



*A Cooperative Coffees Newsletter for and about FAIR TRADE*

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## “C” Market Finally Climbing: Hold on to your Hats Fair Traders!

Fair Traders have been saying for years: “It’s simply SCANDALOUS how low the market prices have been for farmers!” So welcome now to the roller-coaster ride of rising prices for 2005! Since early February, market prices have been climbing precipitously – only now beginning to level off. The increases may represent a temporary respite for farmers. But the rapid shift has been wreaking havoc in the Fair Trade and Organic coffee world – both for buyers and for producer cooperatives alike.

For many buyers, Fair Trade has meant a comfortable and stable price of \$1.41 per pound organic certified, and \$1.26 per pound transitional - end of story. Now suddenly, traders who have been participating in the Fair Trade market for the past years need to understand what Fair Trade actually means from a more holistic point of view.

And ironically enough, quick price increases have placed many producer cooperatives in a difficult position. In some cases, cooperatives were locked into “closed contracts” at the Fair Trade minimum prices – now below what the open market would have fetched – and now have to scramble to understand the implications. (We at Cooperative Coffees, by the way, do not understand “closed contracts” to be binding Fair Trade contracts... but that is another discussion). Other producer cooperatives have quite simply been left without a stable coffee supply. Throughout Central America and Mexico, local middle men (affectionately called *coyotes*), are knocking down producers’ doors to buy their coffee, and are paying cash on the spot at similar or sometimes even better prices than the cooperatives can!

“Suddenly the coyotes act like the nicest guys in the world,” says Manuel Ruiz, Secretary of Yachil Xojaval in Chiapas, Mexico. “Before they would cheat us every chance they got and wouldn’t even look you in the face when they talked to you; now they are loading and unloading our coffee for us!”

Add to this sudden change in price and attitude the fact that the coyote doesn’t care whether the coffee is certified organic, Fair Trade, shade-grown, bird-friendly, of whatever... and doesn’t much care what the quality looks like either. Suffice it to say, it’s quite the seller’s market at the moment and an unusually large amount of coffee is getting snatched up at high prices long before it ever gets to the producer cooperatives.

It is still too early to predict how the market will play out for the remainder of the year. But for now keep this in mind – if you are “marketing” the fact that Fair Trade pays two to three times more than the conventional market, you

may want to reprint your brochures and update your websites. There are still many, many reasons why Fair Trade is important to the farmers – but at this particular moment price is not the predominant one. ~ Bill Harris and Monika Firl



## *After just a few days to get to know and love Nicaragua, we began our*

*journey into the coffee-lands.* by Michael King, Bean North Coffee Roasting



President of Las Brumas Denis Arauz Blandon, explains the steps they take in quality control and other production improvements in their fields.

But first, we wanted to have a better grasp of the social and economic barriers Nicaragua currently faces. After a stop at Witness for Peace, which has been documenting abuse in Nicaragua since the Contra War, we had a clearer picture of the economic violence “free trade” was now having on the country. Next we began our journey into understanding the potential for “people-based solutions.” For example, we visited Mujeres Trabajadores, a worker-owned, women’s sewing cooperative that provides jobs at three times the pay a sewing factory would provide, and the Center for Development in Central America supporting their work, before driving on to CECOCAFEN – our producer partner in Matagalpa.

CECOCAFEN greeted us with an overview of their advances and challenges as an organization, followed by a day of cupping their wonderful coffees. We were informed that there was a 30 to 40 percent decline in production caused by dramatic weather changes. The region had suffered heavy rains during at the early part of the dry season – with disastrous results for the flowering coffee. Flowers were knocked off the trees during these storms. Add to this lower-than-usual harvest, the price pressure that all Central American coops experienced, and we discovered that producer loyalty is one of CECOCAFEN’s principal strengths!

CECOCAFEN, is the marketing branch that promotes and sells the green coffee of its 11 member cooperatives. But CECOCAFEN also

contributes to social development through micro-loan programs, education scholarships and community development in the region. We were able to go out and visit some of that work in action at member cooperatives at the community level. One of the coops we visited was Las Brumas. At Las Brumas, high in the Chimborazo mountains of Jinotega, members are located between two regions with no government body taking responsibility for basic services. For many households, there is no electrical nor health services. The farmers themselves must maintain their access roads, and the children have a very long walk to the nearest school. The area encompassing Las Brumas used to be one huge plantation, before the Sandinista land reform was implemented in the 1980s. Many of Las Brumas members had been formerly employed by the plantation, but now hold titles to their own plots of land. Working collectively has helped them access training to improve their coffee quality, to access Fair Trade prices and is helping to develop their region.



Cooperative Coffees members were happy to pitch in with support for uniforms, travel expenses and maintenance. And yes... the team is doing great! Matagalpa currently leads the National Series with 7 wins and 2 losses!!

**Batter Up!** During our visit to Matagalpa, we also learned of the local efforts to encourage sports and cultural activities.

“You go out on the streets and you will see that everyone is talking about the team,” CECOCAFEN general manager Pedro Haslam said. “Baseball is our number one sport, and this year our team, the Indigenas de Matagalpa, could win the National Series!”

But because of the coffee crisis, local residents don’t have the means to pay for pricey tickets to support their team. So local sports activists went out looking for funds.

## Back to Origin: OCFCU in Ethiopia

By Chris Treter

The cradle of humanity and the birthplace to coffee, Ethiopia is a lush country, where the few foreigners that visit are greeted with open arms. We spent a far-too-short nine days with the Oromia Coffee Farmers Cooperative Union (OCFCU), traveling to the Sidamo region and the tiny town of Yirgacheffe to meet with five of their member cooperatives. OCFCU is an extremely well organized organization carrying the heavy responsibility of processing, marketing, and commercializing coffee for 74 cooperatives – comprised of 68,691 members and 343,455 total family members. This year, OCFCU produced 81,596 tons of coffee (30,415 which is organic) has 48 de pulping stations, 15 hulling stations and 63 warehouses in growing communities.

OCFCU was the first cooperative union to bypass the government auction and now is joined by 3 other cooperative unions – Yirgacheffe, Sidamo, Caffa Forest - some of which offer fair trade and organic coffees. Needless to say, Tadesse Meskela and Dessalegn Jena – the Director and Assistant Director, respectively – are extremely busy as they manage the rapid growth of the union, while working to create a Cooperative Bank, three cafe's in the United Kingdom, and an eco-tourism project.

Our journey to Sidamo and Yirgacheffe began uneventfully – a 400-mile ride south of Addis Ababa, while we slept off our 16-hour flight. Along the way we got to know our driver and guide, Musgabe, and the OCFCU cupper and processing specialist, Telahoon. Telahoon escorted us to the field, while Tadesse was out of the country on a speaking tour in the UK. At each cooperative, we visited growing fields, drying stations, development projects being constructed with Fair Trade premiums, and met an array of cooperative leaders and members. We were impressed with the level of organization at each stop along the way.

Homa Cooperative in Yirgacheffe, for example, was formed in 1985 and currently has 967 members. All the members have been certified Fair Trade and organic for the past three years. Last year the cooperative earned 100,097 Birr (approx. US\$ 863,000) in Fair Trade premiums, which they are using to build a clinic. Currently, community members must walk nearly 20 miles for medical care. The new clinic – made of tef (one of the oldest cultivated grains in the world) bale walls – will service more than 2,000 people. A trained health expert will come from the government to treat patients. The coop is also constructing two schools with fair trade premiums.

And while it was wonderful to see Fair Trade premiums at work on the construction of schools and clinics, we were quick to note the desperate situation the majority of the population continues to face. The site of malnourished children and the obvious lack of basic services will not soon escape our memories.



Schools are of particular need. Upon entering the grounds of Godina Booronna Aana Abbaayaa School, it became quickly evident that we were about to disrupt the function of the entire school (our presence was similar to what a fire alarm would do at a school here). Not being accustomed to foreigners, the students poured out of their classrooms to greet us as we chatted with their teacher, Gurmeesaa Taammirrat. He informed us that the majority of the 760 students at the school were children of coffee farmers. The school year lasts 10 months, and the children varied between the ages of 7 and 13. Each classroom currently holds between 60 to 100 children. The new wing of the school, being built with fair trade premiums, would bring welcome relief to students and the staff of 11 teachers alike!



Developing a successful cooperative union is a complicated task. Yet OCFCU seems to take it in stride. They have increased their producer network to more than 70 coops, started a development, cooperative bank, have co-launched with a Honduran coop and Oxfam three cafes in the United Kingdom, and are beginning an eco-tourism... in addition to running their coffee export business!

## Fair Trade Briefs:

### SCAA – Seattle Here we Come!

Seattle is the site for this year's SCAA extravaganza. Cooperative Coffees will be present throughout the week of April 12 – 18 with a strong contingency of U.S. and Canadian roaster member representation.

Throughout the week, topics such as coffee prices, quality and delivery schedules will certainly be on the tip of everyone's tongues – and we will have a full agenda of planned meetings with our producer members to discuss these issues in detail. But as we have come to expect with the SCAA gatherings, we also see this as an opportunity to huddle with our wide array of colleagues – traders, producers and organizational representatives alike. From formal meetings to chance encounters in the hallways, this is yet another moment to share insights, examples, knowledge, opinions and strategies all in the hopes of shaping a better future for coffee farmers and their Fair Trade partners. Oh yes, and of course while we're at it... we expect to have a little fun!

CC member, Pura Vida, has planned a breakfast finale April 18 at their Seattle office to recap with Cooperative Coffees members, producer partners and allies – mark your calendars for 7:30 am!

### Catholic Relief Services – Fair Trade Program

Catholic Relief Services works overseas to provide assistance to struggling low-income coffee farmers. In the United States, CRS supports those farmers by promoting Fair Trade—an alternative system of international trade that is rooted in the principles of human dignity, economic justice and global solidarity.

In country, support takes on other forms. Emergency relief can mitigate the short-term impacts of the Coffee Crisis. But CRS quickly understood that the vulnerable coffee farmers it supports in Nicaragua – as elsewhere – need longer-term thinking, if they were going to find a sustainable solution to the problems they continue to face. In 2003 CRS launched a multi-year program to provide technical assistance to more than 300 low-income family coffee farmers in Nicaragua through two local partners. The program is focused on improving: Organizational Development, Coffee Quality, Sustainable Agriculture, Crop Diversification, and Market Linkages.

As part of the market element, Cooperative Coffees will be importing an initial shipment of CRS-supported coffee from Nicaragua, to be sold via roaster members participating in the CRS program. We expect that this first gesture will lead to a long and lasting partnership.

### Fair Trade Conference Planning Summit

The March Planning Summit, convened by the Fair Trade Federation and the Fair Trade Resource Network, and hosted by SERRV – A Greater Gift in Madison, WI resulted in a huge step towards turning the proposal for a First North American Fair Trade Conference into reality.

As part of the organizing committee, Cooperative Coffees was well represented around the table of North American Fair Traders – including representatives from businesses, organizations, student groups, and faith groups from across the U.S. and Canada dedicated to promoting the highest standards of Fair Trade.

The conference – scheduled for Sept 30 to Oct 2, 2005 – will attract a wide audience to its learning and sharing activities and to a fun celebration of Fair Trade. It will be a venue for orientation, skills building, and networking that will propel Fair Trade forward. The Madison meeting accomplished not only the confirmation of an inspiring goal, but also the roadmap to help us achieve it!

Attendees developed a unique planning structure based on collective organizing, which is both highly participatory and open in membership. Committees formed a schedule and work plan for developing the program, post conference actions, logistics, marketing, budget, fundraising and advertising. For the conference to take its intended form, Madison participants set in place guidelines and parameters for the committees, including fundraising guidelines for organizations clearly associated with the Fair Trade movement. Now with the vision in place and the conference in sight, all that is left is the follow-through to create a National Fair Trade conference that unifies, strengthens, and expands the Fair Trade movement in North America!

This conference is expected to bring together people and organizations committed to *Living a Fair Trade Lifestyle* and to achieving social justice and change through the market, to celebrate the best, learn from our experiences, to create strategies to work collaboratively to strengthen the Fair Trade Movement in North America.

If you would like to learn more about becoming involved in the planning of this exciting event, contact the Fair Trade Federation or the Fair Trade Resource Network directly:

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