



Coffee – Germany’s favourite drink

Our commitment to sustainable coffee production

Did you know that ...

... about 70 to 75 per cent of worldwide coffee production comes from small family farms? Prices, however, are usually very low – especially small family operations with small harvests can barely live on growing coffee. The price they as producers receive is determined by the world market price. In 2019, that price was at its lowest in 13 years, while the costs of production and cost of living continue to increase. Low and greatly fluctuating prices are a risk, particularly for smallholders. Price fluctuations keep families from investing in sustainable production methods and planning long term. A handful of roasting companies and traders dominate the coffee market and hold market power.



A coffee farmer in Uganda receives a **share of five to ten per cent** of the store price of conventional coffee.

The challenges

- ➔ **Destruction of forests and environmental damage:** The conversion of forests and protected areas into farm land for coffee cultivation is destroying key habitats for plants and animals and jeopardising diversity. In the long term, it can also cause erosion and water shortages.
- ➔ **Effects of climate change:** Climate change is causing an increase in pests and plant diseases, as well as making production conditions more difficult. This negatively impacts yields and quality. Brazil, India and Peru could lose more than 60 per cent of their coffee cultivation area by 2050.
- ➔ **Low incomes:** Due to low yields, small farms, rising production costs and low prices, the incomes of coffee growers are often not enough to cover a farmer’s basic existence. To increase their incomes, many of them expand their acreage – at the expense of forests.



WHERE DOES OUR COFFEE COME FROM?

Coffee is grown around the equator in the tropical countries of Africa, Asia and Central and South America – also known as the coffee belt – on roughly 10 million hectares of farmland. Most of the coffee is roasted in industrial countries. The key types of coffee are Arabica and Robusta.

How we work

The German Federal Ministry for Economic Cooperation and Development (BMZ) is currently working for sustainable coffee production with programs for rural development and adaptation to climate change in five countries. We also fight to have sustainably produced and fairly traded coffee exempted from coffee tax. The tax exemption is intended to promote sustainable consumption.

Partnerships and dialogue

In order to confront the shortcomings of coffee production, all actors, from farming to production all the way to the store shelf, must be involved. To that end, BMZ supports the **Global Coffee Platform (GCP)**, an initiative of coffee producers, trade and industry as well as civil society organisations. In Kenya and Ethiopia, BMZ assists GCP with establishing the framework conditions for a sustainable coffee sector.

Supporting innovation

BMZ has initiated an idea competition – the Coffee Innovation Fund. In Indonesia, Myanmar, Vietnam and Ethiopia, the fund supports innovations that help smallholders to improve the quality of their products, which they can then sell at higher prices.

Sustainable production regions

BMZ supports the establishment of sustainable production regions and is extending that approach in Ethiopia as well. The goal is to make coffee growing possible without destroying forests and to improve the incomes of smallholders. With our partners, we are creating a sustainable region where the needs of farmers, forests and economic development are all considered equally. We aim to make production of all raw materials more sustainable in the entire region.

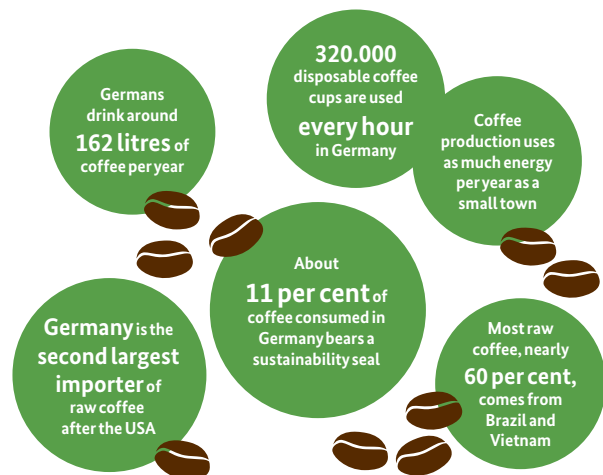
What can consumers do?

Coffee to go – reusable instead of disposable!

In Germany, 2.8 billion disposable coffee cups are used every year. Consumers can opt for reusable cups instead.

Coffee capsules – a profitable business?

Roasted ground coffee in capsules costs between 60 and 80 euros per kilogram. For comparison: Fairly traded coffee costs an average of only 20 to 25 euros per kilogram. Choosing fairly traded coffee beans is much less expensive and saves a huge amount of waste. So it is doubly beneficial to look for fair trade seals at the supermarket.



Sources: Kaffeereport 2019, German Coffee Association, International Trade Centre

Fairtrade coffee and not fairly traded coffee

The Fairtrade minimum price is 1.40 dollars per pound. This is the price coffee growers receive independently of the world market price. Particularly during times of low world market prices, the minimum price is an important source of security for farmers. If the world market price is higher, the company pays the higher price. Added to that there is always a fair trade bonus. For organically grown Fairtrade coffee, an organic bonus is also added. However, even those premiums do not always guarantee farmers a living income. Fairtrade and BMZ are continuously working toward improving the income situations of smallholding families.

The support of sustainable coffee contributes to achieving these global sustainable development goals:



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