

New Coffee Barometer:

Coffee companies must start proving their sustainability impact

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The largest coffee companies in the world are failing to report transparently on their 2020 commitments, and doing too little to ensure sustainability for farming and farmers.

These are among the findings of the new Coffee Barometer – the latest report from a collective of organisations in the sustainability field; Conservation International, Hivos, Oxfam Belgium and Solidaridad, and produced by Ethos Agriculture.

Inaction is not an option

In coffee producing countries, roasters and traders could play a critical role in many of the most pressing environmental and social challenges identified in the UN's Sustainable Development Goals (SDGs). Unfortunately, their individual policies, plans, and funding are often disconnected from the local realities, from each other, and largely focus on single issues.

The report shows that 15 of the major traders and roasters are not meaningfully contributing to key SDGs that would improve livelihoods and conserve nature, and transparency is still lacking across production, trade, and consumption. While some companies have comprehensive policies in place, many large traders and roasters mentioned in the report remain unclear about their commitments, any progress on promises, and lack a comprehensive sustainability strategy with measurable targets over time. No one is doing enough.

Stefaan Calmeyn, Coffee Programme Manager for Oxfam Belgium, responds to the report: "Big coffee companies need to actually prove their supply chains are free from human rights violations and deforestation, and that they are investing in higher farmer income, better labour standards, and climate change adaptation. Policies are not enough; if you want us to believe you're doing good, you have to show it."

Bambi Semroc, Vice President of Sustainable Markets and Strategy for Conservation International, said: "We have 10 years to meet the UN SDGs and the Paris Climate Agreement. There is an urgent need, and a compelling opportunity, for the coffee industry to take the lead, drive investments to avoid the worst impacts of climate change, and find solutions that benefit people, nature, and coffee in producing landscapes."

Coffee farmers reeling from shock after shock

Behind many of coffee's problems is a stubbornly low coffee price for farmers. Many coffee farmers already operate well below the poverty line, and it can be even worse depending on farm sizes, productivity levels, or how efficient national structures are. This is in stark contrast to the billions made from coffee consumption, which are highly concentrated in the USA and Europe.

Farmers are also unable to invest in their farm or make production more sustainable - which is essential if they are to adapt to climate change. The last decade has been the warmest on record, bringing droughts, hurricanes, and a worsening of coffee-specific pests and diseases, such as the 'La Roya' fungus or the coffee berry borer. With farm revenues decreasing, costs rising, and the situation around them worsening, smallholder farmers' livelihoods are under threat.

This puts producers under constant pressure to cut costs, especially those related to labour and the environment, and prevents farmers covering basic needs like good wages, reducing their environmental impact, or providing for the needs of rural communities. COVID-19 only made things worse, leaving an end-of-year surplus of 1 million bags of coffee beans after widespread office and café closures.

Sjoerd Panhuysen from Ethos Agriculture said: "There is general awareness in the coffee sector that we are way off track to meet even the most basic economic, social and environmental goals. Companies' sustainability activities tend to focus on the expansion of coffee production at farm level. Even if some specific gains are made, they are never sufficient to transform the sector at large."

Move from talking to action

The 2020 Coffee Barometer calls for existing actors in the industry to step up. All the major billion-dollar coffee corporations are part of one or more partnership initiatives with the potential to influence the global governance of sustainability policies and agreements. With some traders and roasters publicly asking for mandatory sustainability regulations, they have the opportunity now to get ahead of the curve and use these partnerships to achieve real impact. There is no reason for more delay.

If more of the value generated from coffee is to get into the hands of coffee farmers, then multi-stakeholder initiatives need binding commitments, robust mechanisms that confirm progress in the field, and more than shoestring budgets so we can see this concrete impact being delivered.

Andrea Olivar, Global Programme Manager Coffee for Solidaridad, said: "The dawn of a new decade brings a wave of attractive new initiatives, while companies in the coffee sector struggle to report on commitments they made in the last decade. If we want to avoid being part of everything and delivering nothing, we have to move from narrative to action."

- End of press release -

Editor's notes:

- The new Coffee Barometer is available from 14 January 2021 here: <https://coffeebarometer.org/> Here you will also find the Coffee Collective member organization profiles.
- Infographics from the barometer, other images and photos from the world of coffee are free to publish and available from this [press folder](#).
- For more information, any questions or interview requests please contact: Sjoerd Panhuysen, Ethos Agriculture, sjoerd@ethosagriculture.com

Other report highlights:

- Consumers in Europe and the USA have greater interest in the origin of their coffee, and if it's produced sustainably. In these mature markets, it is not volume but the demand for higher quality coffee that will drive the future value of retail sales.
- The top 10 coffee companies are responsible for roasting 35% of the world's coffee, which generated an estimated US\$ 55 billion in total revenue in 2019. Tracing the flows of finance through the coffee value chain finds it highly concentrated in Europe and the USA.
- The dire situation of coffee farmers inflicted by the low values placed on green coffee by the market are in stark contrast with the booming coffee consumption industry.

- This is the third year in a row that coffee farmers are experiencing a commodity price of coffee negatively impacting the profitability of all producers. At the current price level, producers are operating at a loss, which threatens the future of coffee production in famous quality origin countries like Kenya, El Salvador and Mexico. Although the specific sustainability priorities vary for individual countries and coffee regions, in the current scenario producers are under constant pressure to cut costs, especially those related to labour, which is by far the largest expense and may account for as much as 60% of the total cost of coffee production. The growing demand for coffee increases the threat that forested lands will be converted into crop land for coffee production.
- Coffee is grown on approximately 12.5 million coffee farms across the world. Almost all of them (95%) are smaller than 5 hectares (approx. 7 football pitches), and 84% are very small – smaller than 2 hectares. These smallholder farms produce up to an estimated 73% of all the world's coffee.
- In comparison to the millions of coffee farms, almost half of their coffee is exported by just 5 trading companies. This coffee is imported by large companies for roasting. 10 of these companies roast 35% of the world's coffee. Compared to the revenue made selling this coffee in the retail market, growing countries receive less than 10% of that value when it is exported, and farmers even less than that.
- The uptake of certified coffee has only grown slowly, there is a tendency in the sector of roasters and retailers developing their own company sourcing standards in the hope these systems are more efficient and effective. Promoting certified coffee is not enough, since the scope of sustainability issues - being adaptation to climate change, a more equal value distribution, or ending human rights abuses - that are directly material to the operations of companies is very wide.