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MOTION FOR A RESOLUTION

further to the Commission statement

pursuant to Rule 37(2) of the Rules of Procedure

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on behalf of the Verts/ALE Group

on the crisis in the international coffee market

European Parliament resolution on the crisis in the international coffee market

The European Parliament,

- having regard to the International Coffee Organisation's Resolution No 407 on the coffee quality-improvement programme,
 - having regard to the conclusions of the General Affairs and External Relations Council on 19 November 2002 which expressed 'serious concern' about the situation facing developing countries which are dependent on coffee exports,
 - having regard to its previous resolutions on fair trade,
- A. whereas there is growing concern among EU Member States, raised in parliamentary resolutions and government statements, about the devastating impact of the coffee crisis in developing countries,
- B. whereas EU Member States make up 15 of the 21 importing-country members of the ICO and account for 46 % of the world's coffee imports,
- C. whereas the price of coffee has fallen to 60 cents a pound for arabica coffee in New York and USD 750 a tonne for robusta coffee – the lowest price in real terms for at least 100 years – and seems likely to maintain its recent increased volatility,
- D. whereas the collapse of coffee prices has resulted in a widespread development crisis for 25 million coffee farmers in over 50 developing countries where coffee is a critical source of rural employment and foreign exchange earnings,
- E. whereas the majority of countries most highly dependent on coffee export revenues are either least-developed or highly-indebted countries,
- F. whereas trade in commodities in Africa accounts for 75 % of all export income, and dependency on coffee export earnings is as high as 80 % for Burundi, 67 % for Ethiopia, 55 % for Uganda and 43 % for Rwanda,
- G. whereas this crisis has a direct impact on government revenues in the developing countries concerned, thus affecting budgetary allocations to social sectors,
- H. whereas the coffee crisis has brought political instability and unrest in some coffee-producing countries, for example Guatemala, and has been closely linked to humanitarian crisis in many others, for example Ethiopia,
- I. whereas farm-gate prices have fallen well below production costs, with a subsequent impact on coffee workers' wages, and many coffee farmers are being forced to sell their land, migrate to urban areas or move into illegal crops,

- J. whereas this has caused a general worsening in the working and living conditions on the coffee plantations, especially for women – who make up the majority of coffee pickers at the very bottom of the coffee chain – and there are extensive reports of the use of child labour and abusive labour conditions on coffee plantations,
- K. whereas four companies – Nestlé, Kraft, Sara Lee and Procter & Gamble – control almost half of the world coffee sales, with total revenues outstripping USD 100 billion a year and their profit margins are increasing,
- L. whereas in November 2002 the US House of Representatives and the US Senate called on the US Government to ‘adopt a global strategy to address the short-term humanitarian needs and long-term rural development needs of countries adversely affected by the collapse of coffee prices’,
- M. whereas French President Jacques Chirac recently acknowledged in a speech to African leaders that past failures on commodities, including coffee, should be no excuse for present inaction and called for coffee and other commodities to be on the G8 agenda in June,
- N. whereas Commissioner Nielson told African Ministers in November 2002 that, ‘We will at the end of this year (2002) have accumulated around EUR 11 billion in unspent commitments or uncommitted money from the sixth, seventh and eighth EDF’,
- O. whereas on 19 May 2003 the ICO and the World Bank will host a High-Level Round Table on the coffee crisis in London,
1. Welcomes both the Council and the Commission’s recent expression of concern about the situation facing coffee-dependent countries, their stated support for the ICO’s quality programme, and the commitment from the Commission to come forward with ideas to address the situation of commodities in general, including coffee;
 2. Welcomes Commissioner Nielson’s commitment in November 2002 to ‘examine the possibilities of freeing up and reallocating old (EDF) money at the same time as we go for utilising to the full extent the new flexibility in the ninth EDF’;
 3. Welcomes the proposal from President Chirac to put the issue of commodities, including coffee, onto the agenda of the G8 Summit in Evian in June and calls on leaders at the G8 Summit to address the commodities issue for all developing countries – not just Africa;
 4. Welcomes the proposal from East Africa to put commodities on the agenda of the Cancún WTO Ministerial, and calls on the EU to support this initiative;
 5. Expresses concern about the failure of the Cotonou Agreement’s arrangements for addressing shortfalls in export earnings to provide assistance to coffee-dependent ACP countries during the current coffee crisis;

6. Believes that, given the depths of the coffee crisis, priority should be given to concerted ACP-EU action in the short term to address the immediate consequences of the coffee crisis by adopting a fast-track initiative for coffee-dependent ACP economies;
7. Believes such a fast-track initiative for coffee-dependent ACP economies should be financed in the first instance from existing unutilised funds or the ninth EDF 'B' allocations which in part are made available to 'mitigate adverse effects of instability on export earnings' and should focus on quick disbursing initiatives designed to:
 - (a) address the adverse effects of the coffee crisis on coffee-dependent households;
 - (b) provide decentralised budget support to coffee growing areas to ameliorate the effects of the coffee crisis on access to health and education provision in coffee-dependent areas;
 - (c) provide additional financial support to ACP central governments commensurate with the revenue losses arising from the current coffee crisis;
8. Recognises the commitment of the Commission to prepare a communication on commodities and urges the Commission to complete this before the ICO/World Bank High-Level Round Table on Coffee on 19 May 2003;
9. Calls on the EU to include in this communication plans to seek to ensure that the national development policy of affected countries takes into account the need to address the hardship caused by falling coffee prices, including through
 - supporting producers' efforts to diversify into quality coffee – where possible – or to help them move out of coffee;
 - enhancing coffee farmers' power on the market through the provision of market intelligence and extension advice, support for the creation of cooperatives, and access to credit and inputs;
 - helping coffee producers profit from better conditions offered by niche markets such as Fair Trade, speciality and organic coffee, particularly through market development;
10. Calls on the Commission to support the ICO's quality-improvement programme by encouraging EU Member States to independently monitor the quality of coffee entering the European market and make the results public;
11. Believes that coffee roasters and traders should adopt codes of conduct for the coffee sector which should be independently monitored and implemented in cooperation with the relevant stakeholders, should comply with the relevant ILO/UN treaties and existing national legislation, and should contain an explicit commitment to pay prices which meet the social and environmental needs of the sector, and calls on the Commission to take a pro-active role in its dialogue with the European coffee roasters and traders concerning adoption of such codes of conduct;

12. Strongly urges the Commission to take up the issue of ICO membership with the US with the aim of encouraging the US to rejoin the ICO;
13. Calls on the European Commission to support fair trading in coffee, by providing better access to Fair Trade coffee producers;
14. Instructs its President to forward this resolution to the Council, the Commission, the governments of the candidate countries, the governments of Russia, the United States and Japan as members of the G8, the ICO and the World Bank.