



Small producers shield themselves against normalized exploitation

II WORLD FORUM OF COFFEE PRODUCERS

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Normalized exploitation is destroying small coffee producers today

Small coffee producers are an example of sustainability

Small producers succeed in doubling the NY stock exchange coffee price

1 Normalized exploitation is destroying small coffee producers today

In April 2010, the market price of washed Arabica coffee beans reached a low of US \$90 per 100 pound in New York. It is now hovering between US \$ 100 and USD \$ 115, when production costs for small producers are at US \$ 220.

- Coffee prices have been continuously below production costs for decades, except for isolated periods.
- In reality, the current situation is not a crisis of low prices, but rather an aggravated malfunctioning of the so-called “free market.”
- More than 25 million families of small coffee producers worldwide face increasingly higher production costs and steadily declining income.
- With today’s extremely low prices, many families of small producers in the major producing regions have had to abandon the production and migrate to large urban poles of employment to seek work.
- Some producers have found no other alternative than to cultivate illegal products.
- We are facing an even more serious threat than low prices: Contamination by glyphosate and other agrochemicals, deadly products promoted as the great solution, even by governments.
- Every day it becomes more difficult to obtain organic certification, because of rising requirements and costs, without a corresponding increase in the price, giving agro-industrial products an advantage.
- The market for high-quality coffee is growing little by little, but the downward pressure coming from current prices on the New York Stock Exchange encourages the production and consumption of low-quality coffee.
- With consumer prices remaining high, the big consortiums that control the consumer market are reaping record profits.
- Because it is becoming impossible to stay in production with current prices of the New York Stock Exchange, we the small producers are told that we have to increase our efficiency and productivity, or disappear.
- It is precisely this alleged efficiency of the great monopolistic producers, with its environmental destruction, that has led us to the crisis of permanently low prices.



- We are facing a crisis of the neoliberal capitalist economic model, where merely speaking of setting minimum prices has become a violation of free-market laws.
- Mass environmental destruction resulting from the current economic model adds a factor of grave risk for small producers.
- We small producers can defend ourselves against this situation only if we are paid a price that allows us to.

2 Small coffee producers are an example of sustainability

- Historically, small producers have been able to survive thanks to the income we make from producing coffee. For many coffee formers, this has been a platform for emerging from poverty and building a future.
- Small production has proven to contribute substantially to achieving a healthier planet and a better future for all, according to numerous studies by the FAO.
- The coffee made by small organic producers is shade-grown, with technology and practices that protect, conserve and regenerate the natural balance of flora and fauna, microclimates, water tables, soils etc.
- Coffee made by small producers generates more jobs in the production zones and allows local economies to flourish.
- Small producers also contribute to greater gender equality, more democratic decision-making models, a more inclusive economy and greater food autonomy.
- Quality should be defined not just by the nature of the product in the coffee cup but also by its comprehensive attributes including environmental, economic and social aspects.
- As organized small producers, we refuse to disappear and we are proving what true sustainability is through our practices in partnership with our trade allies. Small coffee producers are the future.

3 Small producers succeed in doubling the NY stock exchange coffee price

- Organizations of small coffee producers have been battling for better market-access and a dignified income for decades since the 1960s.
- In the intercontinental SPP producers' network, today we are 70 organizations, representing half a million small coffee producers, 2.5 million people, 9 countries in Latin America, three in Africa and two in Asia.
- A study of sustainable coffee production costs among organizations of small producers on which the SPP's minimum sustainable prices are based resulted in a level of US\$200 in the year 2010. We added US\$20 in recognition of the collective work, bringing the total to US\$220 per 100 pounds of green arabica coffee.
- An update to this study that began recently, shows that minimum costs have risen to at least US\$220 per 100-pounds of green coffee.
- We have made progress, together with our trade allies, in creating a growing market in close to 50 countries, which respects the floor prices we the small producers have proposed with an average of US\$235, even higher than the US\$220 floor that SPP has set for organic coffee.
- At current market prices, the value of a cup of coffee is between US\$2-6, while producers receive only 2.5 cents of this, less than 1%.
- In the case of roasted and ground coffee or instant coffee, the cost of green coffee accounts for between 10% and 35% of final production costs approximately.



- SPP has proven that it is possible to compete while paying producers well both in the specialty segment and in supermarkets.
- An increasing number of companies are committed to respecting these prices for small producers, resulting in an annual growth of more than 30% in the market value of SPP coffee.
- In conclusion, it is up to companies in the coffee industry to decide to do business ethically and decisively, to not dirty their hands and consciences with the destruction of millions of small producers, who are also the best guarantees of a more balanced environment.

We call upon consumers and the movement of young people aware of the threat of climate change, as well as socially conscious companies:

- 1) To shun the perverse, destructive practices of the so-called “free market” that dominates today
- 2) To join forces with the network of SPP producers to build a different reality.

In the debate over the so-called “coffee price crisis” we often hear about the pursuit of paths to sustainability when producers are suffering the impacts today.

When solutions are discussed, the blame is placed on producers and we are saddled with increasingly strict requirements without admitting that the main solution are the prices we have to subsist on today.

The recent plunge in coffee prices reveals a continuous or ‘normalized’ exploitation of coffee producers, especially small coffee growers. If prices were to return to around US\$140 tomorrow, where they have been in previous years, people would probably stop talking about a crisis situation and the coffee industry would return to its “normal” course. But even these prices continue to exploit producers, something we actually are all aware of.

We the producers do not have to accept exploitation as business-as-usual. We have the right to be paid a dignified compensation for the results of our work, like any other work in the world that has globally accepted protection laws. If it can be done today, then let it be done today.

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