁵, financed by the Dutch National Postcode Lottery, and implemented with producers in Machakos, Kenya. Climate change experts use a farmer field school method where they provide training sessions to groups of local farmers who then go out into

FAIRTRADE COFFEE: PRODUCER ORGANIZATIONS WITH FAIRTRADE COFFEE CERTIFICATION 2016



the field and train other farmers, exponentially spreading the knowledge. The aim is to replicate this approach in other countries.

In Nicaragua, Fairtrade has also partnered with Climate Edge⁶ to pilot a project providing coffee farmers with affordable equipment/technology to document temperature and rainfall patterns at farm level. Farmers at two Fairtrade certified coffee producer organizations in Nicaragua participated in the pilot. The insights collected enabled them to implement information-driven interventions and manage shading in a way that kept their coffee trees under a given temperature threshold thus protecting their production capacity. The equipment, which is

low cost, continues to be used by the producer organizations involved in the pilot. The learnings from the project were shared with other Fairtrade certified organizations at regional level through the Nicaraguan Fairtrade Coffee Network.

3 Watts, C. (September 2016), 'A Brewing Storm: The climate change risks to coffee', The Climate Institute. Available at: http://fairtrade.com.au/~/-/media/fairtrade%20australasia/files/resources%20for%20pages%20-%20reports%20standards%20and%20policies/tci_a_brewing_storm_final_24082016_web.pdf

4 Bunn, C., Läderach, P., Ovalle Rivera, O. et al. Climatic Change (2015). Available at: <https://doi.org/10.1007/s10584-014-1306-x>.

5 Fairtrade International (13 November 2017). Coffee Farmers Go Back to School. Available at: <https://www.fairtrade.net/new/latest-news/single-view/article/coffee-farmers-go-back-to-school.html>

6 www.climate-edge.co.uk

FIGURE 6.1.4

FAIRTRADE COFFEE: NUMBER OF FARMERS BY COUNTRY 2016

Note: Data may not sum due to rounding.

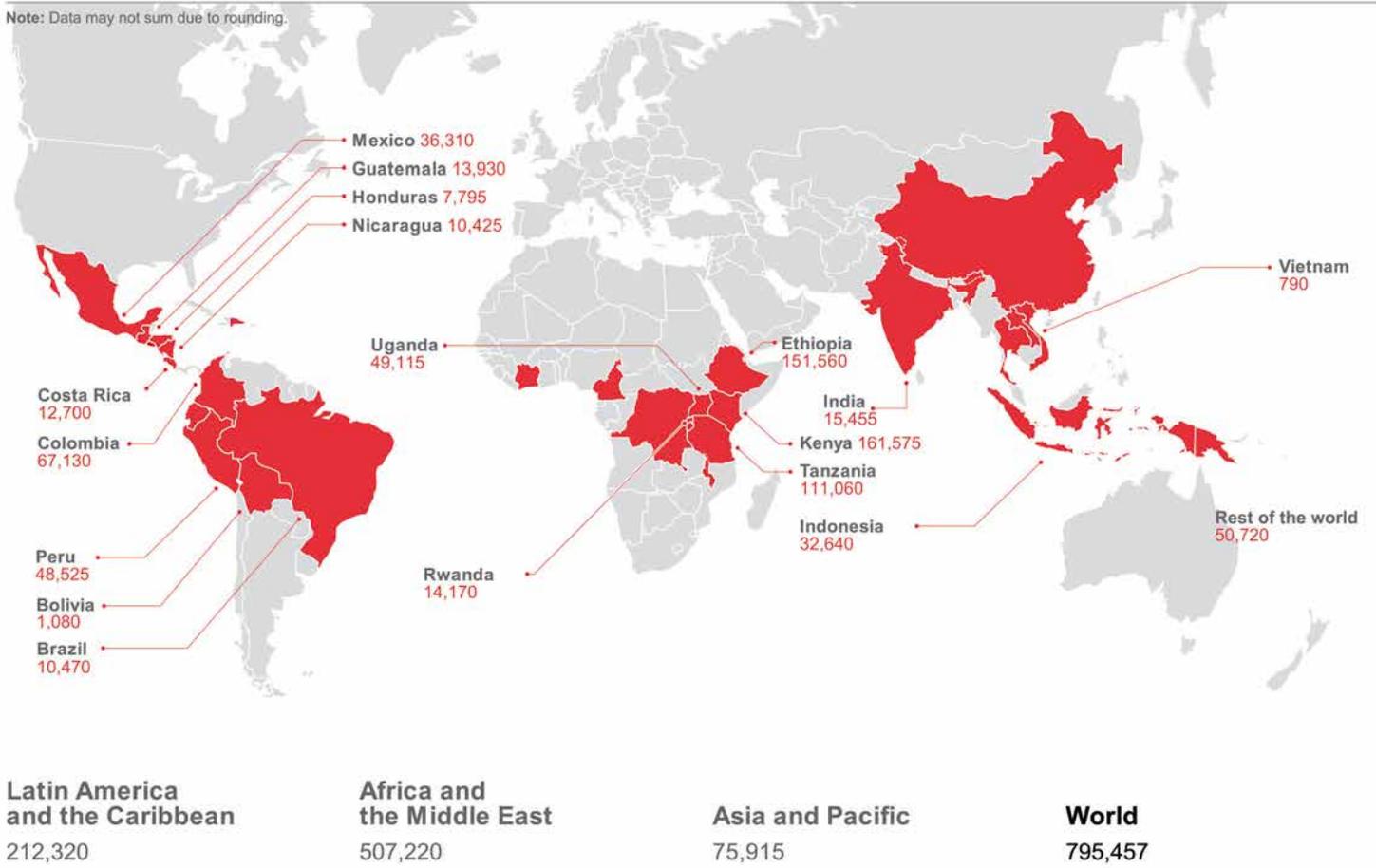
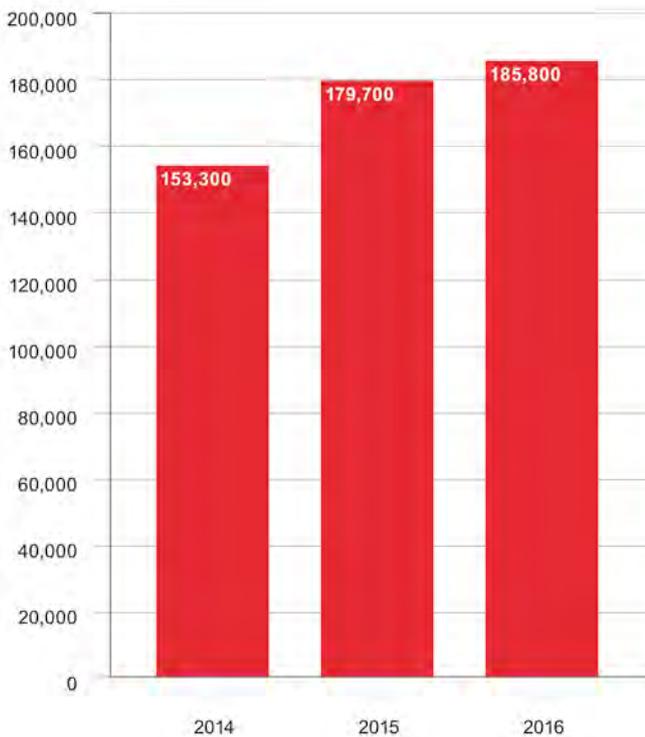


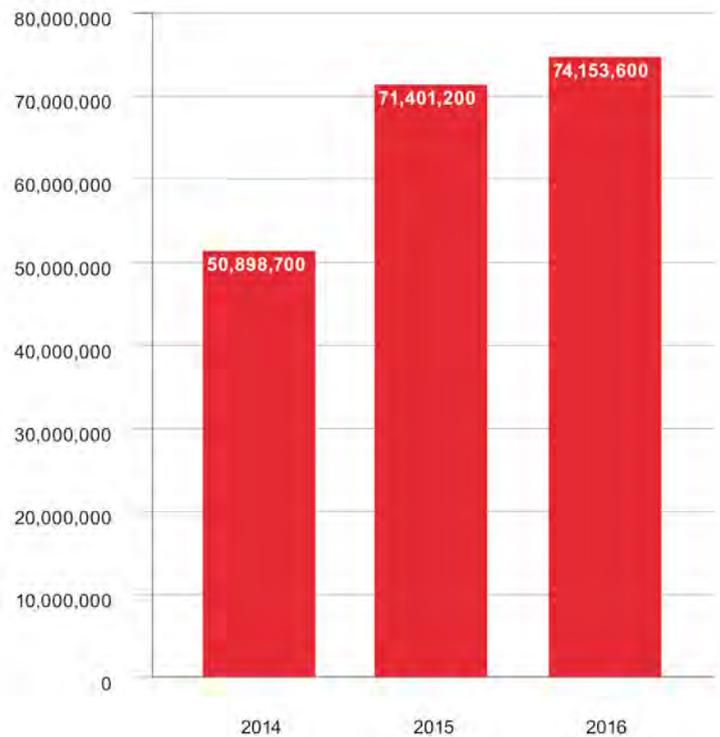
FIGURE 6.1.5

FAIRTRADE COFFEE: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2014-2016

Fairtrade coffee volumes sold (MT)



Fairtrade Premium received (€)



WORKING WITH FARMERS TO SUPPLY PREMIUM COFFEE BEANS AND ENGAGE THE YOUTH

Improving quality and productivity are another crucial part of Fairtrade's approach to coffee and imperative for coffee producer organizations to access new market opportunities. This includes the specialty coffee market, and staying competitive in an increasingly dynamic and demanding global market where buyers expect very high quality coffee. The Fairtrade Standards require a Fairtrade Premium payment of 20 cents per pound (lb) for conventional coffee and an additional 30 cents per pound (lb) for organically produced coffee. At least five cents per pound (lb) of the Fairtrade Premium must be dedicated to improving productivity and/or quality.⁷

Apart from the economic benefits, the Fairtrade producer networks – who represent farmers and workers in Latin America and the Caribbean, Africa, and Asia and Pacific – have been raising awareness among the Fairtrade certified coffee producer organizations in their regions about quality and encouraging them to focus their training and investment efforts towards quality improvements. Interventions in this area typically focus on three key aspects: training farmers to improve their production and processing

methods; training coffee cuppers to assess the quality aspects of the coffee, and investments in upgrading facilities and infrastructure to process coffee. Improvement in quality offers an opportunity to reap more value from coffee production, making it a more attractive proposition for young people who are often engaged in the cupping trainings.

One successful case is that of RWASHOSCCO, a Fairtrade certified farmer-owned coffee business made up of six cooperatives in Rwanda. Farmers at RWASHOSCCO have been able to go beyond coffee production and move towards exporting and roasting their own coffees. The coffee is sourced from specialty coffee farmers (the so-called 80+ points cupping score)⁸. To ensure quality production of fully washed coffee, the cooperative farmers follow guidelines provided by the government of Rwanda. Farmers receive regular training from government agronomists, as well as resident cooperative agronomists, on how to take care of their coffee trees and cherries.

At the roastery owned by the farmer cooperative, each lot of coffee is roasted separately which is considered a good practice in specialty coffee production. The coffee is then cupped at the in-house cupping laboratory to ensure quality compliance. RWASHOSCCO has partnered with the German social business start-up Kaffee-

RESEARCH INSIGHT

ASSESSMENT OF FAIRTRADE COFFEE FARMERS' INCOME

A study commissioned by Fairtrade looking at Fairtrade coffee farmers' income found that, on average, farmers in India, Indonesia and Vietnam earned a living income with Indonesian farmers earning this living income from coffee production alone. Kenyan Fairtrade coffee farmers did not earn a living income. In fact, Kenyan coffee farmers were, on average, producing coffee at a loss. Likewise and connected to this, Indonesian

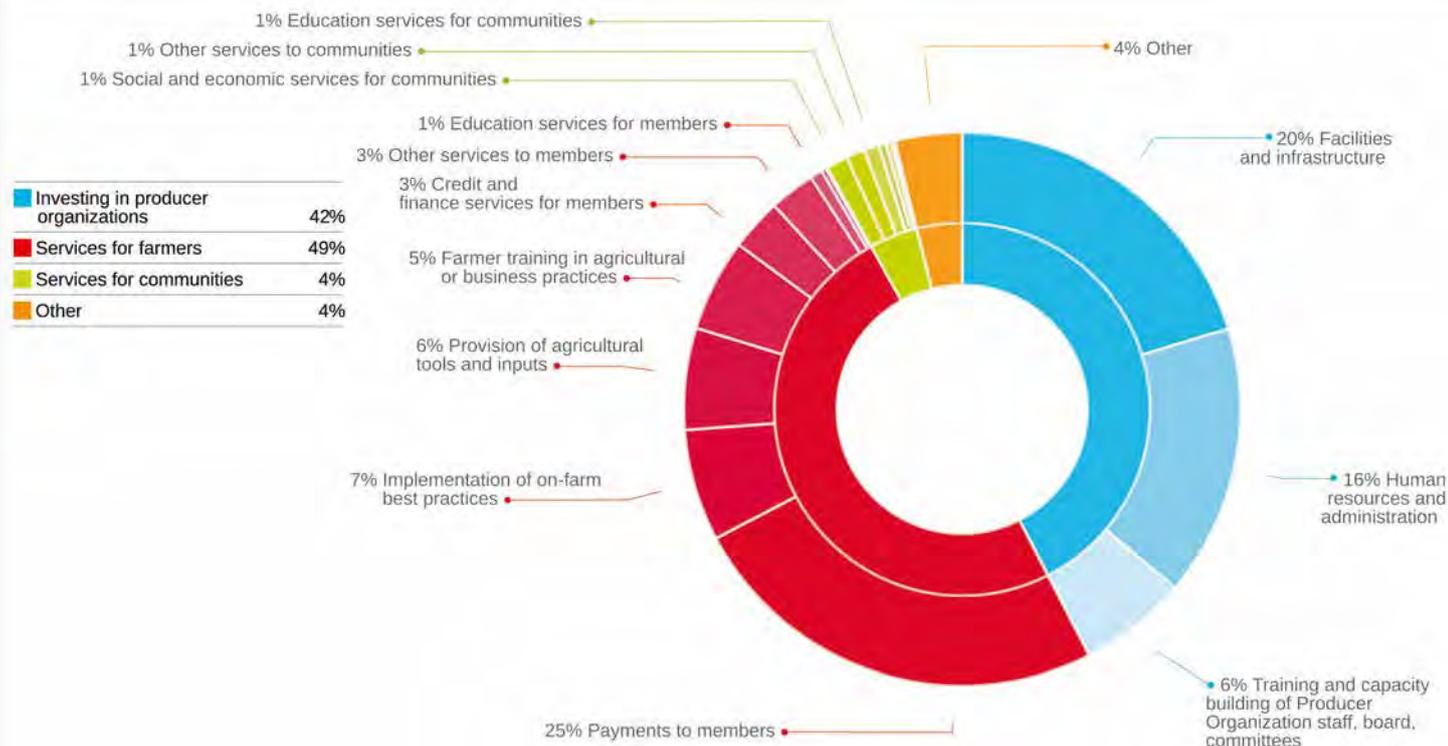
and Indian Fairtrade coffee farmers could provide their hired labour with living wages while those in Vietnam and Kenya could not. The study informs Fairtrade's Living Income strategy, aimed at creating an environment where all Fairtrade farmers can receive a living income and (when hiring labour) can pay living wages.

True Price (2017)

⁷ Fairtrade International (January 2012). Guidance Document for Fairtrade Coffee Standard-Productivity and Quality Improvement. Available at: https://www.fairtrade.net/fileadmin/user_upload/content/2009/products/EN-Guidance-document_Productivity_Quality-Improvement_2012-01-11_Final.pdf

⁸ This is a grading system used by the specialty coffee sector to grade coffee. Specialty coffee is defined as any coffee that scores above 80 points on a 100 point scale. Specialty Coffee Association, Protocols and Best Practice is available at: <https://sca.coffee/research/protocols-best-practices?page=resources&d=cupping-protocols>

FAIRTRADE COFFEE: FAIRTRADE PREMIUM USE 2015–16



Note: Percentages may not sum due to rounding.

Kooperative.de which imports the roasted and packed high quality Fairtrade certified coffee and sells it directly to consumers and businesses. The coffee brand Café de Maraba is the only Fairtrade certified coffee roasted at source that is available on the German market.

A growing number of Fairtrade coffee producer organizations are following this path and gaining greater recognition for their premium coffees. In order to support the efforts of the farmers, Fairtrade is increasingly focusing on promoting and positioning Fairtrade coffee as premium coffee, both in well-established Fairtrade markets and in new markets such as the Middle East and South East Asia.

FIGURE 6.1.7

AREA OF FAIRTRADE COFFEE CULTIVATED 2016 (HECTARES)



FIGURE 6.1.8

FAIRTRADE COFFEE PRODUCTION CAPACITY: TOP FIVE COUNTRIES 2015-2016 (MT)



FIGURE 6.1.9

FAIRTRADE COFFEE: TOP FIVE SELLING COUNTRIES BY VOLUME 2016 (MT)



Total top five countries 127,100 MT

Top five countries account for 68.4% of Fairtrade coffee sales

FIGURE 6.1.10

FAIRTRADE COFFEE: TOP COUNTRIES FAIRTRADE PREMIUM RECEIVED 2016 (€)



Total top five countries €50,770,896

Top five countries received 68% of Fairtrade Premium for coffee

537 COFFEE
PRODUCER ORGANIZATIONS
REPRESENTING
795,457

COFFEE FARMERS IN 30 COUNTRIES



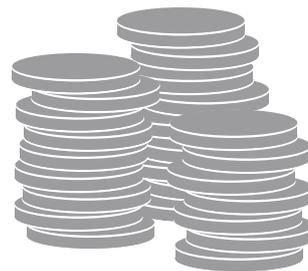
83% OF ALL
FAIRTRADE COFFEE
COMES FROM
LATIN AMERICA
AND THE CARIBBEAN



1 MILLION
HECTARES OF
COFFEE
CULTIVATED WORLDWIDE



COFFEE
FARMER ORGANIZATIONS RECEIVED
€74 MILLION
IN FAIRTRADE PREMIUM



IN 2016