



Fair Trade Farmers in Ethiopia

Fair Trade guarantees a minimum of \$1.26/pound (a living wage) and access to credit at fair prices to poor farmers organized in cooperatives. These fair payments are invested in food, shelter, health care, education, environmental stewardship, and economic independence. Fair Trade promotes socially and environmentally sustainable techniques and long term relationships between producers, traders and consumers.

The Crisis

As of January 15, 2003, world's coffee prices are at their lowest level in 30 years, having fallen by 50 percent in three years. The global supply is estimated to be about 8 percent above demand and has accordingly depressed world prices. The oversupply is often influenced by centralized political decisions – small coffee farmers are encouraged to grow more by governments eager to boost exports earnings. These governments are sometimes encouraged by the IMF and the World Bank to produce more, without being made aware of the potential of catastrophic price falls.

Coffee historians agree that the energizing effects of coffee were first discovered by a goat-herder – or more precisely, the goats - in present day Ethiopia. Today coffee remains one of the most important sources of export income for the East African nations of Uganda, Ethiopia, Kenya, and Tanzania. Ethiopia, Africa's largest coffee exporter and the birthplace of coffee, has been hard hit by the recent price slump. Coffee accounts for more than 60 percent of Ethiopia's exports, generating vital income for its population of 65 million, more than half of whom live on less than a dollar a day. Ethiopia's coffee income has dropped by US\$110 million, severely affecting the one million families who depend on coffee for their income. While still selling to consumers in Western countries for around US\$10 per pound, the world market price for coffee is less than US\$0.50 per pound, of which farmers only receive half. Just five years ago, the farmers would receive at least five times that amount. As a result of this massive slump in coffee price, the Ethiopian coffee farmers are facing a sharp increase in poverty and hunger.



Khat, the (narcotic) alternative income

The rise in poverty level among Ethiopian coffee farmers has developed into another unexpected problem. Many farmers have abandoned coffee and started growing a more profitable crop: khat, a leafy narcotic often mentioned as the region's version of moonshine. Khat is chewed legally by millions of people in the Horn of Africa and Middle East. However, in Britain and United States (where it is illegal), khat can fetch as much as \$200 a pound.

Unlike coffee, khat bushes are drought and pest resistant. A farmer would be forced to abandon his coffee crops if he could no longer afford pesticides. Khat also grows on less water and less time than coffee. When chewed for a long time, khat has another powerful draw: it makes people feel less hungry.

Ethiopian officials say that the khat production is hurting the country's economy because it is part of the underground economy and therefore is not taxed. By contrast, coffee was Ethiopia's prime source of hard currency. Hard currency is what Ethiopia will need to pay for imported food next year when aid workers are predicting that as many as 11 million Ethiopians could face starvation.

An estimated 75 percent of coffee farmers in the highlands of Hararghe, home to the aromatic Harar coffee, have either uprooted coffee trees to plant khat or are growing both, according to the Tadesse Meskela, general manager of the Oromia Coffee Farmers Cooperative Union in Addis Ababa.

Ethiopian coffee farmers cannot grow large quantities of food given drought-prone conditions; nor, as the World Bank suggests, can they grow cash crops, such as cotton and sugar, for export. Ethiopia cannot compete with more efficient and heavily subsidized U.S. and European farmers. There is little incentive to invest in tractors and irrigation systems because the government owns all the land. Rapid population increase has also shrunk farm sizes with each generation.

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The Oromia Coffee Farmers Cooperative Union (OCFCU)

Ethiopia's Oromia Coffee Farmer's Cooperative Union (OCFCU) aims to help small-scale coffee farmers take advantage of the Fair Trade coffee market, the viable alternative trade strategy. OCFCU was established in 1999 in order to help the 100,000 farmer families working in Oromia cooperatives to get through the difficult price crisis. OCFCU comprises 34 cooperatives, cultivates 86,487 acres and has an average annual production of 16,507 tons, is known for its high quality coffee, all of which is heirloom, forest-grown, organic, bird friendly and smallholder produced. In only its third year, the OCFCU is already starting to return 70 percent of its gross profits back to the Fair Trade cooperatives, in order to help coop members.

Coffee farmers would prefer to work their own way out of the current crisis, which is deepening each day. According to Tadesse, "There are communities that are growing coffee that have never bought clothes for the past three years.... Malnutrition is seen in coffee areas... We have a plan to establish societies to help them save, then to use the money for when they are short of cash to buy food [during the growing season] when there is no harvest."

Another essential way to fight poverty everywhere in the world is education. Tadesse pointed out: "The farmers cannot afford to buy [school] uniforms for children, cannot afford to pay even a small amount of contribution to the schools, they cannot afford to pay for food for when they stay in school, because it is 10 to 20 kilometers from their house." Part of the sales of OCFCU's Fair Trade coffee is going back to the communities to be used to build schools, which will help to address the problems in the impoverished communities in a country where only about a quarter of the school-aged children attend school.

Fair Trade coffee helps to provide living wages to the farmers, and up to three times as much income as the average coffee producer. This income will help farmers provide for their families, increase their quality of life and allow them to continue working on their farms.

By helping the Ethiopian coffee farmers economically, Fair Trade also provides the farmers with access to greater political power. Furthermore, the farmers learn about the democratic process through the democratically run cooperatives. Decisions connected to development are not dictated from above; instead, Fair Trade represents a 'bottom-up' approach, respecting the rights of people to make their own decisions and thus respecting their dignity and cultural traditions.

Resources on coffee in Ethiopia

Raghavan, Sudarsan. *Stunted coffee market pushes Ethiopians into drug trade*. Knight Ridder Newspapers, December 27, 2002.

Druley, Laurel. *Peace coffee*. Minnesota Public Radio, May 10, 2002.

Where to Buy Ethiopian Fair Trade Coffee

Café Campesino

www.cafecampesino.com
ph: 912-924-2468
bharris@cafecampesino.com

Dean's Beans

www.deansbeans.com
ph: 978-544-2002
dean@deansbeans.com

Peace Coffee

www.peacecoffee.com
ph: 612-870-3440 or 888-324-7872
info@peacecoffee.com

Global Exchange

Fair Trade Coffee Campaign

We will be sponsoring Tadesse Meskela to speak with student and community groups across the United States in April, 2003! For more information to host or attend a speaking event, please contact Valerie Orth, Fair Trade Organizer, at Valerie@globalexchange.org or 415-558-6938.

Africa Program

Visit a Fair Trade Coffee Cooperative in Tanzania! Join a Reality Tour to Tanzania and learn about economic alternatives in one of the poorest countries in the world. Visit two Fair Trade coffee co-ops, learn about micro-lending and sustainable development projects that support grassroots level development. For more information on this tour and our tours to South Africa and Zimbabwe, please contact Sarah Dotlich at sarah@globalexchange.org or 415-575-5523.

Find recent news on coffee in Ethiopia at:

www.globalexchange.org/economy/coffee/update.html