Oxfam Briefing Paper

44

Walk the Talk

A call to action to restore coffee farmers' livelihoods

There is a development crisis, with disastrous implications for producers, across coffee-growing regions. Most coffee farmers are losing money with every bag of coffee that they sell. Despite recent pronouncements by governments and coffee companies, virtually nothing has been done to resolve this worsening problem. The International Coffee Organisation/World Bank Roundtable is a major opportunity for companies and governments to show leadership. Oxfam calls for a Coffee Rescue Plan; and urges the G8 and producer countries to establish a Commission on Coffee and Commodities to address both of the underlying causes of market failure in coffee: inequalities in market power, and price instability.

Oxfam International

Executive summary

If they can hear about us and our problems, if they can listen to our words, let them be fair and help us to raise our price.

Peter Kafuluzi, coffee farmer in Uganda, February 20021

In September 2002 Oxfam launched a campaign to make trade fair in coffee markets. The campaign draws attention to the plight of the 25 million coffee farmers whose livelihoods are being destroyed by the collapse in the global coffee price. Since September, the crisis for farmers has deepened.

Despite expressions of concern, and a flurry of 'working groups' set up by global leaders and companies, virtually nothing has been done to address the problem.

The ICO/World Bank Roundtable is a golden opportunity to create the momentum for solutions to be created and implemented. Oxfam calls on the Roundtable to support a Coffee Rescue Plan to improve the balance between supply and demand in the short term by enforcing the ICO quality scheme, destroying low-quality stocks, and increasing aid. In addition, companies must pay a decent price to farmers.

In the longer term, this paper shows that if the coffee market is to begin to work for the poor as well as the rich, then a solution cannot be left to a failing 'free' market. Oxfam calls on the Roundtable to propose the creation of an independent commission on coffee and commodities, along the lines of the UK government's Commission on Intellectual Property, empowered to propose solutions to the crisis.

The commission should review the viability of reintroducing market-intervention options capable of correcting the failure of the coffee market to respond to price signals. Such a review should investigate both technical and political aspects of the problem, including direct supply management such as the operation of import and export taxes; the need for South-South co-operation on quotas; and the dominance of coffee giants in the supply chain.

The commission should report after six months with a recommended Action Plan for Coffee for implementation by the G8 and producer countries. After piloting, it should then be reviewed for its applicability to other commodity markets.

If the international community meets the challenge, the farmers stand a chance. If it fails, it will abandon millions of people to further misery and hunger.

1 Inaction in the face of crisis

In September 2002 Oxfam International launched its coffee campaign to highlight the plight of the 25 million coffee farmers whose livelihoods were being destroyed by the collapse in the global price of coffee.[2] Oxfam proposed a Coffee Rescue Plan both to meet the short-term needs of poor farmers to ride the crisis and to address longer-term solutions to over-production in the market. Shortly afterwards, the Global Alliance on Coffee and Commodities was launched. Bringing together around 100 producers and consumer groups, trades unions, and environmentalists, it joined Oxfam in calling on major players in the coffee market – many of whom were making comfortable profits from the coffee business – to take urgent steps to reform a failing market.

Since then, there has been much rhetoric about the need for reform. A number of initiatives have been set up, and a number of bold statements made. Everyone agrees that there is a crisis of over-production in coffee, that the problem is systemic, and that something must be done. Lamentably little, however, has been achieved in the way of concrete commitments to change.

Meanwhile the poverty of farmers has worsened – even reaching disastrous proportions in some regions. Central America is a region in crisis: heavily reliant on coffee for farmers' livelihoods, it has seen seasonal employment drop by more than 21 per cent and permanent employment by 54 per cent. Since February 2003, 5,000 Guatemalan families have had to rely on food aid in order to avoid hunger, In El Salvador, debts worth US$340m owed to state institutions by 23,000 coffee growers have proved so untenable that the government has been forced to announce a two-year freeze on payments of both interest and capital. In Nicaragua, 33 per cent of children under the age of five are malnourished, in part because of the fall in coffee prices. Farther south, in Peru, in a desperate attempt to persuade coffee farmers not to abandon production in favour of coca planting, the National Coffee Association has proposed a Price Stability Fund to help 135,000 farmers who are struggling to survive on coffee prices that have averaged at 65 cents a kilo, well below what is needed to meet minimum consumption needs.

Nor is the problem confined to Latin America. In Karnataka, India, a mass demonstration took to the streets in April 2003 to protest against the heavy-handed treatment of a small coffee farmer, unable to pay his debts. In African countries, finding it desperately difficult to compete in fiercely low-priced markets, many farmers are simply giving up. Production for the continent for the period 2002/2003 is expected to have been cut by 9.15 per cent, with farmers simply giving up producing or harvesting coffee. They have few alternative means of survival. The countries hardest hit – Cameroon, Ivory Coast, and Tanzania - all qualify as least-developed countries, which means that they are already characterised by shocking indices of infant and child mortality, great constraints on access to health care and education, and endemic poverty. And every dollar lost in coffee results in a multiplier effect, as investment and demand fall. The losses are felt in villages, where a lower price means less food and less money for medicines and education, and at a national level, where lower coffee revenues mean fewer imports and more debt.

The plight of coffee farmers is caused by the continuing depressed coffee price. The composite price indicator (a global calculation by the International Coffee Organisation) estimates that coffee is selling at 53 US cents a pound (March 2003). Despite the differences in costs of production in different countries, this figure means that few coffee farmers, including those with more industrialised production methods, are breaking even. And the situation looks set to continue. The ICO Coffee Market Report predicts that there is little on the horizon to indicate that production will decline, and that the price will consequently rise. After five consecutive crop years of over-production, the harvest in 2002/03 is expected to reach nearly 118 million bags (up 6 million bags more than in the previous year). Meanwhile, world-wide coffee consumption has failed to keep pace and rose by only one million bags in the same period.

Responses to the wake-up call were initially promising. Governments across the globe – Spain, Belgium, Netherlands, Germany, Brazil, UK, Colombia, Peru, Ethiopia – all welcomed the campaign and sent messages of support and commitments. The UK government initiated a debate on commodities, as did the European Union. In the USA, both the Senate and the House of Representatives ratified formal declarations on the urgent need to address the crisis. The German government, backed by many in industry, has proposed the development of a Code of Conduct for the sustainable production of coffee. African, Caribbean, and Pacific countries, for their part, have attempted to persuade the European Union to use €750m of unspent aid money to help farmers either to move out of the coffee market or to strengthen their position on it.[3]

In February 2003, in a speech to African leaders, President Chirac of France promised to raise the issue of commodity prices with fellow G8 Leaders at the Summit meeting to be held in Evian in June of the same year. More recently, in April, the European Parliament adopted a resolution urging the European Commission and the Council of the

Community to take action to address the global coffee crisis, including supporting specific ICO initiatives.

But, so far, this consensus on the need for an urgent response has led to more words than action. The coffee companies, roasters and traders alike, producer and consumer governments, coffee retailers, multilateral institutions, and coffee producers' groups all agree that there is a structural problem in the coffee market: too much coffee is being produced. They agree that one of the main reasons why poor farmers are not moving out of coffee production is because they have few, if any, alternatives. Northern protectionism and limited infrastructure mean that opportunities for diversification are limited. It is a problem of trade and a problem of development.

The problems are indeed complex, and solutions are correspondingly difficult. However, the greatest problems are not practical: they are political. Solutions will need commitments from producers and consumer countries, and from those who trade in coffee. For too long, complexity has been used as an excuse for inaction. The ICO/World Bank Round Table presents a golden opportunity to take a decisive step forward and turn these commitments into concrete improvements in the lives of the millions of coffee farmers who cannot resolve the crisis alone.

2 The brutal restructuring

In the past three years, prices for 'green' unroasted coffee[4] have hit an historic low. The main internationally quoted price for arabica coffee on the New York Coffee, Sugar and Cocoa Exchange briefly dipped below US$1 per pound only once during the 1980s. However, at its lowest point in 2001 it fell below 42 cents a pound, and in March 2003 it was still below 60 cents.

The collapse in the coffee price is partly symptomatic of the chronic instability of commodities prices that has plagued farmers for centuries. However, more recent influences have forced the situation to spiral out of control. The market is in the process of a brutal restructuring, leading to outcomes that favour large producers and big companies at the expense of small farmers.

Like many primary commodities, coffee is prone to unstable prices. As an agricultural crop, coffee is vulnerable to the weather, making supply unpredictable. Price instability is further exacerbated by the fact it is a tree crop: a coffee tree takes five to six years to reach a full yield, and then has a productive life of 15 to 20 years. Production is therefore extremely slow to respond to price. When prices are high, it is a long time before production can rise to meet demand, so upward pressure on prices is further strengthened; but then new production often coincides with a downturn in the market, exaggerating the fall in prices. Moreover, planting and tending trees for several years before they provide income is a major investment for most farmers. So when prices fall, farmers are reluctant to cut production in response, and still more unwilling to replace the trees with other crops. As a result, when the market is weak, it can take equally long for coffee supply to adjust and prices to recover.

This instability is made worse by the fact that world prices are determined each day on futures and options exchanges in London and New York. One of the functions of futures markets is to attract speculators, who offset the physical purchases and sales of producers and users of the commodity. Speculators make money out of the movement of prices up and down, exaggerating price volatility in both directions.

However, at today's prices, it is almost impossible for farmers to make money from coffee anywhere. Two recent and related developments have contributed to the intractability of this crisis: the first is massive over-supply, and the second is a widening gap in the market power of coffee farmers at one end, and international trading and roasting companies at the other. The average coffee farmer has fewer than 15 bags (each of 60kg) a year to sell. But the biggest roasters each buy about 15 million bags of coffee every year, and have all the advantages of economies of scale and flexibilities afforded by their membership of huge conglomerates such as Nestlé (the largest food company in the world) and Altria (known until early 2003 as Philip Morris).

Coffee production is at its highest level ever. Between 1997–98 and 2001–02, the volume of coffee exports increased by 13 per cent (from 78m to 89m bags), but their total value fell by more than half, from US$12bn to $5.6bn.[5] The impact on coffee-exporting countries can be imagined. With production in the 2002–03 crop year expected to be anything up to 20m bags in excess of consumption, stocks will increase even further, and prices will remain depressed.

Brazil and relative newcomer, Viet Nam, dominate the increase in production. In 2002, Brazil's output increased to 47m bags, up 13m on the previous year and more than double that of 1997, confirming its role as the largest producer country. Output has declined in some smaller countries, but not enough to balance Brazil's increase. Luis Sibin, the owner of a large plantation in Brazil, told the *Financial Times* in 2000, 'I look forward to this world coffee crisis, because we'll see who is competitive and who isn't.'[6]

The increased export capacity of the major producing countries has coincided with, and partly been caused by, changes in the purchasing practices of large international roasters and traders. It is more convenient to deal with a small handful of large producing countries than with several dozen smaller ones; and buyers have sent out powerful signals that they can absorb larger quantities of lower-quality coffee. Some of the largest roasters are extending their reach by establishing their own coffee plantations in certain countries, reinforcing their control of the supply chain. If such trends continue, it will be at great cost to the coffee world as a whole. The great diversity of the market, with famous varieties grown as far afield as Java, Ethiopia, Jamaica, and Guatemala, could be in danger. Farmers' livelihoods would be threatened, as well as the balance of payments in small countries which rely on coffee for half or three-quarters of their export income.

Another problem is that the roasting and trading sectors have become more concentrated, with the leading four companies in each sector accounting for more than 40 per cent of activity worldwide.[7] Their growing market power is reflected in a rising share of coffee incomes. There are many elements of cost in the price of a jar of coffee or a cup of espresso. However, the basis of the price to the consumer remains the coffee bean, while the share of the price received by the bean's grower has steadily declined, to become increasingly disconnected from the final price. Over a long period we see a ratchet effect, as retail prices have repeatedly adjusted further when bean prices have risen than when they have fallen. As an example, the UK market is dominated by Nestlé's instant brands, largely made from robusta coffee. Robusta prices reached their highest point of the last 20 years back in January 1986, and fell from there by 86 per cent to the lowest point in October 2001. Yet over the same period UK retail prices *increased* by nearly one-third.[8]

3 The losers

The losers in this brutal restructuring can be found in and among the poorest countries of the world. African, Andean, and Central American countries are among the hardest hit. Between 1992 and 2002, Brazil and Vietnam's joint share of world production rose from 32 per cent to 47 per cent.[9] This 15 per cent increase exactly matches Africa's loss of market share, from 30 per cent to 15 per cent over the last 30 years. The depth of the coffee crisis in Africa is all too easily overlooked. Coffee's role in African economies can be much greater than elsewhere; for example, as a small and poor country Burundi accounts for just 0.3 per cent of world coffee exports, but in the late 1990s this brought in 80 per cent of its export revenue.

As incomes plummet, it is smaller coffee farmers, their families, and whole districts depending on coffee that suffer the most. In the current food crisis in Ethiopia, the situation is extreme in parts of the south where coffee incomes protected people during the great famines of 1973 and 1984. In Central America, many farmers have left for the cities or emigrated northwards. There have been civil disturbances in Honduras and Guatemala, and reports of farmers' suicides in India. In Vietnam, although production has expanded rapidly, some coffee farmers' families can no longer afford to eat rice or buy shoes for their children.[10]

Peter Kafuluzi, who has grown robusta coffee in Kituntu, Uganda since 1945, recently sold the 'cherries' that contain green beans for just six or seven US cents per kilo. The instant coffee into which they are made sells in the UK on a weight-for-weight basis for $10 per kilo. So the 15 people in Mr Kafuluzi's family receive less than one penny out of every pound paid for coffee in a London supermarket.[11]

While average green-coffee prices[12] fell by 77 per cent from May 1997 to September 2001, retail prices in the USA decreased by just 24 per cent.[13] Nestlé's operating margin on instant coffee has been estimated at 26–30 per cent of the final retail price. Meanwhile, farmers like Mr Kafuluzi, who sell coffee that is used by the big roasters, cannot put enough food on the table or keep their children at school.[14]

4 No easy road for farmers

The options open to coffee farmers, like Mr Kafuluzi, are extremely limited. Such farmers, trying to make a living in what they have always known to be an unstable market, are faced with a true dilemma at a time of unprecedented hardship: to stay in coffee in the hope of an upturn and risk losses for years to come, or to uproot their trees and face the uncertainty of other crops and unfamiliar new markets.

If they opt to stay in coffee production, they need either to reduce the costs of production or to increase their earnings by entering limited niche markets. Both options pose big risks.

Farmers can reduce their output in either of two ways: cut down trees, or allow production to decline by using less of inputs like fertiliser and employing less labour to pick the harvest. The latter choice has consequences: in many places the quality of beans suffers, as farmers reduce the number of times they are picked and more of the crop is either unripe, over-ripe, or in other ways imperfect. Selling lower-quality coffee will, in turn, further reduce the price that these farmers can obtain.

For some farmers who seek more secure and remunerative outlets for their produce, there are growing opportunities in the various 'niche' coffee markets. If coffee was ever an undifferentiated market, it is becoming steadily less so.[15] There has always been a system of discounts and premiums against standard prices for coffees of different origins. In addition, special premiums can now be obtained for coffees that meet specific requirements such as shade-grown, organic, or single-estate production, while the fair-trade movement was designed to provide an assured income and other benefits to farmers associated with it. The best 'gourmet' coffees have always attracted the best prices, and there is more attention now paid to them, enabling some premiums to be pushed even higher.

For many farmers, obtaining these premiums may be the only way out of the crisis. There are grounds for thinking that the share of premium coffees in the total market will continue to grow steadily. This would follow a pattern established in recent times in other markets such as wine, Scotch whisky, and even table water. However, there are limits to the extent that coffee farmers in general can benefit from this. For a start, it is a slow process, and it could be 20 years before niche products, taken as a whole, reach 20 per cent of the total market. Robusta growers are likely to be excluded, as the premium requirements generally apply to arabica coffees alone. The bigger problem lies, however, in a so-called 'fallacy of composition': since demand for premium products is limited by their very nature, the size of the premiums will fall if too many growers try to enter these markets.

In addition, it is becoming apparent that the big roaster companies are eyeing the niche markets, from several of which (such as fair trade) they have largely chosen to absent themselves. There are proposals to standardise certification requirements, which carries the risk of turning some niche products into standard products, for which the big roasters would then use their power along the value chain to appropriate any premiums.

At best, therefore, niche markets offer a partial solution to the coffee crisis, and for some farmers they offer no solution at all. As noted above, niche markets, almost by definition, are confined to the producers of arabica coffee. Most African producers specialise in robusta coffee and are therefore excluded from this option.

Many commentators argue that the size of the coffee over-supply worldwide, coupled with the changes in the market, mean that some shake-out among farmers is inevitable and necessary. They recommend programmes to assist farmers to develop different products and enter new markets as the main international solution. Crude diversification is already happening. Some coffee farmers are leaving the land; others are chopping down trees to grow other crops; still others are increasing intercropping between the coffee trees.

But agricultural diversification is notoriously difficult. Some alternative crops to coffee, such as grains, are for local sale and depend on coffee farmers' own prosperity to provide a market. Others are for export sale, like coffee, and depend on access to Northern markets, which is not guaranteed. When such access is found and proves to be lucrative for the farmers, it may apply to an illegal crop such as coca, which has replaced coffee in parts of South America, or in groundnuts, so heavily subsidised in Northern markets that poor farmers cannot even hope to compete on price.

There is an urgent need for a better co-ordinated and coherent approach to diversification worldwide. Farmers would benefit from assistance in selecting which alternatives to coffee best suit local soils, climates, and market possibilities; they need extension advice about growing crops they are unfamiliar with, and marketing arrangements to help them to get the best prices. Experience around the world shows that agricultural diversification programmes can be very difficult to get right. Successful diversification is determined by the farmers themselves, serving their own needs on their own plots of land. A well-funded foreign programme can all too easily impose things that are inappropriate or fall outside the financial reach of the farmers or governments concerned.[16]

5 A failed and imperfect market

The limited efforts that have been made to address the coffee crisis have focused on diversification and the development of niche alternatives. Neither has proved capable of tackling the structure of the coffee market in such a way as to ensure that coffee farmers obtain a decent price for what they sell.

The coffee market is not only an imperfect market: it is a market that in recent years has failed – both in human and economic terms. When left to its own devices, its price signals do not draw the right responses on either the supply or demand side to restore it to equilibrium. Supply-adjustment fails because of the long lead-times required for farm investment, the sunk cost represented by coffee trees already planted, and the lack of attractive alternatives. Demand-adjustment fails because retail prices do not move sufficiently in line with changes in the green coffee price, due to the dominant share of final value taken by downstream processing, branding, and distribution.

The problems facing commodities such as coffee are not new. The Bretton Woods conference in 1944 agreed to establish a third institution alongside the International Monetary Fund and the World Bank, to be called the International Trade Organisation. Unlike the present-day World Trade Organisation, one of its main functions would have been to regulate and stabilise commodity markets. The US Senate refused to ratify it, and the General Agreement on Tariffs and Trade was set up instead.

Since then, commodities producers have been the victims of dereliction of duty by senior trade officials as prices for products like coffee, wheat, tea, and sugar have gyrated and then collapsed as never before. Hundreds of millions of farmers are now struggling to survive.

There are welcome signs that the situation may be beginning to change. At least in Europe, government authorities are tentatively turning their minds to the issue, setting up advisory groups, promising policy positions, and listening sympathetically to lobbyists. In a speech to African leaders in February 2003, President Chirac of France went one step further. As chairman of the 2003 G8 Summit meeting, he promised to raise the question of commodity prices with his fellow G8 leaders as well as with the European Union. He was critical of past attempts to stabilise commodity prices but suggested several new initiatives, including the use of aid money to provide a guaranteed floor price, along the lines pioneered by the fair-trade movement. Likewise, European Trade Commissioner, Pascal Lamy, has spoken of the damage caused by the over-liberalised market – i.e. a market that has liberalised too fast and too much.

Mr Chirac was referring to the international coffee agreement (ICA), an export-quota scheme run by the ICO which broke down in 1989. Although the agreement still exists, all the former economic clauses that were said to inhibit competition have been removed.

There is limited willingness in the coffee world to return to the former quota scheme – although numerous middle-ranking coffee-producing countries, for example in Central and South America, seem keen for some action of this sort. Even while it lasted, enjoying broad support among the coffee producers, the quota scheme produced tensions and rivalries, even though prices were higher than they are now. Oxfam understands the reservations of those arguing that a return to any form of quota system would be a regressive step, but is convinced that under the previous system a brutal market-adjustment like today's would have been unimaginable.

The arguments against a return to market intervention are well rehearsed and well understood: the risk of creating perverse incentives, the distortionate effects of buffer stocks, the difficulties of supply-control management. However, the question must be asked: has the market now become so destructive that the time has come to accept that some of these economic inefficiencies are a necessary price to pay?

This is particularly important, given that, despite the arrival of new entrants in the coffee market, by some criteria liberalisation has led to a steady *decrease* in competition, with a wave of amalgamations among trading and roasting companies, and a growing concentration of production in a few countries.

The hardship facing poor farmers, when combined with the effects of this growing concentration, leads Oxfam to conclude that policy makers should be prepared to review what changes would be needed to the market structure to permit developing countries to capture more of the final retail price of coffee, and to allow their farmers to earn a decent living. Ideology should not be allowed to preclude some form of intervention, regulation, or change in market structure, if such changes would correct the volatility of prices and the imbalance between a high concentration among roasters and traders and extreme fragmentation on the farmers' side.

Such changes, however, would need the involvement of all the big players on both sides of the market. On the consumer side it is essential for the USA to rejoin the ICO, and there is hope that after recent Congressional pressure[17] the US Administration might at last be persuaded of this.

It is just as important for the leading producing countries to play their part. Vietnam has shown signs of give-and-take, declaring that it wishes to stabilise robusta production at 10m–11m bags per year, not the 14.8m that it grew in 2000. Brazil, for its part, is one of the few coffee-producing countries in which a significant share of output is consumed domestically: in 2001, domestic consumption of 14m bags was two-fifths of production, which totalled 34m.[18] These are welcome signs, since if leading countries were to see coffee only as a field of competition between producers, there would be no just or humane solution.

6 A golden opportunity

The decision by the World Bank and ICO to hold a High Level Roundtable on Coffee in May 2003 is a welcome indication of multilateral intention to take action to resolve the crisis. However, the conference must not be allowed to degenerate into ritual hand-wringing without firm commitments to action. Oxfam calls on the Roundtable to make serious headway on proposals to improve the current market by adopting a Coffee Rescue Plan. The Roundtable should also propose that the G8's governments join with producer countries at the June 2003 Summit to initiate a programme of reforms of the coffee market and other commodity markets.

The Coffee Rescue Plan of the Global Alliance on Coffee and Commodities proposes short-term assistance, combined with long-term solutions to the crisis. Governments should adopt a similar approach. As a first step to creating long-term solutions, Oxfam proposes the creation of a Commission on Coffee and Commodities along the lines of the UK government's Commission on Intellectual Property. This would investigate the state of the coffee market and recommend the actions needed to reduce price instability and market concentration, and compensate farmers for economic injury. The commission should also review the viability of reintroducing market-intervention options capable of correcting the inefficiency of the coffee market's response to price signals. Such a review should investigate both technical and political aspects of the problem.

The commission should address both of the underlying causes of market failure in coffee: inequalities in market power, and price instability. On global markets, there is no authority charged with tackling monopolies and anti-competitive practices, as there are on national markets throughout the developed world. Nevertheless, there are severe inequalities in market power within the global coffee market. The Commission on Coffee and Commodities – as well as authorities throughout the importing countries – should consider how competition authorities of the European Commission and US, can best address restraints on competition in coffee supply.

Specifically the commission should investigate:

1. How to promote and protect niche markets.
2. Workable measures to control supply and demand at the national and international level, including the following:
    a. Stock destruction
    b. Direct supply management, including the provision of finance and the imposition of import and export taxes

c. South-South co-operation on quotas
d. North-South distribution of the financial costs of such measures, including burden sharing by the consumer countries and companies

3. Options for action to create a more competitive international market structure
4. A workable international strategy for co-ordination and coherence on diversification.

Oxfam recommends the formation of a small team of independent experts, including representatives of coffee growers' organisations, the coffee industry, consumers, and experts with Northern and Southern perspectives. The commission should report after six months with a recommended Action Plan for Coffee for implementation by the G8 and producer countries. After piloting, this approach should be reviewed for its applicability to other commodity markets.

Notes

[1] Quoted in Sayer (2002), p. 31.

[2] 'Mugged, Poverty in Your Coffee Cup', Oxfam 2003.

[3] See Oxfam (2003) for details.

[4] This is the form which is normally traded between countries. It consists of the beans which are extracted from coffee cherries, ready for the roasting stage in processing.

[5] International Trade Centre (2002), Table 1, p. 4. Over the same period, production increased from 96m to 110m bags, but consumption increased only from 103m to 107m, turning an annual deficit of 7m bags into a surplus of 3m bags. As a result, by 2002 there were stocks of more than 40m bags overhanging the market. Data from the International Coffee Organisation (see www.ico.org/frameset/traset.htm), UN Food & Agriculture Organisation (www.fao.org/es/ESC/esce/cmr/cmrnotes/CMRcofe.htm), and J. Ganes Consulting (www.jganesconsulting.com/samples/In-Depth_Coffee_Report.pdf).

[6] *Financial Times*, 15 November 2000; quoted in Oxfam (2001), p. 3.

[7] This question is discussed in more detail in Oxfam (2003), pp. 13–14.

[8] As expressed in US dollars, from $9.17 per pound to $11.92 per pound (ICO data).

[9] ICO data.

[10] ICARD/Oxfam (2002), pp. 23–24 and 30.

[11] Oxfam (2002), pp. 22–24.

[12] As measured by the ICO's composite indicator.

[13] *Ibid.* The calculations of the decline in prices are this author's.

[14] Oxfam (2002), p. 26, footnotes 43 and 44.

[15] See Fitter and Kaplinsky (2001).

[16] Sprey (2003), *passim*.

[17] House Resolution 604 passed by the US House of Representatives on 15 November 2002, and Senate Resolution 368 passed by the US Senate on 19 November 2002.

[18] ICO data.

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