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## Local coffee giant's pricing policy fuels Global Drug Boom

Cheltenham based Kraft, one the world's biggest coffee companies, has failed to address the coffee price collapse which has resulted in thousands of farmers in poverty stricken countries like Ethiopia and Peru ripping up their coffee plants and replacing them with the drug crops such as *chat and coca* said international agency Oxfam today.

Roger James from Oxfam SW said, "Coffee prices are lower in real terms than they have been for the last 100 years and it is fast becoming a cash-less cash crop. Coffee companies' half hearted response to the crisis is forcing 25 million coffee farmers over the edge as well as fuelling the production of drugs around the world." In Harrar in eastern Ethiopia, farmers used to sell their coffee for just under \$3 a kilo, now they make little more than 86 cents. As a result, coffee production from this region has dropped by 17% in the space of five years. The alternative is to grow chat which brings in over \$9 a kilo. In Peru, the same is happening. Coffee sells at around 65 cents per pound, while coca, which is processed into cocaine, is around \$3 a pound.

Responsibility for the coca or 'chat-ification' of former coffee economies lies at the door of the "Big Four" coffee companies; Kraft, Sara Lee, Nestle and Proctor and Gamble who have refused to pay a fair price for coffee. An investigation published by Oxfam today has found that although all four companies continue to make big profits from coffee they have failed to address the coffee crisis over the last 12 months:

- **Kraft**, who make *Maxwell House* and *Jacobs*, have still refused to buy either Fairtrade coffee or coffee that meets internationally agreed quality standards
- **Sara Lee**, who make *Douwe Egberts*, have performed abysmally doing nothing to pay farmers better prices or helping them to diversify into other crops.
- Though **Nestle** supported the efforts of the International Coffee Organization (ICO) to solve the crisis, they still refuse to buy either Fairtrade or direct from the farmers.
- **Procter and Gamble**, who make the US brand *Folgers* were better than the rest but still do not have guidelines on buying coffee that would ensure at least basic living standards for farmers.

Kraft Foods recently announced a partnership with the Rainforest Alliance to purchase over 5 million pounds (weight) of coffee within the next year from farms in Brazil, Colombia, Mexico and Central America that have been certified as "sustainably managed" by the Rainforest Alliance. Rainforest Alliance pays a 20% premium over the current market price but this isn't nearly enough in the current coffee crisis. The Rainforest Alliance's environmental and labour standards are key aspects to help achieve greater sustainability in the coffee-producing world. However Kraft must go much farther in providing a more comprehensive solution to the global coffee crisis. Oxfam challenges Kraft to complement this project with other initiatives that incorporate development-related standards, such as Fair Trade Certification, which guarantee that small-scale farmers are paid a decent price for their harvest. Kraft should also commit of significant resources to tackling the global coffee crisis (including financial contribution to aid packages that deal with the crisis), pressure for the U.S. government to rejoin the ICO, and the adoption of a clear and independently verifiable commitment to respect the rights of migrant and seasonal workers, including respect for ILO conventions

Ethiopia is the third poorest country in the world. According to the Ethiopian Government, the collapse in coffee prices has cost the country some \$830 million in lost export earnings over the past five years. This revenue could have helped to build the equivalent to 1250 health centres or 2000 primary schools.

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