

Topside

4C or not 4C – that is the question (with apologies to William Shakespeare), says Ian Breminer, managing director of Complete Coffee

The coffee trade is changing - possibly forever. On December 1st 2006 a group of 37 stakeholders including coffee producers, trade and industry, civil society organisations, public bodies and individuals founded the Common Code for the Coffee Community Association (4C Association). This is an independent, open and non-profit membership association, based on multi-stakeholder participation.

This new sustainable initiative hopes to underpin the international coffee trade, help farmers produce sustainable coffee and protect coffee producing countries from the shattering effects of the type of disasters suffered, due to the cyclical behaviour of the coffee markets, throughout history.

How did this 4C initiative arise?

Back in September 2004, four of the world's largest coffee companies - Nestlé, Kraft Foods, Sara Lee and Tchibo announced (Financial Times 10.9.04) that they were backing an initiative aimed at mainstream coffee with the intention to improve working conditions and the environmental situation of the vast majority of coffee growers around the world - rather than just the 'relatively' few helped by Fairtrade and other ethical bodies. The most striking aspect though, is that this 4C initiative was supported by many different players - producers, trade and industry, civil society (eg NGOs and charities), governments (including the UK's DFID - the Department For International Development), trades unions, retailers and even individuals - in other words a truly multi-stakeholder initiative.

What are the aims of the code?

The first thing to mention is that 4C is NOT about a minimum price paid to farmers. Rather, it is a programme set up to introduce a baseline for sustainability which can, and should, be built upon over time. From the producers' point of view, it relates particularly to continuous improvement in social, environmental and economic practices in coffee production and processing so that the farmers will eventually benefit from cheaper, more sustainable production, more effective processing thereby producing a better quality coffee bean at a more economic price. It aims to eliminate the overuse of fertilizers and pesticides, which are expensive, through training and guidance as well



as ensuring that all who work on coffee farms receive the rights that we all expect in the developed world i.e. the right to belong to a trade union, the right to a living wage and decent housing and the right to clean water and an end to child labour.

From the consumer side, coffee companies commit to act in accordance with the Rules of Participation including giving a commitment to purchase increasing quantities of 4C coffee, supporting coffee producers via contributions made to the support services, paying for the verification costs of the system (carried out by independent auditors) out of membership fees and reporting their activities. The whole idea is that this will give the producers the knowledge that there will be an ever-increasing market for their 4C compliant coffee, underpinning their efforts to improve sustainability.

The idea behind 4C is to ensure improvement in all aspects covered by

the code, and it is based on the traffic light system with self-assessment backed up by independent verification. In other words, producers have to ensure that they move from red through yellow to green over a period of time, as they improve. They are able to ask for help and advice from 4C and even though there will be auditing involved it is paid for by the consumers rather than the producers themselves - a very important difference compared with most other certification bodies.

So what do farmers get out of 4C and why is it going to be worth their while joining - bearing in mind that this is not a scheme where they will receive additional remuneration each time they sell their coffee to a 4C member buyer? The key to this scheme is sustainability - for the long term. The idea is that farmers should benefit from Good Agricultural Practices (GAP) and services provided by 4C as well as capacity building activities - all of which should help the farmers become much more efficient by reduce costs. In addition, they will be able to take advantage of improved market access because the market will become more transparent. They should be in a position to gain better access to credits and all-in-all improve their end margins.

We, at Complete Coffee, have been involved since the beginning in helping to shape 4C and it hasn't been an easy ride for anyone! There have been many projects on the ground in different producing

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countries to try and work out the rules on how best to help the farmers. As the coffee industry is so massive, with 25 million farmers worldwide and an industry worth US\$70+ billion (at the retail level) per annum, it is not surprising that it has taken more than two years to reach the next phase. You could say that now the hard work really begins, because we have to get the message out to the farmers and to persuade them that by joining 4C they will eventually - not immediately - benefit.

In addition the message has to start going out to consumers, but this can really only happen once 4C coffee becomes available in large enough quantities to warrant the roasters and manufacturers informing the public that their blends include 4C coffee and what it does for the farmers. It is also important to state that 4C is a B2B concept and therefore there will be no seal - or logo - on pack although roasters will be able to inform consumers through other mediums that they are working with 4C coffee. At some stage in the future 4C will be introduced to the vending industry - how and when remains to be seen.

In our opinion we are probably 12 - 18 months away from the first really meaningful 4C transactions, although there will be several smaller businesses concluded along the way. There is still an enormous amount of work to be completed but, and it is a big 'but', the point is that the International Coffee Trade (in the widest sense) has taken the decision and the first meaningful steps to work together to ensure that, as far as possible, the farmers in the future will be much stronger and therefore more able to withstand the vagaries of the Market. This is the real goal, that ALL farmers should be able to survive downturns, and not just the few who are lucky enough to be paid more because of a particular certification scheme. We believe that 4C has the potential and we certainly have the will - so fingers - crossed that this is the future - for all. *IB*

ALLPURE AD

DIARY 2007

May

CAFFE CULTURE exhibition, Olympia, London
Wednesday 23rd - Thursday 24th

EUROVENDING exhibition, Madrid
Thursday 24th - Saturday 26th

'PETROLHEADS' CLASSIC & SPORTS CAR SPRING CRUISE
Thursday 31st

June

AVA Midland Region Summer Ball, Forest of Arden
Saturday 16th

September

EU'VEND 2007, Koelnmesse, Cologne
Thursday 20th - Saturday 22th

LW EXHIBITION, Birmingham
Tuesday 25th - Thursday 27th

AVS CONFERENCE, Vilamoura, Portugal
Thursday 17th - Sunday 30th

November

NIVEX Old Trafford, Manchester
Tuesday 27th

2008

February

HOTELYMPIA, Excel, London
Sunday 17th - Thursday 21st

MARCH

NAMA, Las Vegas
Thursday 27th - Friday 28th