

COFFEE'S HIDDEN KICK: LABOUR EXPLOITATION IN THE GLOBAL COFFEE INDUSTRY

Would you enjoy your morning cuppa as much if you knew it may have arrived through exploitative labour practices? You may spend \$3.50 on a cup of coffee, but coffee growers may receive as little as three cents. Often, this is not enough to support them or their families.

In the past 10 years, the amount of coffee Australians drink has more than doubled. In restaurants, cafes and other outlets, we now drink more than one billion cups of coffee each year¹.

Most of our coffee comes from countries in Asia, South America and sub-Saharan Africa. While coffee consumption happens mainly in the industrialised economies, more than 90 percent of coffee production takes place in developing countries². Coffee production is an industry that relies on cheap labour; often farmers are not paid a decent wage for their product.

Fast facts:

- Every day, an estimated 1.6 billion cups of coffee are drunk worldwide³.
- The world coffee market has a retail value of over US\$50 billion annually⁴.
- Coffee is the second most traded commodity worldwide after oil⁵.
- The largest coffee producing countries are Brazil, Vietnam, Colombia, Indonesia, India, Ethiopia, Honduras, Peru, Guatemala and Mexico⁶, with key growing regions exporting 5.8 billion kilograms of coffee in 2012⁷.
- Five companies control half the global retail coffee market – Kraft, Nestlé, Proctor & Gamble, Sara Lee and Tchibo⁸.
- 25 million smallholder farmers produce 80 percent of the world's coffee⁹.



DON'T TRADE LIVES FACTSHEET





Did you know?

This year, Australians will spend almost \$800 million on coffees¹⁰. Australia's coffee industry is currently worth \$5 billion. By 2016, it will be worth \$6.55 billion¹¹.

COFFEE AND EXPLOITATION: A HOT TOPIC

Coffee farmers often live in poor rural communities that rely on coffee harvesting as their primary source of income. They are mainly smallholder farmers, who have a small plot of land to grow their crop.

Coffee farmers receive 7-10 percent of the retail price of coffee sold in supermarkets¹². When prices fall below the costs of production, farmers may struggle to feed their families and pay medical bills and school fees. Often they are forced to keep their children out of school to contribute to the family income, by working on the farm or as a casual labourer¹³.

Growing and harvesting coffee involves labour-intensive manual work, such as picking, sorting, pruning, weeding, spraying, fertilising and transporting.

Factors outside of a farmer's control – such as global commodity prices, free market economic policies, adverse weather and shifting market shares – may cause global coffee prices to fluctuate. If the global market and international coffee companies push for a lower price, coffee farmers may earn as little as 1-3 percent of the retail price¹⁴.

Lack of price stability for coffee can lead to situations of labour exploitation, where workers and their families have little choice but to work in exploitative or dangerous conditions to earn a small income.

Child labour

Child labour has commonly been noted in the global coffee industry¹⁵. In Guatemala, coffee pickers may be required to pick a daily quota

of 45 kilograms in order to earn the minimum wage¹⁶. To meet this quota, many coffee workers bring their children along to help.

These child workers are not officially employed and therefore do not receive labour protections¹⁷. This keeps children out of school and exposes them to the hazards of labouring at a young age. Child labour is often the only way families can make ends meet, because the adults are not paid a decent wage.

Like their parents, children may be exposed to hazardous working conditions – they work in intense heat, are required to carry heavy loads, and work with sharp tools and pesticides¹⁸.

Children and their parents often endure poor living conditions in crowded, temporary accommodation, sometimes with no drinking water or electricity. Working hours are commonly in excess of legal limits, and the families earn far less than the minimum wage¹⁹.

WHAT IS CHILD LABOUR?

Child labour is any kind of work that deprives a child of their childhood, their potential and their dignity. It is work that exceeds a minimum number of hours and that is harmful to a child's physical and mental development. It may include work that is mentally, physically, socially or morally dangerous and work that interferes with schooling.

WHAT IS FORCED LABOUR?

Forced labour is when a person is forced or threatened into providing labour or services and is not free to stop. It often occurs when employers take advantage of vulnerable people, such as those affected by poverty, high rates of unemployment, discrimination, corruption, political conflict, or lack of education or knowledge of their rights. Migrants are particularly vulnerable, but individuals may also be forced into labour in their own countries.

Forced labour

Forced labour has been reported in the coffee growing regions of Guatemala and the Cote d'Ivoire²⁰. Workers may suffer verbal or physical abuse and threats of loss of work, wages or food, if they do not perform to a certain – often unrealistic – standard. They may be subjected to hazardous work conditions and be denied a contract of work, regular payment, protective clothing or proper medical care. Their identification papers may be confiscated, which keeps them trapped in that location.

WHERE DOES EXPLOITATION OCCUR?²¹



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|-----------------------|--------------|------------------|--------------|
| 1. Colombia | 5. Guatemala | 9. Mexico | 13. Tanzania |
| 2. Côte d'Ivoire | 6. Guinea | 10. Nicaragua | 14. Uganda |
| 3. Dominican Republic | 7. Honduras | 11. Panama | |
| 4. El Salvador | 8. Kenya | 12. Sierra Leone | |

HOW DOES YOUR COFFEE GET TO YOU?

Coffee farmers plant, graft, cut branches, harvest, fertilise and fumigate using chemicals and pesticides²². Farmers may not be paid a fair wage for their product and have to endure poor working conditions. Forced and child labour has been reported in coffee growing.

Buyers purchase coffee from farmers to sell to larger markets. The price paid differs from farm to farm and country to country.



Processors hull, sort and grade the quality of beans. Child labour may be used to process beans and prepare them for export. Beans are then sold to exporters in different markets²³.

Exporters buy processed beans and sell them to multiple brokers around the world.



Brokers buy certain types of bean to sell to importers.

Importers sell beans to distributors at profit.

Distributors buy beans to distribute at profit to selected retailers – shops, cafes and restaurants.



Retailers sell products to the public at profit.

NOTE: The coffee supply chain can differ from company to company. In some cases, companies have oversight over several stages of the process. Other companies outsource these different stages to external partners.

WHAT ETHICAL COFFEE MEANS FOR FAMILIES

Five years ago, 40-year-old Tesfaye was struggling to provide for his wife Marta and their children. Despite living in the Kochore district of southern Ethiopia, one of the best coffee growing places in the world, Tesfaye and other coffee farmers found it almost impossible to make ends meet.

"I did not have anything," Tesfaye said. "I was nominated from my *kebele* [local administration] to participate in trainings given by World Vision."

Since then, World Vision has supported Tesfaye and other coffee farmers in his community through training and development programs, and the revitalisation of their coffee growing cooperative. Through these efforts, local coffee farmers have been able to increase the income they receive from the sale of their coffee.

"I got trained on coffee growing and management. I applied all the trainings I gained and now I have everything," said Tesfaye.

Tesfaye and his wife Marta have nine children, four girls and five boys. Seven of them are going to school. The remaining two are still too young to attend, but Tesfaye feels secure that he is now

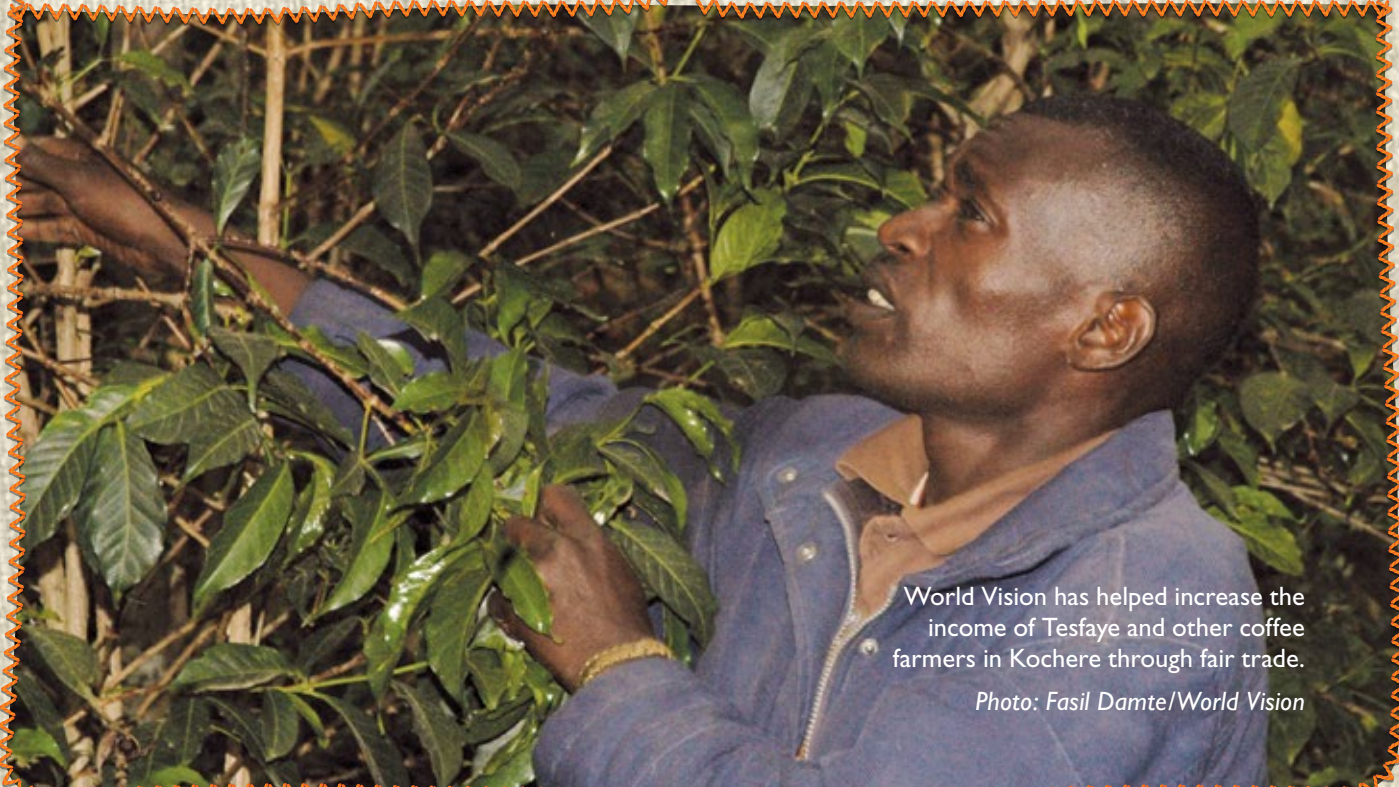
earning enough money to keep them all in school, and to continue to fund after-school classes.

"I have my own house very well furnished ... three hectares of coffee [and] about two hectares of false banana [a staple food item in the area]. I have over 10 oxen, which I have given to different farmers for fattening. I have cows," said Tesfaye.

The ability to diversify income is often important in coffee growing regions, so that families are not reliant on one commodity. This means that they are protected if this crop doesn't grow well in harsh weather conditions.

Tesfaye receives added security because the farming cooperative works with Fairtrade, the ethical certification scheme that guarantees a better price and conditions for coffee farmers. This scheme also provides consumers with assurance against the use of forced or child labour in a product.

International coffee suppliers that purchase from Fairtrade-certified farms are entitled to put the logo on their product. This helps consumers see that the company is taking significant steps to eradicate labour exploitation in the supply of that product.



World Vision has helped increase the income of Tesfaye and other coffee farmers in Kochere through fair trade.

Photo: Fasil Damte/World Vision

WHAT IS BEING DONE?

It has been widely acknowledged that the global coffee industry has relied upon exploitative labour practices, human rights abuses and economic injustices^{24, 25}.

A combined effort has seen conditions in certain places improve. The work of non-governmental organisations (NGOs), businesses, sustainable industry initiatives, and the increasing demands of consumers that their coffee is produced ethically have all helped. However, there is still more work to be done.

The fair trade movement

Increasingly, there has been a focus on a fair trade market-based approach to promote better trading conditions and sustainability for farmers and producers in developing countries. The fair trade movement aims to improve labour and environmental standards, and educate workers to improve their skills, products and subsequently profit – through both practical interventions and international policy reform.

Amongst other things, farmers receive a higher price for their coffee than the average market price and work in better conditions that prohibit the use of exploitative labour practices.

Ethical certification provides independent third-party auditing of supply chains, to ensure standards are being upheld. Ethically certified coffee has

risen in popularity as more consumers recognise that this standard means fair trade principles are upheld throughout the production of that coffee. Increasingly, companies are also recognising the value of certification through schemes such as Fairtrade International²⁶, Rainforest Alliance²⁷ and UTZ Certified²⁸.

Many companies have implemented programs to improve their sustainable sourcing practices. Whilst some opt for ethical certification schemes, others choose to do this independently. This can also be a reasonable solution, as long as they are transparent in providing an independent audit of their work and progress, and make a timetabled commitment to ethical sourcing across their entire coffee range.

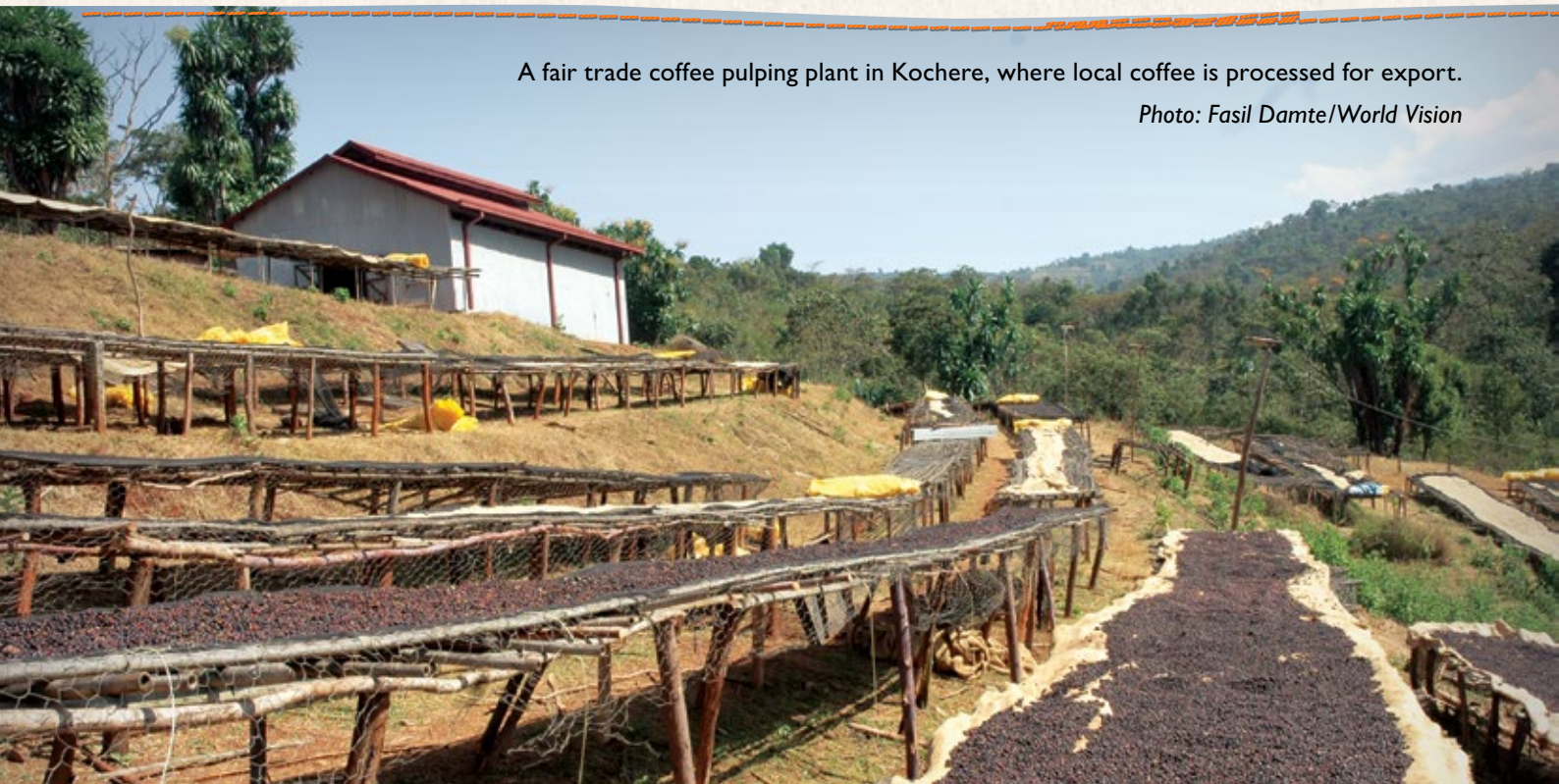
Civil society

Global civil society organisations have implemented various programs to help improve conditions and livelihoods for farming communities. These include:

- programs to improve farmers' access to markets to sell their products;
- the organisation of cooperatives so smallscale farmers can compete with bigger landholders;
- supporting communities to work with ethical certification schemes; and
- education about child labour and the importance of balancing schooling with work.

A fair trade coffee pulping plant in Kochere, where local coffee is processed for export.

Photo: Fasil Damte/World Vision



WHAT CAN I DO?

Use your purchasing power to ensure the coffee you drink is made ethically!

Think before you drink

Give your custom to the brands, shops, supermarkets, cafes and restaurants that take steps to ensure their products are not tainted by labour exploitation. Look for ethically certified products: it's a good start! Use *Shop Ethical!*²⁹ to help you find better brands. You can also ask your local supermarket or favourite coffee shop to stock ethically sourced coffee.

Write to companies

If it's not clear what coffee companies are doing to ensure better conditions for coffee farmers – ask them to tell you:


- when 100 percent of their coffee will be ethically sourced;
- whether their coffee is independently verified to have been made without the use of forced, child and trafficked labour;
- if they transparently report on their progress towards ethical sourcing, and their investment in and progress of initiatives to directly address labour exploitation; and if they don't, tell them they should!

Get others involved

Ask your workplace, school, church and local shops and cafes to switch to ethically sourced coffee. Share this fact sheet with your friends and family and encourage them to do the same.

Ethically certified coffee is a great choice.





For more information
visit worldvision.com.au/act

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29. Shop Ethical! is a guide for consumers to help make more ethical purchases when shopping. It is available as a smartphone app or a hard copy booklet. More information available at <http://www.ethical.org.au>