

## Follow-up from the CEC Workshop of Experts on Sustainably-produced Mexican Coffee

May 2000

A workshop of 85 experts from Canada, Mexico and the United States, organized by the Commission for Environmental Cooperation, was held in Oaxaca, Mexico on 29–30 March 2000. Attached is the final list of participants and their contacts, together with the workshop agenda and background note.

This Note identifies possible options for moving forward the results of the workshop discussions. These options, listed below, are presented as a **draft**. The final wording and details will reflect the suggestions and views of participants who respond to this Note.

Before outlining the options, four points are worth reiterating. First, as an intergovernmental body, the CEC is committed to serving as an honest broker among key stakeholders, thereby facilitating an open exchange of views with the goal of promoting “sustainable coffee.” (The operational definition of this term will be an objective of future work.) It will be up to the stakeholders themselves to define the parameters and determine the pace of future progress.

Secondly, our future work will build upon that of the trinational group of experts that met in Oaxaca. Although much research is presently underway on different aspects of coffee production, the CEC was fairly unique in bringing together a small group of experts from Mexico, Canada and the United States involved in different aspects of the coffee chain. Our future work will be guided by the strong commitment of the trinational group. Indeed, progress will be determined by those serving on the trinational working groups proposed below.

Thirdly, the CEC—regardless of its limited resources—will find ways to make this process work. The CEC will also draw upon core work areas, in particular, that on biodiversity, which comprises developing biodiversity baselines, supporting greater involvement of indigenous peoples, identifying ecologically important regions, and other areas. The Commission’s work in environmental economics, including that on trade and environment, environmental valuation and the role of financing, will also be relevant.

Lastly, the areas of action and areas of work as presented in the following do not represent an exhaustive item list. They are only general guidelines to be considered during ensuing discussions.

Below, you will find the Commission’s attempt to identify the next steps that emerged from the Oaxaca Workshop. These steps comprise a draft mission statement, followed by a proposed outline of the plenary work group, tentatively entitled the Sustainable Coffee Alliance Group. Under this larger framework are proposed sub-working groups. Wording for the Statement and groups draws upon suggestions and advice provided during the Workshop, as well as our internal discussions about what can be done under our current budget.

Following the draft mission statement and each proposed group, you will find a box with four sections. The first column—*Agree*—is to be checked if you think the overall concept and wording is acceptable in principle; the second column—*Agree with Revisions*—is to be used if you agree in general with the Groupings, but have suggested changes to the draft terms of reference; the third column—*Disagree*—is to be used if you think the grouping and terms of reference are not useful or are off-focus; the fourth column—*Nominations to Participate*—is to include either your name, or to nominate one other name to be considered in the Group. Please also provide input if you think one or more sub-working groups is missing.

You have until Monday, 29 May 2000, to respond. Comments will be posted on a CEC Sustainable Coffee chat-room, which will be included in the CEC home page in the next two weeks. Please note that we will not be able to translate comments.

Before the middle of June, we will come back to everyone with a proposal and timetable on the follow-up steps. If you have any suggestions on how to improve this, we would be grateful to hear from you.

**I. ITEMS FOR ACTION**

**OAXACA DECLARATION**

Participants of the Oaxaca Workshop agree to work towards the shared goal of sustainable coffee. Efforts will concentrate on identifying practical ways to link the needs of coffee growers and their communities with the goals of development equity, biodiversity conservation and sustainable use. One way to support markets for sustainable coffee is through coffee labeling and certification schemes. Participants of the Oaxaca Workshop agree to support cooperation among certifiers of organic coffee, fair trade coffee and shade-grown coffee. They also agree to identify steps towards a cooperative labeling scheme in support of sustainability. The CEC is committed to facilitating cooperation among stakeholders from Mexico, Canada and the United States. Through trilateral cooperation among all stakeholders, concrete steps will be identified to translate the concept of “sustainable coffee” to a reality. The CEC is also committed to ensuring that this process is transparent and democratic.

Agree	Agree, with Suggested Revisions	Disagree

**PROPOSED FOLLOW-UP**

**I. Plenary Group:**

Working Title:  
*North American Sustainable Coffee Alliance Group*

Convene a second meeting of stakeholders before March 2001. The meeting will include relevant stakeholders, including coffee farmers, retailers, consumer groups, representatives of organic, fair trade and shade-grown coffee certification groups, biodiversity and conservation groups, industry, governments, and representatives of research and international organizations. The purpose of the meeting will be to outline progress to date and to identify challenges to making concrete progress in sustainable coffee. The group will review progress of the sub-working groups on different components of sustainable coffee and to identify areas of common interest, information gaps and appropriate next steps.

In the plenary group and all sub-working groups, timely sharing of information is crucial. Information can include recent market analysis and trends with respect to coffee and related markets; best-practices in sustainable production; initiatives and profiles of farmer cooperatives and associations; news from roaster and consumer groups; terminology and data; changes in certification criteria; and updates of financing and/or public policy changes. Work will include the identification of information gaps, and the best methods of information delivery to meet different needs and capacities.

Agree	Agree, with Revisions	Disagree	Nominations to Participate

## I. Sub-working Group on Farmers and Growers

*Context:* All efforts to support sustainable Mexican coffee must have, as a central consideration, the interests of Mexican farmers and their communities, cooperatives and associations. This sub-working group is therefore intended to be cross-cutting, so that issues identified in this sub-working group will be communicated as ongoing input to the other sub-working groups, and vice versa. A starting point of the CEC’s work is that any increase in markets for sustainable Mexican coffee can only be considered to be a success if real and tangible benefits accrue to Mexican coffee farmers, including small coffee farmers.

### *Suggested Areas of Work:*

- Develop a baseline that identifies the percentage of Mexican coffee production that falls under organic, fair trade or shade-grown coffee criteria. Measure trends in coffee production in the last decade.
- Identify whether the objectives of sustainable coffee production (under different definitions) are compatible with current growing methods.
- Examine advantages of shade coffee production such as protection of soil from erosion, organic matter production and incorporation into the soil, carbon sequestration, and habitat maintenance or enhancement.
- Examine existing market and pricing patterns of Mexican coffee, and the extent to which labeling and certification schemes bring measurable benefits to farmers, with an emphasis on small, rural farmers with holdings of less than five acres.
- Examine whether a single label will increase, decrease or leave unchanged the burden on farmers regarding third-party certification costs.
- Examine the extent to which potential price premiums paid by consumers would reach and benefit small farmers.
- Examine differences in yields based on different coffee production methods, and examine links between farmers’ concerns and issues examined in other sub-working groups, in particular access to micro-credit, labeling and certification, and public policies.
- Examine the role of cooperatives in accessing markets, including accessing market information, financing and other factors in support of sustainable coffee.

Agree	Agree with Revisions	Disagree	Nominations to Participate

## II. Sub-working Group on Conservation and Sustainable Use

*Context:* In recent years, concern about the environment and loss of biodiversity has triggered a search for production alternatives that bring economic and social benefits to local communities, while maintaining and even enhancing their natural base. Paradoxically, areas most rich in terms of biodiversity often coincide with regions of economically deprived communities, particularly in southeast Mexico, a region traditionally recognized for its coffee farming. The environmental awareness of North American consumers is also increasing, resulting in a growing demand for environmentally friendly products and services.

### *Suggested Areas of Work:*

- Examine the social and environmental dimensions of sustainable coffee, taking into account ecosystem integrity and the needs and realities of local people.
- Examine the impacts of sustainable coffee on biodiversity, based on future market scenarios.
- Serve as a focal point among scientific institutions, entrepreneurs and environmental NGOs involved or interested in sustainable coffee.
- Examine the manner in which shade coffee systems can contribute to the conservation of biodiversity, as well as to the broader goal of environmental protection in Mexico.
- Identify priorities for capacity building and training at the community level.
- Examine the feasibility of using sustainable coffee farmlands (crops) for carbon sequestration initiatives.

- Based on Conabio’s priority areas for conservation, and the Mexican IBAs, identify opportunities for shade coffee to be a conservation tool and a feasible economic activity in support of sustainable development.
- Enhance communication among all interested groups and promote awareness of consumers and policy makers.
- Facilitate the promotion of best practices for soil maintenance and organic production.
- Continue the fine-tuning of conservation criteria for growing sustainable coffee.
- Promote the development of evaluation and monitoring methodologies to measure the medium- and long-term impacts of sustainable coffee production on biodiversity and socioeconomic development.

Agree	Agree with Revisions	Disagree	Nominations to Participate

### III. Sub-working Group on Labeling and Certification

*Context:* Labeled and certified coffee has a growing niche in coffee markets. Organic, fair trade and shade-grown coffee are the three main categories of labeled and certified coffee. In North America, eight major coffee labeling and certification schemes have been identified within these three major categories. In identifying practical steps that need to be taken in support of sustainable coffee and a unified approach, more dialogue and analysis are needed.

*Suggested Areas of Work:*

- Provide an up-to-date summary of criteria used to describe the three coffee certification schemes.
- Examine trends in the market related to coffee labeling and certification.
- Examine how single, double or triple certifications alter the potential burdens to farmers, as well as how these affect consumer response.
- Examine whether the costs of certification are offset either by greater market share or higher prices.
- Examine the probable performance of separate and/or combined labeling approaches.
- Examine the comparability of criteria currently used in organic, fair trade and shade-grown coffee labels and certification schemes in order to determine the potential for an umbrella or unified sustainable coffee label.
- Examine and clarify terminology used in technical criteria.
- Examine opportunities presented by mutual recognition and equivalency approaches to labeling and certification of shade grown coffee, in relation to existing schemes related to organic standards, social standards, and biodiversity conservation.
- Examine role of third-party verification of a unified label: how would a single, unified label be verified, and by which groups?
- Examine the comparability of existing criteria on a case-by-case basis, identifying existing areas of overlap, areas of general similarity, and areas of difference. The purpose of this examination is to begin work towards the possible harmonization of criteria in support of a unified label.

Agree	Agree with Revisions	Disagree	Nominations to Participate

### IV. Sub-working Group on Financing and Industry

*Context:* Financing is important in any effort to support sustainable coffee production and the development of consumer markets. Moreover, the role of industry in supporting sustainable coffee production and marketing is viewed as being vital to meaningful progress in all areas of this work, including certification, labeling and financing.

*Suggested Areas of Work:*

- Collect information on existing financing initiatives for growers and growers’ associations, including traditional sources (“coyotes” and banks) and newly-created sources (fair trade, environmental funds), as well as sources used in other sectors (micro-credit, export finance and insurance).
- Share information and lessons learned through web-page databases, reports, market information.
- Provide capacity-building materials for growers and growers’ associations, building as much as possible upon the experience of existing small and medium-size enterprises.
- Bring borrowers and lenders together to share information, perspectives, needs and opportunities through workshops, on-line resources and “virtual marketplace” web-page information exchange, on-site workshops.
- Investigate and develop new financing mechanisms, drawing upon work in the valuation of environmental resources in such areas as agro-forestry, water resources and biodiversity. Potential sources of financing are birdwatching associations in North America and Europe, financing related to carbon sequestration and environmental tourism in shade-grown coffee areas.
- Examine and propose changes, if needed, to existing legal and economic frameworks in North America, with the goal of supporting new and innovative financing arrangements.

Agree	Agree with Revisions	Disagree	Nominations to Participate

## V. Sub-working Group on Consumers and Consumer Markets

*Context:* A key assumption in the use of labeling and certification as market-based instruments is that sufficiently robust consumer markets either already exist, or might exist. Coffee labels and/or certification schemes assume that consumers care about characteristics of coffee other than price and quality alone, although these two factors—price and quality—are at the heart of all coffee marketing. Although knowledge of consumer preference and market demand for labeled and certified coffee is growing, large data gaps remain.

*Suggested Areas of Work:*

- Compile market analysis of consumer demand for labeled/certified coffee.
- Examine consumption trends of certified coffee in Mexico.
- Provide examples of marketing studies from other product categories of relevance to coffee and/or environmental labeling and certification, including organic foods and non-timber forest products.
- Sponsor new consumer analysis, including telephone surveys, point of sale studies and other analyses.
- Examine marketing approaches for environmental goods and services that have succeeded, and why, and examine how to support positive marketing efforts.
- Examine likely impacts of a unified coffee label on existing markets: for example, would a unified label divert fixed demand from existing labels, create new demand, or leave demand patterns unchanged?
- Examine the extent to which consumer confusion about multiple labels exists and is backed by empirical evidence.
- Examine promotion of consumer awareness and education regarding coffee, drawing on examples in other areas—including environmental, human health, human rights or development issues—in which education has helped shift consumer behavior.

Agree	Agree with Revisions	Disagree	Nominations to Participate

## VI. Sub-working Group on Public Policy

*Context:* Government policies are multifaceted, and play a positive role in protecting the environment, human health and workers through regulations and other interventions. Public policies also play a negative role, by supporting some economic interests over others, or by contributing to price or market distortions: an example of the latter includes many types of agricultural subsidies.

*Suggested Areas of Work:*

Examine different areas of public policy that support, offset or setback the pursuit of sustainable coffee production. Relevant areas for study are:

- tariffs on processed coffee,
- truth in advertising,
- health regulations,
- public credit and public finance for producers,
- technical assistance, including information support,
- public purchasing policies and other incentives, including land-related incentives,
- public research, including crop varieties and yields; consumer markets and trends; market information;
- price and crop insurance,
- supply management,
- market regulations to ensure fair (non-distorting) competition, and
- loan guarantees, tax incentives and rebates.

Agree	Agree with Revisions	Disagree	Nominations to Participate