

Development Education Study Kit

The other side of the cup of coffee

TRADE
CREATES
POVERTY?!

My name is Fedadelco Vasquez. I grow coffee in Chiapas State, Mexico. We've been able to keep stable production levels since forming a producers' cooperative, but our village is still poor. You know, changes in the weather have a big impact on coffee production, and our income depends on how much we can grow each year. We are trying our best to send our children to school, and hope they can inherit our farm, but...

By the way, I hear that people in Japan also drink the coffee we make. How do you like it? We hope you will enjoy our coffee, which we grow with love and care.



Take a look at these ripe, red coffee cherries! Our whole family works together to harvest the coffee. We carry them down the hill in this basket, and then remove the pulp and dry the beans. When you take the seed out of this pretty fruit and dry it, you get the raw coffee bean. I hear that many people in Japan drink coffee. Do you know how coffee is made, and how it reaches you?

Look, aren't these beans lovely? I am working in COAINE, a producers' cooperative in Bolivia. The coffee beans are dried, and any out-of-size or damaged beans are removed. We take much care to grow the beans, but they won't sell for a good price unless they are all the same size and shape.



BEAR
開発教育協会

Note: The English translation of the Development Education Teaching Materials produced by Development Education Association and Resource Center (DEAR) was organized by Education for Sustainable Development Research Center (ESDRC), Rikkyo University.

For more information, please contact Naomi Kamijo (kamijo@rikkyo.ac.jp).

**Copyright: Education for Sustainable Development Research Center, Rikkyo University
& Development Education Association and Resource Center, 2009 (cESDRC&DEAR)**

Education for Sustainable Development Research Center, Rikkyo University(ESDRC)

3-34-1 Nishi Ikebukuro, Toshima-ku, Tokyo 171-8501 Japan

TEL/FAX: + 81- 3-3985-2686

E-mail: esdrc@grp.rikkyo.ne.jp

URL: <http://www.rikkyo.ac.jp/research/laboratory/ESD/>



Education for Sustainable Development Research Center
Rikkyo University

The Education for Sustainable Development Research Center (ESDRC) was founded based at Rikkyo University in March 2007, with the aim of helping to consolidate ESD (Education for Sustainable Development) in our society. It was chosen as part of the ‘Open Research Center’ Project of the Japanese Ministry of Education, Culture, Sports, Science and Technology in 2007, concerning ‘Developing Research and Educational Programs on ESD’.

Development Education Association and Resource Center(DEAR)

2-17-41-3F Koishikawa Bunkyo-ku, Tokyo 112-0002 JAPAN

Tel: +81-3-5844-3630 Fax: +81-3-3818-5940

E-mail: main@dear.or.jp

URL: <http://www.dear.or.jp>



The Development Education Association and Resource Center (DEAR) was founded in 1982. with the aim of to network with members at local and national levels to promote Development Education. The role of DEAR is,

- To communicate with the government and give suggestions on its policy
- To develop networks and exchange information with related organizations in the world.
- To research Development Education.
- To gather information on Development Education in both Japan and the world and share the information.
- To help to provide learning opportunities in communities and schools.

Development Education Study Kit

The other side of the coffee Cup
Trade create Poverty?!

Edited and Published by
ESD Research Center, Rikkyo University (ESDRC)
Development Education Association and Resource center (DEAR)

March 2005

The aim of this study kit

This study kit was created with the following two aims.

The first is to help us to understand global trade and the situation of producer countries in the "south," through the example of coffee. The coffee that we enjoy everyday is made in what are known as "developing countries." How is this coffee produced, and how is it delivered to us? It is often said that countries in the South are under-developed due to global trade mechanisms. What sort of mechanisms are these?

The second aim is to grasp the problems of global trade by understanding the workings of the coffee trade. What is "unfair" trade? We will investigate who is suffering and why. Based on this understanding, we will ask ourselves "what is good trade"? We will consider how we, as consumers, are linked to these issues, and what we can do to solve them.

*The terms "South" and "North"

Countries in Asia, Africa, etc., are often called countries of the "south," because most are in the tropic or sub-tropic zones, whereas industrially developed countries are often called countries of the "north" since they are mostly in the temperate zones. In this text, we will use the term "south" to refer to "developing countries", and "north" to refer to "developed countries."

Contents

Study Kit 1: "Coffee Q&A"

Study Kit 2: "Glimpses from the History of Coffee"

Study Kit 3: "The Aroma Village Coffee Plantation"

Study Kit 4: "What is Good Trade?"

Basic Knowledge about Coffee / Commentary for Study Kits / References

* The study kits can also be used individually.

<Supplementary Volume> Photos (8, in color)

Commentary on Photo Set <Supplementary Volume>

Sources: 1, 3, 4, 5, B, C, D (cover) are from "Wakachiai Project"
2, 6, 7, 8, A (cover) are from Alter Trade Japan, Inc.

1. Coffee Seedlings: Seeds are sown to grow seedlings (Bolivia)
2. Harvesting Coffee: When the coffee cherries ripen to a bright red color, everyone in the family helps to harvest them by hand (Mexico)
3. Coffee Cherries: Only the good quality coffee cherries with bright red color are selected out of the harvest (Bolivia)
4. Removing Pulp: The pulp is removed by machine (Bolivia)
5. Drying: After the pulp is removed, the beans are dried in the sun for about two weeks (Bolivia)
6. Sorting the Beans: Beans with the wrong size or defects are removed (Peru)
7. Packing in Bags: The selected beans are packed in jute bags for shipment to Japan (Mexico)
8. Coffee Producers: Everyone in the family pitches in to grow coffee (Mexico)

Study Kit 1. Coffee Q&A

Aim

to gain basic knowledge about coffee.

How to proceed

1.The "Coffee Q&A Sheet" is handed out or the questions are read out to the participants, who answer them.

2.The "Answers and Commentary" Section is used to check the answers, and additional explanations are given.

Time Required

15-45 minutes

Materials

"Coffee Q&A Sheets"
(1 per person),
Photos (8 in total)

Commentary

Please refer to p.21

Adaptation

Cover the numbers on the bottom right of Photos 1-7, and have the participants lay them out in sequence to show how coffee is made.

Answers and Commentary

Q1: 1. red

The coffee bean is the seed formed in the fruit of the coffee tree. The coffee fruit is known as the "coffee cherry," and has a bright red color. The skin is peeled off and the seed inside is dried to obtain the raw coffee bean, which is a light green color. The raw beans are roasted to obtain coffee beans, which are of a dark brown color.

Adaptation 1: Different raw coffee beans could be shown and compared, or various types of coffee could be served and compared.

Q2: 2. Approximately 350 cups

With annual coffee consumption of 417,000 tons (2002), Japan is the country with the third largest consumption of coffee in the world. This means that, calculated as 10 g per cup of coffee, Japanese people consume an average of about 350 cups of coffee each year.

Q3: 1. USA - Germany - Japan

The top consumer countries in 2002 were the USA, Germany, Japan, France, and Italy, in descending order.

In the USA, 1,132,000 tons of coffee was consumed in 2002, whereas 544,000 tons were consumed in Germany, and 417,000 tons in Japan (the three countries accounted for more than half of worldwide consumption, which was 3,675,000 tons).

Adaptation 2 Geographical distribution of producer and consumer countries: Try to find the top coffee consumer countries in Q3 and the top producer countries in Q4 on a map. It will be apparent that coffee producer countries are developing countries of the South, while consumer countries are industrially developed countries of the north.

Q4. 2,3,5

In 2003, Brazil produced approximately 1,729,000 tons of coffee, followed by Columbia with approximately 705,000 tons and Vietnam with approximately 675,000 tons (the three countries accounted for about half of worldwide production, which was 6,079,000 tons).

Other major producer countries are India (6th), Ethiopia, Uganda and Guatemala, in descending order (Source: ICO statistics).

Adaptation 3 Situation in producer and consumer countries: Try to compare producer and consumer countries in terms of per capita GNI, infant life expectancy, adult literacy rate, primary school enrollment rate, household income distribution, etc. (Please refer to p. 12)

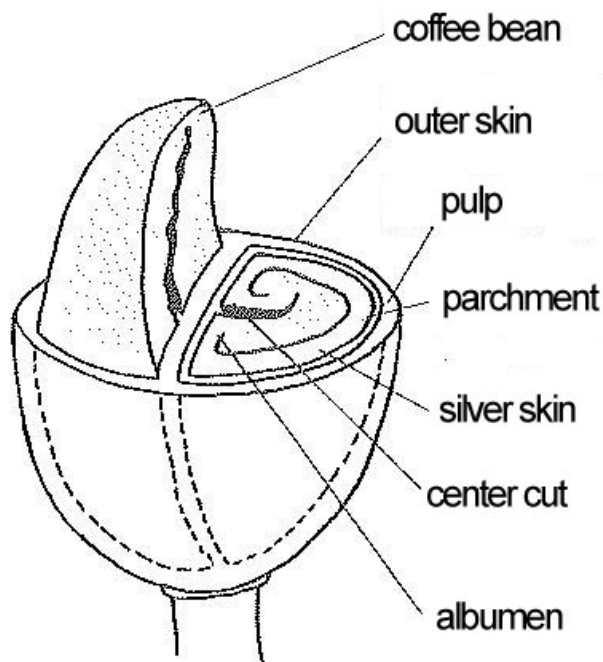
Q5 b→a→i→g→(h)→e→f→c→d

The matching photos are (1) b→1, (2) a→2, (3) i→4, (4) g→5, (6) e→6, (7) f→7.

In the coffee production process, steps (1) planting through (4) drying are carried out manually by plantation workers, whereas (9) roasting and subsequent steps are carried out in the consumer (importing) countries.

Structure of Coffee Cherry

(Source: "The Situation in the World's Leading Coffee Producer Countries")



Coffee Q&A Sheets

Q1 What color is the coffee fruit?

1. red,
2. black,
3. green

Q2 How much coffee does the average person in Japan drink in one year?

1. about 100 cups,
2. about 350 cups,
3. about 500 cups

Q3 Which are the top three coffee consuming countries?

1. USA, Germany and Japan
2. Brazil, Columbia and Indonesia
3. Holland, Great Britain and France
4. China, India and USA

Q4 The top 5 coffee producer countries are Brazil, Columbia, Vietnam, Indonesia and Mexico, in descending order. What climatic/geographic characteristics are common to all of these countries? (multiple answers ok)

1. Annual average temperature is 10-20 degrees Celsius.
2. Annual average temperature is 15-30 degrees Celsius.
3. Annual rainfall is 1500-1600 millimeters.
4. Annual rainfall is 900-1000 millimeters.
5. Located within 25 degrees north/south of the equator.
6. Located within 15 degrees north/south of the equator.



Q5 How is coffee produced? Please select the explanation that fits with the production step. Also, please choose the photo that matches each step.

explanation photo

- (1) planting
- (2) harvesting
- (3) removing pulp
- (4) drying
- (5) threshing
- (6) sorting
- (7) bagging
- (8) loading
- (9) roasting
- (10) retail sales

A. The coffee fruits are shaken off the tree by hand, stick or machine, and picked off the ground.

B. Seeds are sown to grow seedlings, which are replanted in the plantation when they grow to 40-50 cm length.

C. The raw beans are shipped out of specific ports by way of well defined routes and transport methods.

D. The raw beans, which have been dried till they are hard, are roasted to obtain coffee beans with their distinct fragrance, color and bitterness.

E. The beans are graded according to weight (winnowing and specific gravity measurement), as well as by color (checked by electronic screening) and size (sifting).

F. The raw beans are put in bags according to grade, and are labeled with information such as producer country, producing region, species, refinement method, beans' shape and size, grade/rating, originating port, date of shipment, etc.

G. The harvested fruits are dried by scattering them on the ground under the sun, or by other means. Drying preserves them for warehouse storage and transport.

H. The parchment and silver skin, which separate the seed (coffee bean) from the pulp, is peeled off by machine.

I. The coffee fruits are washed with water, and the pulp is removed.

Study Kit 2. Glimpses of the History of Coffee

Aims

- 1.To learn that the economic structures linking producer countries of the "south" to consumer countries of the "north" are rooted in the history of colonial rule.
- 2.To learn the history of trade and consumption of coffee.

How to proceed

- 1.History cards A-F are handed out to groups of 3-4 people, who are to carefully read them.
- 2.Each group will think of suitable headings (titles) for each of the cards.
Examples of headings: "Java Coffee Arrives in Amsterdam," "Brazil, Hub of the Global Coffee Production," etc.
- 3.Illustrate what is written on the history cards by drawing on a single blank map. Indicate which regions (have been forced to) produce coffee beans, and which regions demand, import and consume them.
* Names of the top producer and consumer countries may be added to the blank map if desired.
- 4.Have each group explain its map to the others.
- 5.Review

Points to review

Consider and discuss the relationship between producer countries of the "south" and consumer countries of the "north."

Adaptation

The following changes may be made, depending on the participants and available time.

1. Each group could be handed one or a few cards, and asked to draw pictures or make a "picture-card show" to explain them to the others.
2. School children in lower grades could be asked to consider/explain one card per group.

Time Required

45 minutes

Materials

"History Cards"
blank maps
maps
color pencils

Commentary

Please refer to p.23

Card A	Title:	Card B	Title:
<p>The coffee tree is said to originate in Ethiopia of East Africa. Much is unknown, but it is said that in Yemen, on the south tip of the Arabian peninsula, Muslims began to drink coffee to help overcome sleepiness and hunger during austere religious practice.</p> <p>By the 16th century, coffee spread to much of the Islamic world including Egypt and the Ottoman Turk Empire, where "coffee houses" sprang up in many places. At the time, the coffee was brought from Yemen in Arabia, its sole source, to Cairo, from where it was shipped all corners of the Muslim world.</p> <p>In the 17th and 18th centuries, coffee was exported from Cairo to Europe, where "coffee houses" were born and demand increased.</p>		<p>Due to increased demand in Europe, supplies of coffee from Yemen became insufficient. For this reason, the Dutch East India Company developed plantations in its colony on the island of Java (now in Indonesia) from the end of the 17th century. By the beginning of the 18th century, coffee produced in Java was being imported to Amsterdam, giving birth to "colonial coffee." Javanese coffee dominated the European and American markets.</p> <p>On the other hand, though Java was a rice growing region, the local people faced food shortages because they were forced to grow coffee for export to Europe rather than rice, their staple food.</p>	
Card C	Title:	Card D	Title:
<p>In the early 18th century, France developed coffee plantations in its colonies in the West Indies (Martinique Island and Haiti on Hispaniola Island). Many black people were forcefully taken there from the Atlantic coast of Africa to work as slaves in the plantations.</p> <p>In this manner, black people were taken as slaves to the West Indies, the coffee grown on the plantations as well as cane sugar were exported from the West Indies to France, and wheat flour, dried meat, wine, and fabric materials were exported from France to Africa, in what is known as the "triangular trade."</p>		<p>It was in the early 19th century that coffee produced in the Portuguese colony of Brazil was first exported to the European market. Brazil became independent, and began to increase coffee production to such an extent that Brazilian coffee accounted for more than three-fourths (3/4) of worldwide production by the early 20th century. At that time, the majority of the population was engaged in the coffee industry, which accounted for more than 90% of foreign currency earnings. The hub of coffee production in Brazil was the fertile plateau of Sao Paulo state.</p> <p>In 1929, Brazil had a record-breaking bumper crop, but consumption in the USA and Europe plummeted due to the worldwide great depression. The price of coffee dropped to half of what it had been. It was a big blow to the Brazilian economy.</p>	
Card E	Title:	Card F	Title:
<p>At the Congress of Berlin in 1884-85, the powerful states of Europe decided to divide up Africa and begin colonial rule there. Cash crops such as coffee, cotton, and cacao as well as mineral resources were developed in the colonies and exported to Europe. The Germans, who acquired present-day Tanzania, established coffee plantations in the foothills of Mt. Kilimanjaro and other places, and exported the coffee to Europe.</p> <p>In the 1960's, many African nations gained independence from European colonial rule. However, many of these countries have been unable to free themselves from the monoculture-based economic structures established in colonial days. African coffee accounts for approximately 20% of worldwide production, and the economies of many African countries are highly dependent on export of coffee beans.</p>		<p>In the 1990's, the Vietnamese government gave subsidies to encourage coffee growing. As a result, Vietnam became the world's second largest producer of coffee in 2000. Coffee became an important source of foreign exchange for the country.</p> <p>Vietnam's market entry and increased production in Brazil led to a glut of coffee beans in the global market. Meanwhile, demand stagnated in the USA, the number one coffee consuming country, and other developed countries, so that the price of coffee beans dropped to a thirty year low at the end of 2001. The price has floundered ever since.</p> <p>Small-scale farmers and plantations producing coffee worldwide were forced to sell their coffee beans for prices far below production costs. They are facing severe difficulties managing their farms.</p>	

Study Kit 3. The Aroma Village Coffee Plantation

Aims

To gain a simulated experience of what it is like to cultivate coffee under contract, in order to gain awareness of the situation of coffee producers and problems in the systems of distribution, retail and consumption.

How to Proceed

1. The participants sit facing each other in circles of 4 to 6 people so it is easy to talk.
2. Sheet A is handed out to all participants.
3. The facilitator plays the role of an employee of Espresso Company ("employee" below), and all participants play the role of farmers.
*If there are too many participants, they may be grouped into pairs, each of which plays the role of a farmer.
4. The facilitator explains the context for the simulation, and helps participants understand the role of the farmer.
5. The facilitator, playing the role of the employee, tries to convince the farmers to grow coffee.
6. The participants discuss and decide how much of their land they will use to grow coffee. The facilitator records the number of contract plots on Sheet F, and asks the participants their reasons for deciding on that number of plots.
7. Sheet B is handed out to each participant, and is used to calculate the profit or loss for the year. The facilitator may give additional explanations, answers to questions, and assistance in calculation.
8. The facilitator, as the employee, negotiates with the farmers for the second year, and tries to get them to increase the number of contract plots. Once an agreement is reached, the facilitator records the number of plots.
9. Sheet C is handed out, and the participants calculate their profit/loss for the second year. From here on, the same steps are repeated.
* Tell the farmers to write in the cumulative profit/loss, by adding the profit/loss from the previous year(s) to the total profit/loss for each year.
10. The simulation ends at the end of the 4th year. Close with review.

Time Required

45 minutes for simulation +
45 minutes for discussion.

Materials

Pocket calculator
photocopies of "Aroma
Village Sheets A-F"

Commentary

Please refer to p. 25

Points for review

* Those that played the farmers and the employee each report on their four years of contract-based coffee growing. All participants are asked to share any insights or doubts from the simulated experience.

* The cumulative profit/loss of the farmers and the Espresso Company's profit are written on the blackboard and compared.

Sheet F is handed out to disclose the situation at the Espresso Company and facilitate discussion.

* Some of the farmers will gain some profit. Discuss how much this profit will help to improve their standard of living.

* Read Sheet E out loud once more, and have a discussion on what will happen to coffee production and the life of the farmers if the same situation continues the next year and thereafter.

* Have the participants discuss what provisions of the contract with Espresso Company need to be improved, and why the farmers were unable to negotiate to their advantage when they first signed the contract.

This section is an important lead-up to Study Kit 4, so the facilitator should be sure to read Study Kit 4 beforehand.

After re-reading the context information on the simulation, discuss what options the farmers of Aroma village would have if they were given a second chance.

Adaptation

It is also possible to form groups of 5-6 people, and have 1-2 of them play the role of the Espresso Company employee.

This study kit borrows from the "Coffee Game" in Education for Development, Japan Committee for UNICEF, 1994.

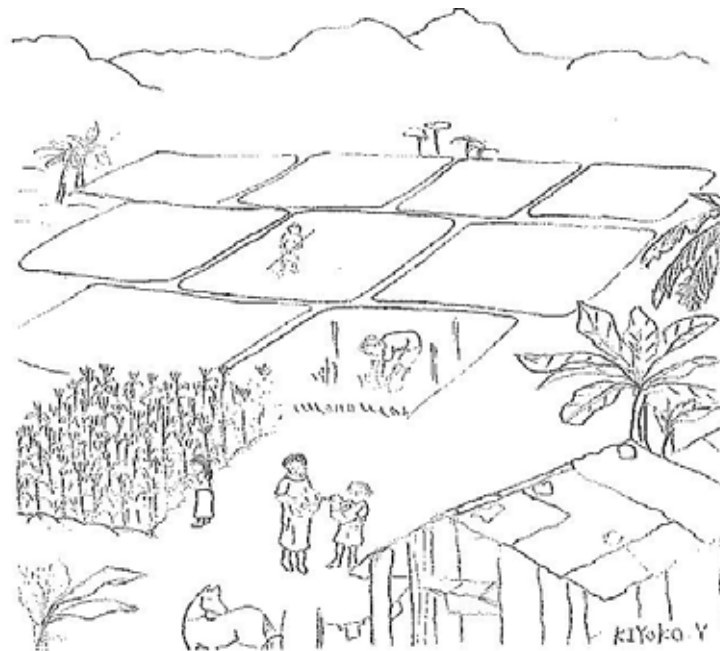


	1年目	2年目	3年目	4年目	
A	2	2	10	2	2
B	5	7	+210	9	9
C	0	3	-10	3	2
D	3	4	+80	4	3
					+60
					+130
					+40
					+110
					340
					\$7320

Additional handwritten notes on the blackboard include: "情報ない", "#契約内容", "17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.", "\$24-\$20-", and "28".

Aroma Village Sheet A: The Context

Aroma village is a small village of about 2000 people in the tropics. The village lacks running water, electricity and gas supply, and there is no doctor. Anyway, the villagers look after their families and friends, helping one another to make by. The villagers have 10 plots of farm land per family, where they mainly grow corn, miscellaneous grains, and other crops. The harvest from each plot (about 2000 square meters) is worth about 100 dollars in terms of cash, so the family income is only about 1000 dollars per year. The farmers consume 80% of their harvest as food, and sell the rest in the market to earn about 200 dollars of cash income. However, this cash soon runs out once daily essential items such as clothing and soap have been purchased. So it is difficult for them to send their children to school.



Playing the role of the farmer

You are a farmer of Aroma village, with 6 dependents in your family (a spouse and 5 children, i.e., 3 boys and 2 girls). The minimum living expense needed to support your family is 1000 dollars. You have ten plots of farmland, on which you are able to grow the equivalent of 1000 dollars (100 dollars x 10 plots), so you just barely have enough to eat.

* However, you are thinking about your children's future, and would like to send them to school. It costs 30 dollars to send one child to primary school for a year. So you are looking for a way to earn more from your land.

* Today, an employee of Espresso Company is coming to explain about contract-based coffee growing. Please listen well to what s/he says, and decide whether to grow coffee on your land.

Aroma Village Sheet B: The 1st Year

This year, the weather was about average, so the harvest of self-subsistence crops was worth 100 dollars per plot. The first harvest of coffee beans yielded 60 kg per plot. Supply and demand were stable in global coffee markets, so coffee beans were traded at a market price of 4 dollars/kg. The contract says that Espresso Company will buy the beans for half of the market price, so the farmers earned 120 dollars (2 dollars x 60 kg) per coffee plot.

Farmers, please calculate your profit/loss for this year, using the table below. After calculation, please negotiate your contract for next year. Note that you will have to pay Espresso Company a penalty of 50 dollars per plot if you decide to convert the coffee plot back to subsistence farming land.

	Subsistence crops (a) \$100 x number of plots	Coffee beans (b) \$120 x number of plots	Total income (a+b) - \$1000 living costs	profit/loss (show loss with "-" sign)
Before contract	100 x (10) = <u>\$1000</u>		(1000) – 1000 = <u>\$0</u>	<u>\$0</u>
First Year	100 x () = \$_____.	120 x () = \$_____.	()-1000 = \$_____(A)	\$_____(A)

Aroma Village Sheet C: The 2nd Year

This year, there was not enough rain during the rainy season in Aroma village, so the harvest of subsistence crops declined to the equivalent of \$90 per plot. However, it was possible to harvest 60 kg of coffee beans per plot, since Espresso Company provided irrigation facilities for the coffee plantation. This year as well, supply and demand was stable in global coffee markets, so coffee beans were traded at a market price of 4 dollars/kg. Therefore, the farmers gained \$120 per coffee plot (\$2 x 60 kg) .

Farmers, please calculate your profit/loss for this year, using the table below. Some farmers may not be able to cover living expenses (may suffer a loss). They and their families will have to struggle in poverty until the next harvest, or borrow from the village loan shark.

	Subsistence crops (a) \$90 x number of plots	Coffee beans (b) \$120 x number of plots	Total income (a+b) - \$1000 living costs	profit/loss (A) + (B)
Second Year	90 x () = \$_____.	120 x () = \$_____.	() – 1000 = \$_____(B)	\$_____.

Aroma Village Sheet D: The 3rd Year

The weather has been stable in Aroma village this year, so the harvest of subsistence crops amounted to \$100 per plot, and 60 kg of coffee beans were harvested per plot.

However, due to frost damage in Brazil, the leading producer country, the global coffee harvest was poor. So there was a shortage of coffee beans, and many speculators traded coffee with an aim to make money, so that the market price of coffee rocketed to \$6/kg. Espresso Company, which keeps its inventory in a huge warehouse, has decided to reduce purchasing until the market price comes down, in order to avoid high purchasing costs. So Espresso Company decided to only buy up 40 kg of coffee beans per plot. But the farmers also want to sell the remaining coffee beans (20 kg x number of plots) to Espresso Company. After negotiations, Espresso Company offered to buy the remainder for \$1/kg. The farmers had no choice but to accept these terms, since they had no other marketing channel than the Espresso Company, and have no place to store the beans. So the farmers' income per coffee plot ended up being \$140 (\$3 x 40 kg + \$1 x 20 kg).

Farmers, please calculate your profit/loss for this year, using the table below.

	Subsistence crops (a) \$100 x number of plots	Coffee beans (b) \$140 x number of plots	Total income (a+b) - \$1000 living costs	profit/loss (A) + (B) + (C)
Third Year	100 x () = \$_____.	140 x () = \$_____.	() - 1000 = \$_____ (C)	\$_____.

Aroma Village Sheet E: The 4th Year

The weather was very good at Aroma village this year, so there was a harvest of subsistence crops worth \$100 per plot. However, the coffee harvest was only 50 kg per plot, due to coffee rust disease. Fortunately, the problem was found early, so the damage was less than it might have been.

By the way, Brazil and other leading producer countries enjoyed a record bumper crop, and Vietnam, which had newly started growing coffee, shipped a huge volume of coffee beans, creating excess supply of coffee beans. Furthermore, demand sagged in industrially developed countries that consume most of the coffee. The market price dropped to \$2/kg for this reason. So the farmers were only able to earn \$50 (50 kg x \$1) per coffee plot.

Farmers, please calculate your profit/loss for this year, using the table below.

Some farmers growing coffee may not be able to cover living expenses (may suffer a loss).

They will have to borrow money from Espresso Company, with their land as collateral.

	Subsistence crops (a) \$110 x number of plots	Coffee beans (b) \$50 x number of plots	Total income (a+b) - \$1000 living costs	profit/loss (A)+(B)+(C)+(D)
Fourth Year	110 x () = \$_____.	50 x () = \$_____.	() - 1000 = \$_____ (C)	\$_____.

Aroma Village Sheet F: Espresso Company Employee Mission Statement and Accounting Sheet

Our company has decided that profit can be made by developing new coffee plantations, and by managing and streamlining the entire supply chain from production to logistics, processing and marketing. After looking for various candidates, we decided upon Aroma village, as the land is suitable for coffee production and the government welcomes investors.

Your job is to go to Aroma village, and persuade the farmers to grow coffee on as much land as possible. I wish you good luck, as your contract will not be renewed if results are poor.

What to tell the farmers

* Espresso Company will give all-out support for coffee growing, by providing irrigation and other facilities. If the contract farmers lack living expenses, we can lend them money under certain conditions.

* The harvested coffee beans will be purchased at half the market price.

A harvest of 60kg/plot is anticipated at Aroma village. The price on international markets is \$4/kg these days, so the farmers are expected to earn \$120 per plot (60 kg x \$2).

A note of caution (don't inform farmers)

* The market price of coffee is unstable.

* The company will normally purchase all of the coffee produced, but not in all cases. So, when negotiating, don't promise to buy the entire crop.

The cost of coffee

* The selling price of Aroma village coffee to retailers and supermarkets in the West is \$24 per kilogram.

* Our total expenses, including initial investment (cost of seedlings, irrigation facilities, etc.), transportation, storage, processing, advertising, personnel, taxes, etc., is \$20 per kilogram of coffee beans.

* Our company's profit (per 1 kg) can be calculated by the equation below.

* For our present purposes, fluctuations of the wholesale price are ignored. In fact, the wholesale price also varies, but the fluctuation is less than that of coffee beans on the international market.

\$24 (wholesale price) - \$20 (expenses) - half of market price (payment to farmers) = company's profit (*1).

e.g.: If the market price is \$4/kg $24 - 20 - 2 = 2$ (company's profit)

	Coffee Bean Production (kg) Yield per plot x number of contract plots	Espresso Company's Profit Profit per 1 kg (*1) x Production Amount
First Year	(60) kg x () = _____ kg [a]	(2) dollars x [a] = \$ _____.
Second Year	(60) kg x () = _____ kg [b]	(2) dollars x [b] = \$ _____.
Third Year	(40) kg x () = _____ kg [c]	(1) dollars x [c] = \$ _____.
	(20) kg x () = _____ kg [d]	(3) dollars x [d] = \$ _____.
Fourth Year	(50) kg x () = _____ kg [e]	(3) dollars x [e] = \$ _____.
Total Profit		\$ _____.

Study Kit 4. What is Good trade?

Aim

To think what kind of trade would be beneficial for coffee producers, and develop a vision for better trade.

How to proceed

1. Four participants will play coffee buyers (A-D), and the rest will form "coffee producer families" of several people each.
2. The buyers are handed out and asked to read the "Producer Family Situation Card" and one of the four different "Inducement Cards." Members of the coffee producer families are each handed a "Producer Family Situation Card" and a piece of paper for note taking.
3. The buyers visit each household for about two minutes, and try to induce them into doing business (the families should not discuss among themselves yet). The buyers answer any questions from the family to the extent known from the cards. Buyers must adhere to the conditions written on the card, even if the families try to negotiate for better conditions.
* The doll on the upper left corner of the cards is cut out along the dotted line, and made to stand up.
4. The members of each household discuss among themselves which inducements they would like to accept, and reach a decision as a household. Each family shares with the others about what they discussed and what conclusion they reached.
5. Have each participant decide what improvement s/he would request if s/he could be granted just one improvement of the conditions of the inducement just chosen. Next, have each family decide what improvement they would request.
6. The facilitator or the buyers reveal the identities of buyers A-D. Additional explanation is given that, in reality, producers often are unable to choose from such options, but are forced to accept unsatisfactory conditions.
7. Review. Have the participants freely share their thoughts, not only about what was discussed in this exercise, but related issues as well, in order to deepen their understanding. They could also be asked to write short essays. Try to get people to share ideas freely, without focusing too much just on "fair trade."

Time Required

90 minutes

Materials

"Producer Family Situation Cards" and "Inducement Cards A-D" for each pair or group (cut out as separate cards).

Commentary

Please refer to p.27

Points for review

- * Specifically what issues are there between the producers and the buyers? How can they be addressed?
- * In light of the overall flow of goods (trade) from producer to consumer, what points need to be considered carefully?
- * As consumers buying coffee in Japan, what precautions can we take when choosing coffee?

Simplified Procedure

1. The participants form "producer families" of several people each.
2. Each producer family is handed out and reads the "Producer Family Situation Card."
3. Each producer family is handed out and silently reads the set of four "Inducement Cards A-D." The families are instructed not to discuss among themselves yet. (It is best to erase the description of the buyers A-D, so their identities are not revealed.)
4. From here on, proceed as described above.

Producer Family Situation Card

You live with your family in a country of the "South," making a living growing coffee on a small area of land (5 acres = about 20,000 square meters). As you can see, grandmother gets sick easily, mother and father are worried for the future, and the children help out on the coffee plantation but are dissatisfied that they cannot go to school (groups can decide who will play which role).

So, how much do you earn from the coffee plantation? That depends on your yearly contract with the buyer who purchases your harvest. The table on the right describes the situation the coffee producer faces.

Point of Concern	Situation
Purchase Price	High: \$3/kg, Low: \$1/kg (not a guaranteed minimum price) * fluctuates greatly depending upon the international market price for coffee beans at the time of harvest. * The international market price tends to nosedive when there is a global bumper crop. * Raw beans cannot be preserved for long, so one is forced to accept the seller's price.
Time of Payment	Normally, only a small down-payment is made when the contract is signed (the remainder is paid when the coffee is delivered, or in the worst case, after the buyer has sold the coffee and received payment for it).
Purchase Amount	If you refuse to reduce the price in a bumper crop year, you may not be able to sell all your harvest.
Living Expenses	You may have to borrow money at times. You will seldom have the leeway to save money on the long term.

→ Pay attention! Four people will visit your home with offers to purchase coffee from you. Please listen carefully to their proposals regarding the four points of concern.

Inducement Card

Inducement A

**"Safety is Best.
The Government Guarantees"**

Our producer cooperative is backed by the government. Our purchase price is normally \$2.20 per kilogram. Even when the price drops in a bumper year, the government guarantees that we will buy your entire crop if you agree to our price offer (which will be a bit higher than that of B or C, I think). However, please understand that, except for a small down-payment, all payments will be after we receive your crops, and that we cannot loan you living expenses.

A producers' cooperative managed by the national government.

Inducement B

"Global Reach. We are a World-Famous Brand"

Our company has the power to sell massive amounts of coffee to consumers in this country and around the world. You can count on our business, even if you have grown too much. Please feel reassured to sign the contract. The purchase price is \$2/kg, but please understand that we may have to lower the price if the international market falls. Except for a small down-payment, all payments will be after we receive your crops, but we can lend you living expenses, so please make use of this offer.

A multinational corporation based in an industrially developed country.

Inducement C

"Times are hard, right? Leave it to me!"

I can't offer such a good price. Normally it'll be \$2/kg, but except for the down-payment, you'll have to wait till harvest to get your pay. However, if you're in a tight spot, just let me know. If you accept my price, I'll buy all your beans, so you won't have a hard time.

And I know how things are going for you. You want to send your kids to school, right? If you're ever short of money, come my way. I won't send you back empty handed.

A local trader (broker). Sometimes called a "hyena" or "coyote" because they prey on farmers going through difficult times.

Inducement D

"Let's Work Together. The Producer is Number One"

In our cooperative, we pay 20% of the year's income as a down-payment. Normally our purchase price is \$1.80/kg, but we guarantee a minimum of \$1.50 even when the going price in international markets has plummeted. We really try to protect the interests of our producers. However, we are only able to purchase the amount contracted beforehand, and have limitations. This is because our cooperative doesn't have many members, so our small organization is unable to offer better conditions. Also, it is true that the coffee we grow is still not consumed very much in industrially developed countries. If we can solve these issues, we should be able to give loans of living expenses.

A producers' cooperative formed by the farmers themselves.

Basic Knowledge about Coffee

What school textbooks say about trade

The Japanese high school textbooks on "Politics and Economics" describe global trade roughly as follows.

Global trade is based on international division of labor for global economic development. Ricardo (England) used his "relative production cost theory" to justify free trade. However, the international division of labor in free trade tends to be vertical, rather than horizontal and equitable. So List (Germany) argued that it was necessary to protect important domestic industries (protectionist trade) in accordance with his "theory of the stages of economic development."

Historically speaking, prior to World War II, the protectionists policies adopted worldwide after the great depression of 1929 led to a reduction in trade, and the subsequent formation of economic blocks led to intensification of conflict between the blocks, which was a major cause of World War II. As a result, there was discussion on how to rebuild the world economy after the war. The IMF (International Monetary Fund) was formed to stabilize currency exchange rates, and the GATT (General Agreement on Tariffs and Trade) was concluded to promote free trade. These institutions were used to safeguard free trade and to expand the volume of global trade. However, a number of difficult problems arose in the process of developing post-war free trade. The dollar crisis shook up the IMF regime, bringing it to a virtual collapse, and the gap between countries of the "north" and "south" continued to increase. The countries of the South which became independent after the war were unable to grow out of the monoculture economies of colonial days. Unable to accumulate much capital or technology, many countries are still having a difficult time becoming economically independent.

Things to understand from this study kit

Our concern here is the difficulties that developing countries face in a free trade regime. The school textbooks only give a general explanation about these problems, so they do not help those seeking a deeper understanding to get a more concrete grasp of what is happening. How well do we understand the realities of trade, anyway?

We need more concrete information. For instance, what are the realities of primary commodities trade in a free trade regime, and of the new globalized economy transcending national borders? This study kit aims to address some of these questions.

The realities of free trade

There are three aspects of free trade that should be pointed out.

First, in free trade, there is a big difference in negotiating power between the manufacturer and the primary commodity producer. Especially in the case of agricultural goods, productivity is often low due to limited mechanization, and capital tends to be lacking to develop value-added products. Agricultural products cannot be stored for long, so it is difficult to withhold them from sales until the price increases. Monoculture is particularly vulnerable to market changes (price fluctuations). In the case of the coffee trade, which depends on a large number of small scale producers, it is also difficult to reach commodity agreements. As trade proceeds with a tendency to be dominated by the "north," the relative price of primary commodities continues to fall.

Secondly, free trade agreements are actually more advantageous for industrially developed countries than for developing countries. The GATT, which was supposed to promote free trade, actually had many loopholes. For instance, Article 25 (waivers) could be applied broadly to restrict trade in agricultural products. The system of preferential tariffs also has many reservation clauses. On the other hand, industrially developed countries have continued to export massive amounts of subsidized agricultural products. As long as they merely continue to export primary commodities, developing countries cannot avoid subordination in a process of inequitable global development. They fall into a vicious cycle of accumulating debt.

Thirdly, the world is heading towards a globalized economy where national borders are becoming increasingly irrelevant. The multinational corporations of the developed countries are off-shoring production in search of ever cheaper labor and resources. In this situation, the relative volume of trade within companies is increasing. Furthermore, due to multinational trading companies, international trade is no longer necessarily trade between countries. In the case of coffee, US companies such as Cargill, Goldman Sachs and its subsidiary J. Aaron, among others, are well known. Japanese trading houses also play a similar role. When trying to understand today's trade issues, one will miss the mark if one does not study the direct trading relationship between such multinational traders and the producers.

Today's coffee crisis

Coffee is one of the leading primary commodities traded worldwide. In the tropics and sub-tropics where it is grown, many countries' economies are heavily dependent on the coffee trade. Furthermore nowadays, Brazil's continued increase in production and Vietnam's aggressive entry into the market have caused a glut in supplies that has directly impacted the livelihoods of producer households. This has caused a so-called "Coffee Crisis." The gap between the multinational corporations in the "north" and producer households in the "south" is widening more and more.

Commentary for Study Kit 1 “Coffee Q&A”

Coffee is made from the seed of the coffee tree, an indecious tree of the genus Rubiaciae, native to Ethiopia. The tree grows to a height of about 3 meters, and its red-colored, spherical or oblong fruits normally contain two seeds. Harvest is normally 8-9 months after flowering, but it takes approximately 5 years from planting to be able to harvest marketable coffee beans. The main varieties of coffee are the Arabica and Robusta species. Arabica coffee is of superior quality and fragrance. Its quality depends on the growing conditions, the time of harvest, and the manner of processing such as drying and threshing. Robusta coffee is becoming increasingly important for manufacturing canned and instant coffee.

Coffee is grown in the regions between north and south latitude of 25 degrees, i.e., between the tropics of Cancer and Capricorn, also known as the "coffee belt." Good quality beans can be best grown in highlands with an annual average temperature between 15-30 degrees, annual precipitation of 1500-1600 mm, relatively stable temperature throughout the year, and moderate temperature variation between day and night time.

Coffee is grown in approximately 60 countries worldwide. Some twenty countries in Latin America produce 55-60% of worldwide production (the world's number one producer Brazil alone produces 25%), followed by Africa with 15-20% and Asia with some 25%. The ratio of production in Asia has increased in recent years due to rapid production increases in Vietnam.

It is the industrially developed countries of the "north" that consume most of the coffee. In the past, demand increased about 2% per year, but with increased consumption of carbonated beverages, growth has slowed to 1-1.5% in recent years. On the other hand, production has continued to increase about 2% annually, causing an imbalance in supply and demand. Furthermore, supply and demand fluctuates from year to year. Coffee is susceptible to damage from frost. Even one night's frost can cause the trees to lose all their leaves and wilt. Coffee rust is also a serious menace. It is damage caused by a type of fungus which is highly contagious and can spread to all the leaves on a tree in a short time. Such susceptibility to changes in climate, etc., makes the supply of coffee unstable. Thus, the livelihood of coffee producers is on unsure footing, and it is the small growers that are impacted the most when the price drops.

The table below shows the living conditions in major producer countries from the "State of the World's Children 2006" report (UNICEF).

	Mortality of children under age 5 (per 1000)		Infant mortality (under age 1, per 1000)		Per capita GNI (US\$)	Average life expectancy at birth (years)	Adult literacy rate (%)	Enrollment and participation in primary education (%)	Household income distribution (%) 1990-2000: bottom 40%, top 20%	
	1990	2004	1990	2004	2004	2004	2000-2004	1996-2004	Bottom 40%	Top 20%
Brazil	60	34	50	32	3090	71	88	95	8	63
Columbia	36	21	30	18	2000	73	94	93	9	62
Vietnam	53	23	38	17	550	71	90	96	19	45
Indonesia	91	38	60	30	1140	67	88	94	20	43
India	123	85	84	62	620	64	61	77	21	43
Ethiopia	204	166	131	110	110	48	42	31	22	39
Mexico	46	28	37	23	6770	75	90	99	10	59
Japan	6	4	5	3	37180	82	-	100	25	36

Column 1 The Birth of "Instant Coffee"

It is often said that regular coffee is made from the Arabica species, and instant coffee from the Robusta species.

Brazil, which suffered greatly from the great depression at the end of the 1920's, feared being unable to sell large amounts of coffee beans in the future, so it asked Nestle Inc. of Switzerland to develop processed coffee that could be consumed anytime as needed. Nestle is said to have developed powdered coffee and successfully marketed it under the Nescafe brand.

If instant coffee was born from the fear of un-sellable surpluses (losses), its commercial significance becomes increasingly clear.

A search on the internet will yield Nestlé's explanation of the origins of instant coffee, with subtle difference from the above. It is interesting to read and compare views in order to get to the root of the matter.

Commentary for Study Kit 2 “The History of Coffee”

There are various hypotheses about the origins of coffee. In Ethiopia, there was an ancient custom to prepare drinks using roasted coffee leaves or beans. It was from around the 13th century that coffee became popular as a drink among Muslims, who are prohibited from drinking alcoholic beverages. At first coffee was grown mainly in Yemen, transported to Cairo, and traded by rich Egyptian merchants. As maritime navigation techniques improved and new sea routes were developed, merchant capitalists of various European countries intervened in the trade, amassing huge profits in their local European markets.

In the 17th century, the Dutch East India Company shipped Yemenite coffee from Moca port around the Indian sub-continent to Indonesia and other Islamic regions. Europeans brought coffee from Cairo via the Mediterranean sea to various parts of Europe, where "coffee houses" sprang up. As a result, coffee supplies from Yemen could no longer meet demand, so the Dutch East India Company established its first coffee plantations in its colony of Indonesia (Java) at the end of the 17th century. This was the start of monoculture coffee production. Huge amounts of Java coffee flooded into markets in Europe and America via Amsterdam.

In the 18th century, France began developing plantations in its colonies in the West Indies. At the time, tens of thousands of black slaves were transported yearly from the west coast of Africa to Haiti and other islands in the West Indies. It should be kept in mind that from then until the 19th century, coffee production in Latin America was part of the infamous "triangular trade." (Coffee was sometimes referred to as "Negro sweat" in those days.)

In the 19th century, one country emerged in the world market as the dominant producer of coffee. It was Brazil. After gaining independence from Portugal in 1822, Brazil continued to increase production until it surpassed Java by 1950 to become the world's top producer of coffee, accounting for half of worldwide production.

In the 20th century, many coffee producing countries became independent after World War II, but the dependency on monoculture from colonial days continued, so that coffee remains among the most important export commodities for them. It is surprisingly little known that coffee is next only to oil in transaction value among primary commodities traded globally.

Today, the modes of coffee production vary according to region globally. In Latin America, large plantations dominate production in Brazil and some countries, while small-scale producers are prevalent in other countries. In Asia and Africa, most coffee is produced by small scale farmers using family labor. In Indonesia, the plantations of the colonial period were confiscated in a wave of nationalism. The system of forced cultivation (farmers were forced to grow certain crops and surrender them without payment) was abolished. Today, many small-scale farms grow coffee instead. Vietnam, which newly entered the coffee trade in the 1990's, is promoting coffee production with government subsidies, rapidly increasing output through large-scale production.

The market price in New York plays an important role in determining the price of coffee. An agreement (ICA = International Coffee Agreement) and organization (ICO = International Coffee Organization) have been established to alleviate the instability of markets for coffee exporting countries by managing supply through export quotas. However, coffee is produced by large numbers of small-scale farmers, and can be stored for only 3 years at most, so it is extremely difficult to adjust production in the way it is done for oil. The ICA collapsed for practical purposes in 1989, and market adjustment systems are non-functional at present.

Column 2 The reason for increases in Vietnamese coffee

As explained previously, Vietnam has wedged itself into the coffee market, becoming a leading producer since the latter half of the 1990's. Factors such as the following have been pointed out to have contributed to this.

1. a foreign currency acquisition strategy in line with the "Doi Moi" policy, during a global coffee boom.
2. "poverty" alleviation measures for ethnic minorities of the central highlands.
3. a change in cultivated species influenced by the influx of inexpensive grains from globalized trade.

However, coffee production by Vietnam merely induced a glut in supply on global markets. There are reports that "the price at which coffee is purchased from producers in Vietnam covers less than 60% of the production cost."

Commentary for Study Kit 3

“The Aroma Village Coffee Plantation”

How is coffee delivered to us after harvest?

Coffee distribution channels vary slightly from region to region, but their basic structure is the same. It is based on government-administered distribution management organizations, which control prices, quality, ranking, and distribution (an exception is Indonesia, where the Trade Bureau determines policy but does not directly intervene in distribution). Cooperatives for distribution of coffee are organized under these distribution management organizations. In the private sector, there are brokers (middlemen) and exporters. Often the brokers have been established in local regions for a long time, and serve as middlemen in distribution in the region. Depending on the country, exporters may be under the umbrella of the Government-administered distribution management organization, or they may trade independently.

Coffee is grown on small-scale farms in most producer countries worldwide. After harvest, the small-scale farmers usually sell their produce to a broker, cooperative, or exporter. However, large plantations in Brazil often own their own refining facilities. So they may directly export overseas through the cooperatives, which are independent from the government. They also may sell to exporters via brokers.

The situation simulated in this study kit is trade between producers and an exporter (a multinational corporation). Nowadays, the role of globally active multinational trading companies cannot be overlooked. Producers are greatly impacted by changes in supply and demand of coffee beans, and especially by trends in Brazil. The producers can look forward to a somewhat higher income than in their previous subsistence-based lifestyle, but their livelihood is unstable. In other words, even if they get good harvests, the price will drop if there is excessive supply. In such cases, the price may drop to half of the previous year. On the other hand, if the harvest decreases, the price will rise, but the sellable harvest also diminishes, and producers in a weak bargaining position cannot directly gain higher profits from higher prices.

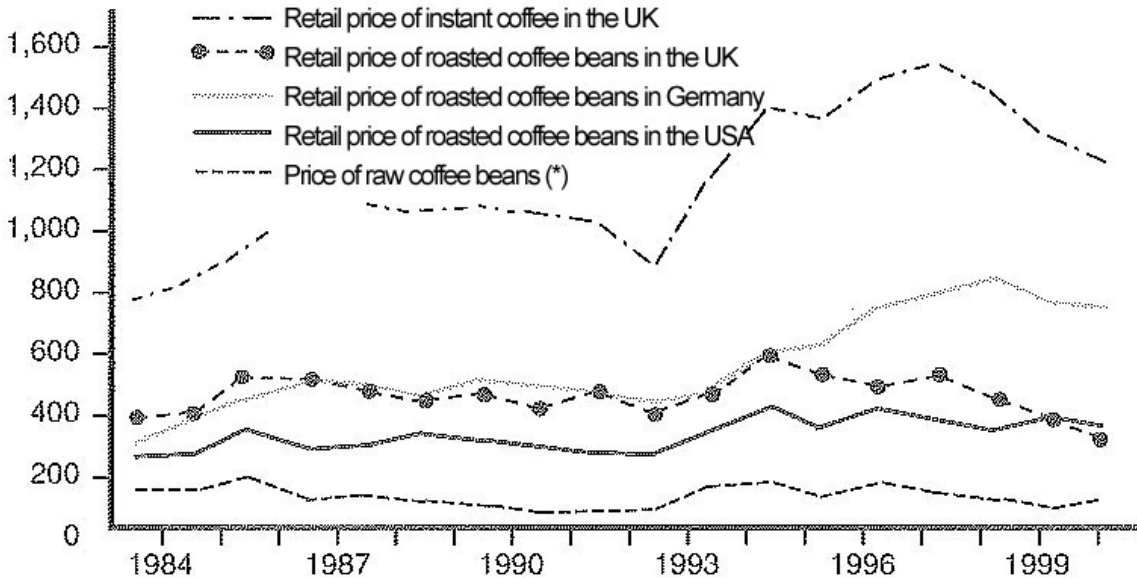
Though price is a key factor for producers, whether or not they can sell all of their harvest is also a critical issue.

About the simulation in Study Kit 3

Study Kit 3 is in a game-like format to raise the interest level of the participants. For this reason, it differs from reality in many respects. For instance, coffee beans cannot be harvested until 3-5 years after planting, but it is assumed that they can be harvested from the first year. Coffee-growing contracts with companies also are not negotiated on a yearly basis. It is hoped that the study kit will be used to promote understanding of the situation of producers in the "south," who are tossed about by fluctuating market prices and disadvantageous contracts, and to encourage study of north/south issues, with the understanding that some aspects of the study kit differ from reality.

Comparison of Coffee Prices (Nominal Price)

International Coffee Organization statistics, 1984-2001 (price per lb in US cents)



* Price of raw beans is ICO combined price index for raw coffee beans traded internationally.

*Source: Oxfam International "The Coffee Crisis," p. 28

Column 3 What is the true intent of major retailers?

Many readers may have noticed pamphlets with titles such as "contributing to producer regions" on display at storefronts of retailers such as Starbucks. It is likely that such major retailers will increasingly advertise their initiatives to use "fair trade products." It is in itself a significant trend, but is it mere posturing to improve the corporate image?

In the future, the real answer may depend on consumers' asking: "What percentage of what I spend on coffee is going to the producers? Could you tell me the figures?"

What other ways are there for consumers to show retailers their sincere concern about the sources of the products they buy?

Commentary for Study Kit 4 “What is Good Trade?”

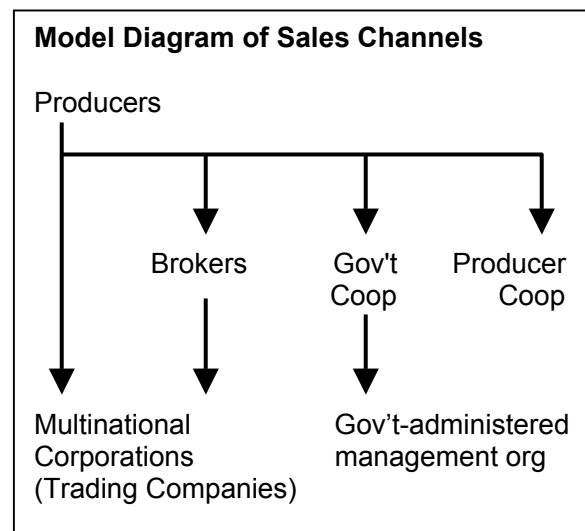
When considering the coffee trade from the standpoint of the producer, it becomes apparent that the greatest challenge is to overcome the instability of the price of coffee. Let us consider how coffee producers might achieve more self-reliance.

The following are issues that need to be addressed to improve the livelihoods of coffee producers.

1. Price: Though securing profit under normal business conditions is also important, the producers' most fervent wish is for a minimum price level to be guaranteed when prices fall due to over-supply.
2. Timing of Payment: Payment is normally deferred until the entire procured amount has been sold. This leaves the producer always in an unstable situation. It would be desirable for at least half, if not all, of the price to be paid in advance.
3. Term of Contract: The producers' livelihood will never become stabilized as long as they are forced under yearly contracts to discount their price according to fluctuating supply and demand. The producers' hardships would be relieved greatly if they could enter into longer term contracts.
4. Other: Sales volume is also an important factor. Producers need to be able to sell all that they have produced. They also need access to credit for emergencies and capital investment.

By the way, the sales channels assumed in study kit 4 are as shown in the following diagram. This diagram is a generalized model of sales channels in the real world. Two types of cooperatives are indicated. The government-backed cooperatives are able to control distribution in an organized manner, but are not necessarily on the side of the producers. The other type is the producer cooperative. These are newly established by the producers themselves. These are not fictitious entities; there are many new cooperatives established by producers themselves in many developing countries. However, these cooperatives require stable export routes to remain self-reliant. "Fair Trade," which is especially popular in Europe, is generally carried out with such cooperatives. But their total trade volume of about 50 million dollars per year is still relatively small.

Under such circumstances of the coffee trade, what is the producers' share (percentage) of the retail coffee price? There is no definitive source of data on this. According to Oxfam in the UK, the producers' share of the retail price is a mere 6.5% in the case of sale as unprocessed beans. The most profitable aspect of coffee production is grinding the coffee beans. Coffee producers are unable to enter this business due not only to technical issues, but also structural mechanisms. Though Brazil at one time attempted to process its own beans, it was forced to quite due to pressure from huge companies in the north.



Column 4 The daily life of coffee producers

A producers' cooperative in Chiapas state, Mexico (with about 1500 households as members) has begun "fair trade" through NGOs in Europe and Japan since the 1990's. Fair trade accounts for approximately 10-20% of the total harvest of the cooperative. The coffee beans are purchased at a premium of 10% above the market price, and this additional revenue is used to fund training programs and other social activities for the producers.

Many of the villages where the producers live only have primary schools. For this reason, a dormitory was built near the coffee warehouse in San Fernando using the additional revenue from fair trade, so that the coffee producers' children could attend middle school. It is a boys' dormitory, so it cannot accommodate all of the children, but it does allow some 20-30 children to attend middle and high school. Since the parents were unable to go to school and are unable to read and write, they wish for their children to gain an education and take responsibility for their family farms in the future. Upon interviewing the children attending school in this way, it was found that many wanted to become doctors or teachers in the future. However, some of the students have become managers of organic farming at the cooperative after graduation.

Fair trade takes time to have a positive effect, as it does not provide funding for activities from the start. Producers unable to meet their immediate living expenses often end up selling directly to the buyers or brokers who occasionally visit them.

(Source: Alter Trade Japan, Inc.)

Commentary for Study Kit Wrap-up

The reality and challenges of primary commodity trade

Coffee is next only to oil in importance as a primary commodity traded globally. The realities of the coffee trade could be said to epitomize the problems of global trade in primary commodities. Primary commodity producer countries are placed in a difficult position due to over-production and intense competition. There is an urgent need to improve this situation. The need for developing countries to free themselves from their dependency on primary commodities has been emphasized for many years, but many countries have been unable to achieve this.

The post-war world has attempted to establish global peace and prosperity by developing the global economy through free trade. But this attempt has not progressed as expected. The polarization of wealth and poverty is becoming even more apparent under today's globalized economy. Measures to relieve the suffering of primary commodity producers are urgently needed, and transcending the dependency on primary commodities at the national level remains a fundamental challenge. How can these countries achieve economic self-reliance?

The way to freedom from dependency on primary commodities

If we study the history of economic development, we find that "import-substituting industrialization" has been one way to achieve economic self-reliance. Imports are restricted while local industries are developed to fulfill the domestic market needs previously met through imports. Import-substituting industrialization is thought to have contributed to economic development in many Asian countries to a certain extent. The second path has been "export-oriented industrialization" going beyond constraints of the domestic market. Domestic industrialization is promoted through export of industrial products. An export-oriented industrialization policy abolishes protectionist trade policies intended to nurture domestic industries. Furthermore, foreign companies are welcomed with the expectation of technology transfer. In this way, some countries in Southeast Asia have freed themselves of a monoculture economy and succeeded in export of industrial products.

These are the models for industrialization of developing countries. However, the real situation is not so simple. Economic domination by external powers has subordinated many nations of the world. Corporate monopolies of the "north" and "economies of scale" have become insurmountable barriers. Perhaps the only choice is for the people to cut off their subordinate economic relationships in each region, and search for ways towards self-reliance. The globalized economy makes such issues of relationship between north and south more important than ever. To overcome these problems, the United Nations and other international organizations, as well as governments of the "north" and "south," multinational corporations, producers and we consumers also need to search for more positive forms of interdependency.

International cooperation starting close at hand

Let us return to the example of coffee, and consider what international cooperation activities are possible for us. Is there anything we can do in our relationship to the coffee producers? Can we work to resolve the "north-south issues"? Let us think from various perspectives.

As voters we can show our interest in our government's overseas aid policy. As (global) citizens, we need to take an interest and speak out regarding how our ODA (official development assistance) is used. As investors, we should be concerned about corporate social responsibility. In this study kit, we have focused on multinational traders who deal directly with producers. The most famous coffee companies worldwide are the huge coffee processing companies, such as P&G, Phillip Morris (Kraft Foods), Sara Lee, and Nestle, which govern the trading companies and dominate the global coffee market. As corporate responsibility investors, we could monitor the major coffee companies through investing in them. As citizens, we can also support NGOs. The possibilities are many.

Additionally, as consumers (community members), we may also support producers by buying coffee directly from the producers or through coffee companies that support the producers. An example of the latter is the fair trade movement, which is also starting to become popular in Japan. NGOs are trading directly with producers while building face-to-face relationships with them. The "Transfair (fair trade)" program, which has been adopted by Starbucks and other coffee shops, is another example. The movement helps us to become ethical consumers by supporting struggling producers' cooperatives. The Transfair program, which is popular in Europe, allows companies that endorse its criteria of fair trade (minimum price guarantee, prepayment of up to 60% or purchasing cost, long-term purchasing contracts) to use its label, and encourages consumers to purchase coffee from these companies while monitoring their activities.

References

- Overview of Brazilian History (Gaisetsu Burajiru-shi), ed. YAMADA Mutsuo, Yuhikaku, 1986.
- Earth Watching (Chikyu Uocchingu), ed. SHIMONAKA Naoya, Heibon-sha, 1987.
- The World Comes into View through Coffee, Revised Edition (Kohi kara sekai ga mieru), Press Alternative, 1987.
- International Economic Theory - The Global System and National Economics (Kokusai Keizai Ron, Sekai Sisutemu to Kokumin Keizai), Ed. YANAGIDA & NOMURA, Minerva Shobo Publishing, 1987.
- Coffee goes around and World History changes (Kohi ga mawari, Sekaishi ga Mawaru), SHIRAI Ryuichiro, Chuko Shinsho, 1992.
- The History of the Spread of Coffee (Kohi Denpa Shi), SEKIGUCHI Ichiro, Inaho Shobo, 1992.
- Coffee Encyclopedia (Kohi Dai Hyakka), MOROOKA Hakuyu, Inaho Shobo, 1993.
- Aiming for Fair Trade (Koseina Boueki wo Mezasite), March issue, "Sekai" Magazine, Iwanami Shoten, 1994.
- Education for Development (Kaihatsu no tame no Kyoiku), Japan Committee for UNICEF, 1994.
- World Family (Sekai Kazoku), Material World Project, TOTO Shuppan, 1994.
- States and Markets, 2nd ed., Susan Strange, Pinter 1994.
- Coffee Survey Research, PARC Freedom School, 1994.
- Introduction to International Economics (Kokusai Keizaigaku Nyumon), NAKAYA Tetsu, Chikuma Shinsho, 1996.
- The Science of Coffee (Kohi no Kagaku Suru), ITO Hiroshi, Jiji Press, 1997.
- African History in Maps, M. Kwamena-Poh, Longman Pub Group, 1982.
- Fair Trade with Africa (Afurika tonu Fair Trade), Global Village, 1997.
- UNICEF's Education for Development (UNICEF no Kaihatsu no tame no Kyoiku), Japan Committee for UNICEF, 1998.
- FAIR TRADE Reform and Realities in the International Trading System, Michael Barratt-Brown, Palgrave MacMillan, 1993.
- The State of the World's Children 2003, UNICEF, 2003.
- Coffee Basic Knowledge and Recent Trends (Kohi no Kiso Chishiki to Saikin no Doukou) (<http://www.yutaka-shoji.co.jp/>), 1998.
- Best Investment Coffee Newsletter (<http://www.binews.com>), 1999.
- Video "The Secrets of Coffee" (Kohi no Himitsu), PARC, 2002.
- Mugged: Poverty in your coffee cup, Oxfam International, 2003.
- The Situation in the World's Leading Coffee Producer Countries (Sekai no Omona Kohi Seisankoku Jijo), The Tokyo Grain Exchange, 2001.
- Fair Trade Label Japan (Registered NPO) (<http://www.fairtrade-jp.org/>).

* Documents from the Wakachiai Project and Alter Trade Japan, Inc., and other sources.

Afterword

This study kit is a revised version of "What is Good Trade? Global Trade as Understood from A Cup of Coffee" (1999). In these few years since publication of the first version, the global coffee trade has undergone a major transformation. Firstly, the new entry of Vietnam and other factors have caused a drastic change in coffee supply and demand. The conditions of the coffee trade have driven producers even deeper into poverty, creating what is often referred to as a "coffee crisis." This new edition reflects these changes. There has also been some positive change. The first edition stated that "fair trade is still largely unknown in Japan", but the current edition was able to state that "fair trade is also starting to become popular in Japan." A number of modifications were also made to improve the ease of use of the study kit. We would like to express our gratitude to the Wakachiai Project and Alter Trade Japan Inc. for their cooperation with the above.

Finally, the afterword of the first edition is given below to explain how this study kit came into being.

"This study kit is based on material prepared during an overnight workshop for course material preparation on 'foods in our daily lives and fair trade' during the 7th Development Education Workshop organized by the Development Education Association and Resource Center (DEAR) in 1995. The course material prepared by the coffee team (prototype of study kit 4) was the starting point. Three additional course materials were newly prepared, along with commentaries with basic information. These were put together into a set of course materials.

Financial support was received from Ayus = Buddhist International Cooperation Network for preparation of this set of course materials. The Wakachiai Project participated in and contributed to the workshop and provided follow-up documentation. The Japan Committee for UNICEF gave its understanding and cooperation for preparation of the course materials. We would like to express our heartfelt gratitude to all the above."

Team

Hitoshi KONUKI, Saitama Prefectural High School of the Arts, Takushoku University International Development Education Center

Kyoko KATO, Development Education Association and Resource Center

Yasujiro KOJIMA, Meiji Gakuin Higashi Murayama High School

Akihiko SUEYAMA, Niigata Prefectural Shibata Agricultural High School

Eno NAKAMURA, Secretariat, Development Education Association and Resource Center

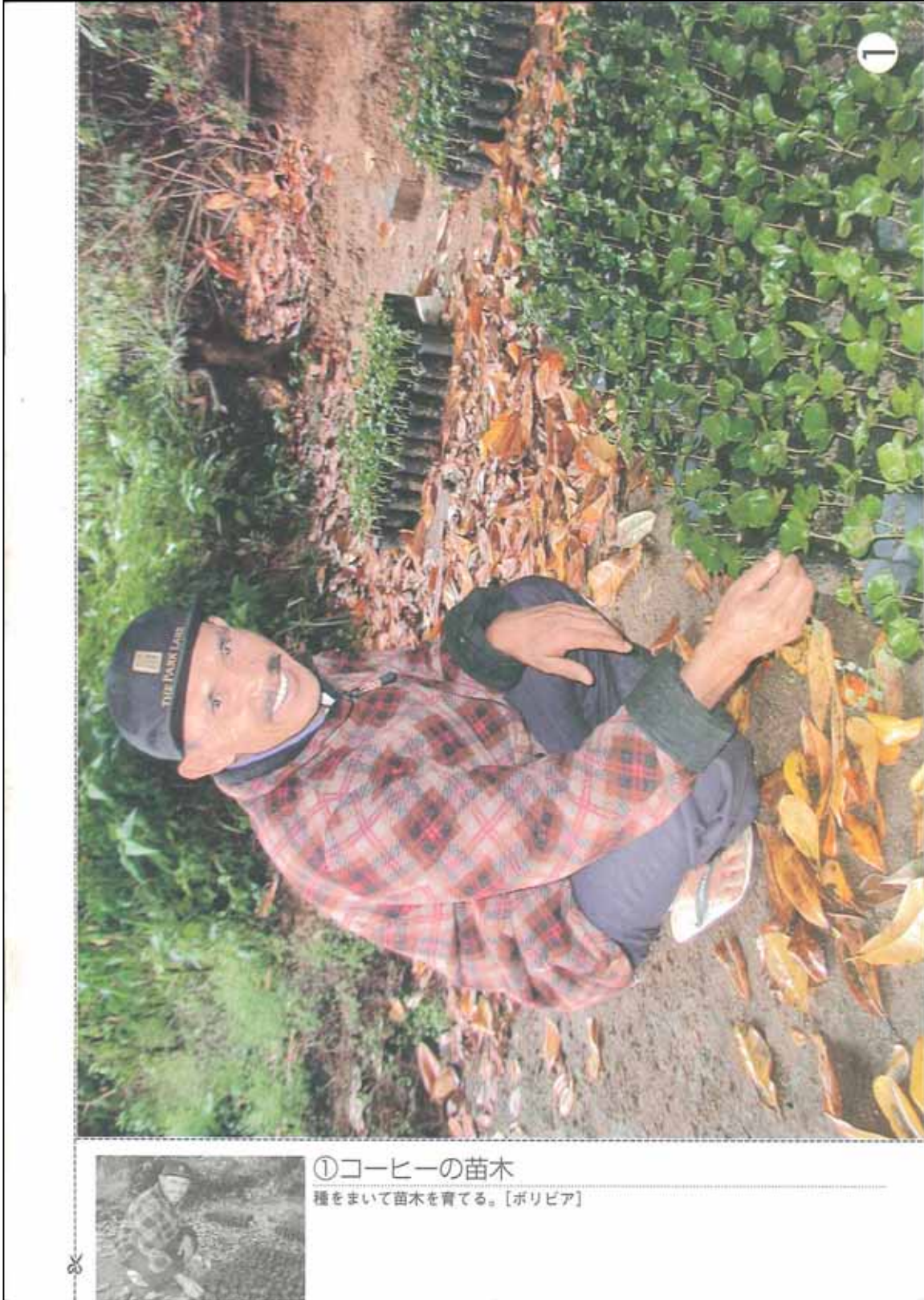
Cover Design: Jun ANDO

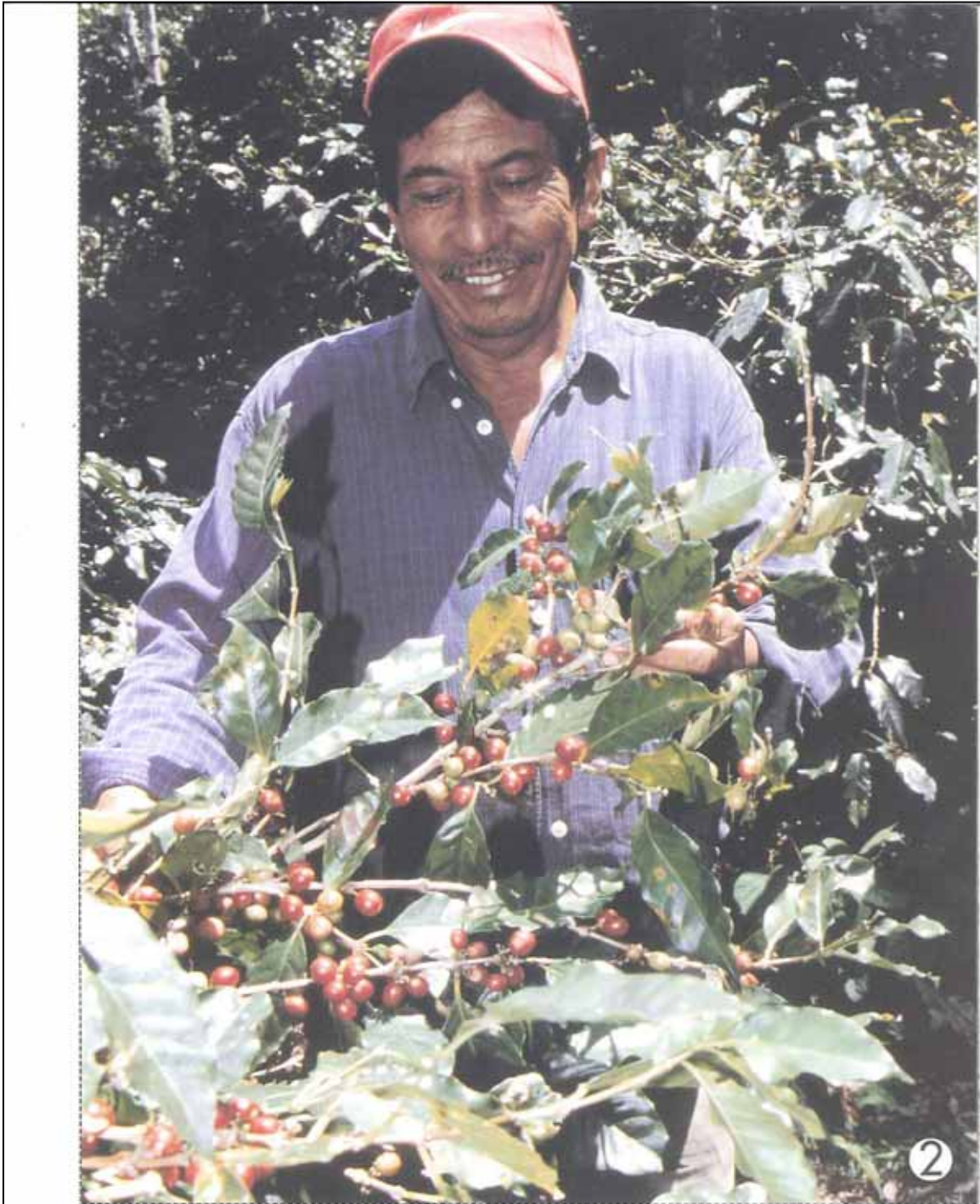
Text DTP: Tetsuya HASEGAWA

Cooperation:

Wakachiai Project (<http://www.wakachiai.com>)

Alter Trade Japan Inc. (<http://www.altertrade.co.jp/>)





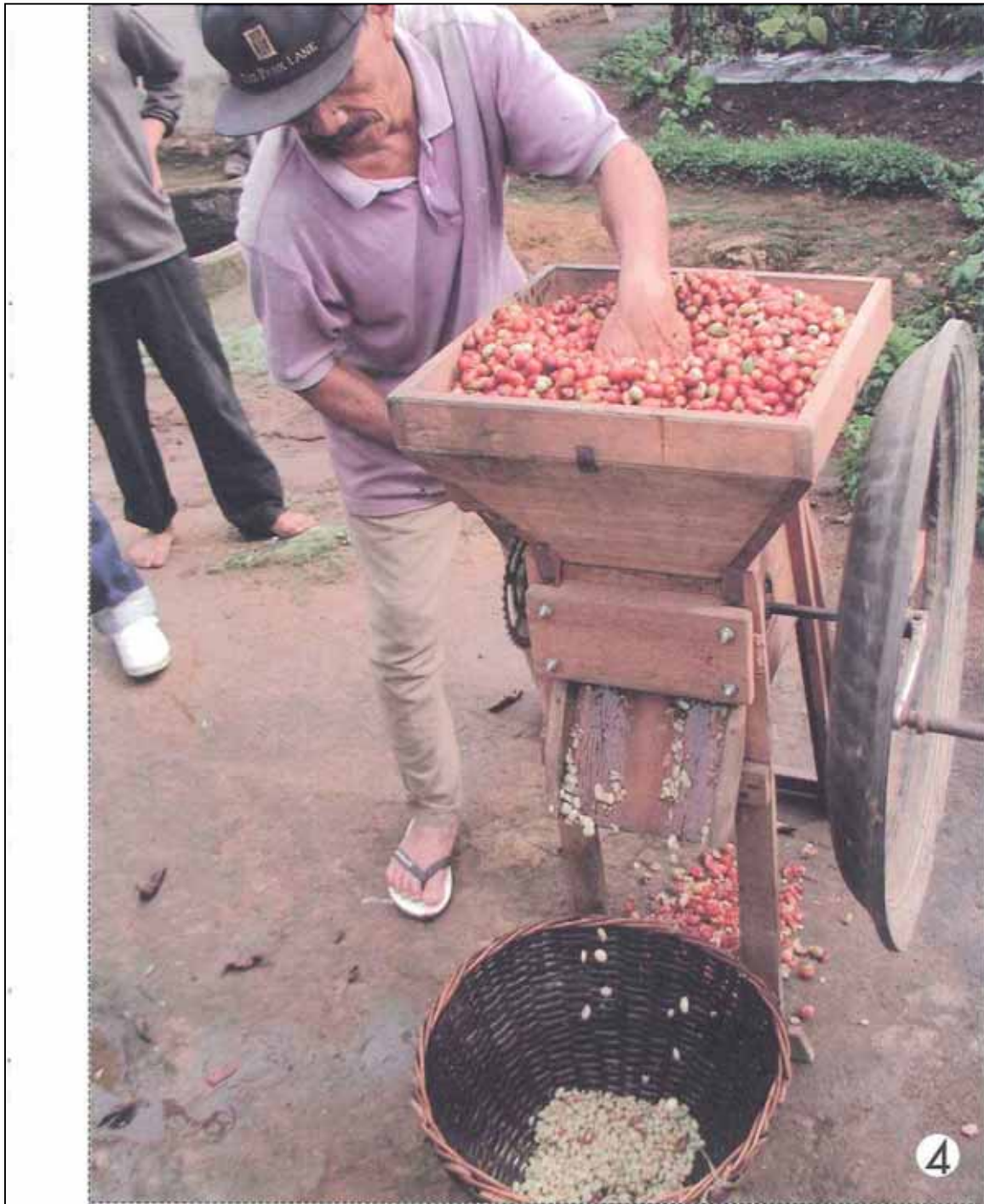
2



②コーヒーの収穫

コーヒーの実が赤く熟すと、家族総出で手摘みによる収穫が行われる。[メキシコ]





④果肉の除去

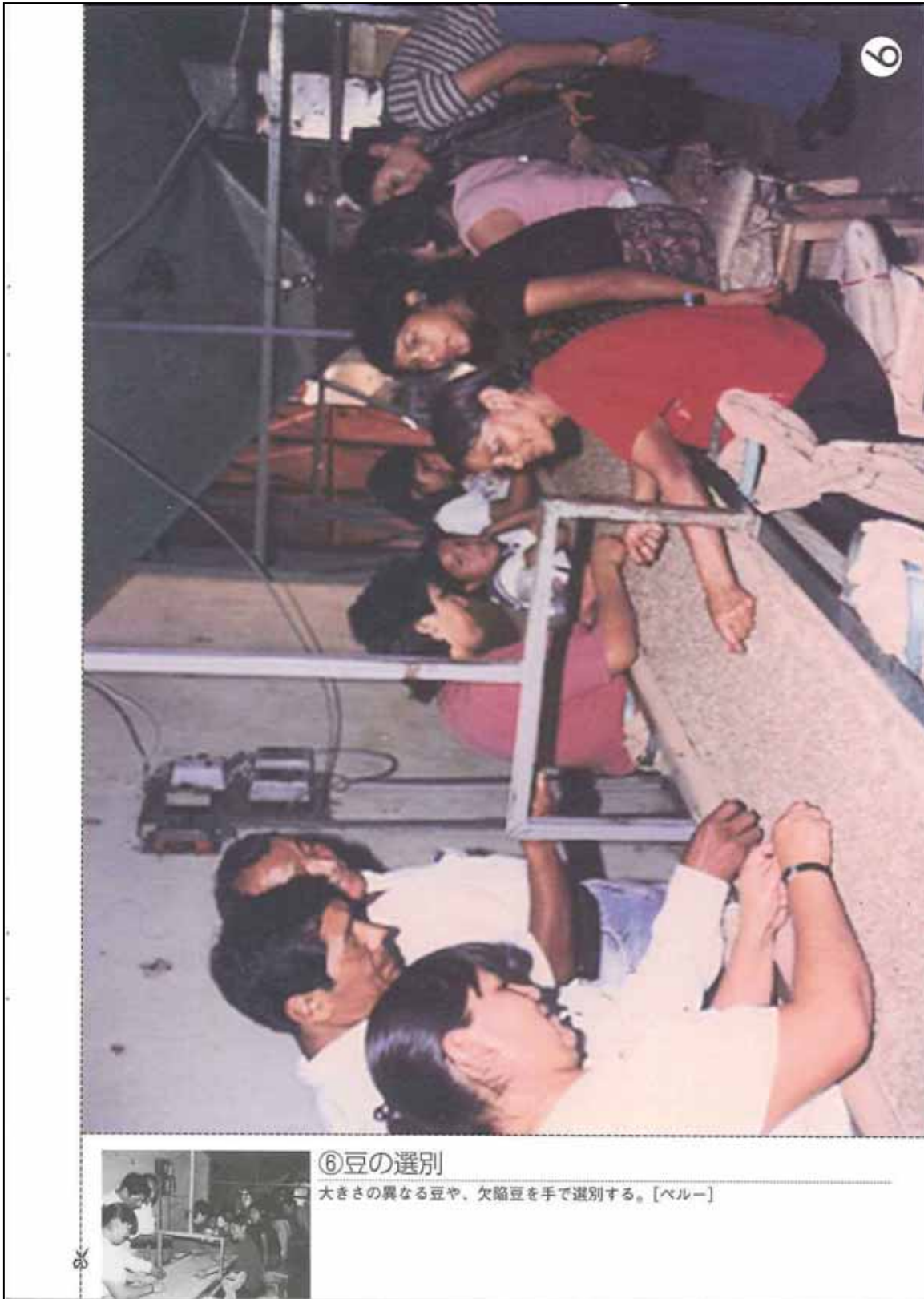
機械にかけて果肉を取り除く。【ボリビア】



⑤ 乾燥

果肉が除去された豆を2週間ほど天日で乾燥させる。【ボリビア】



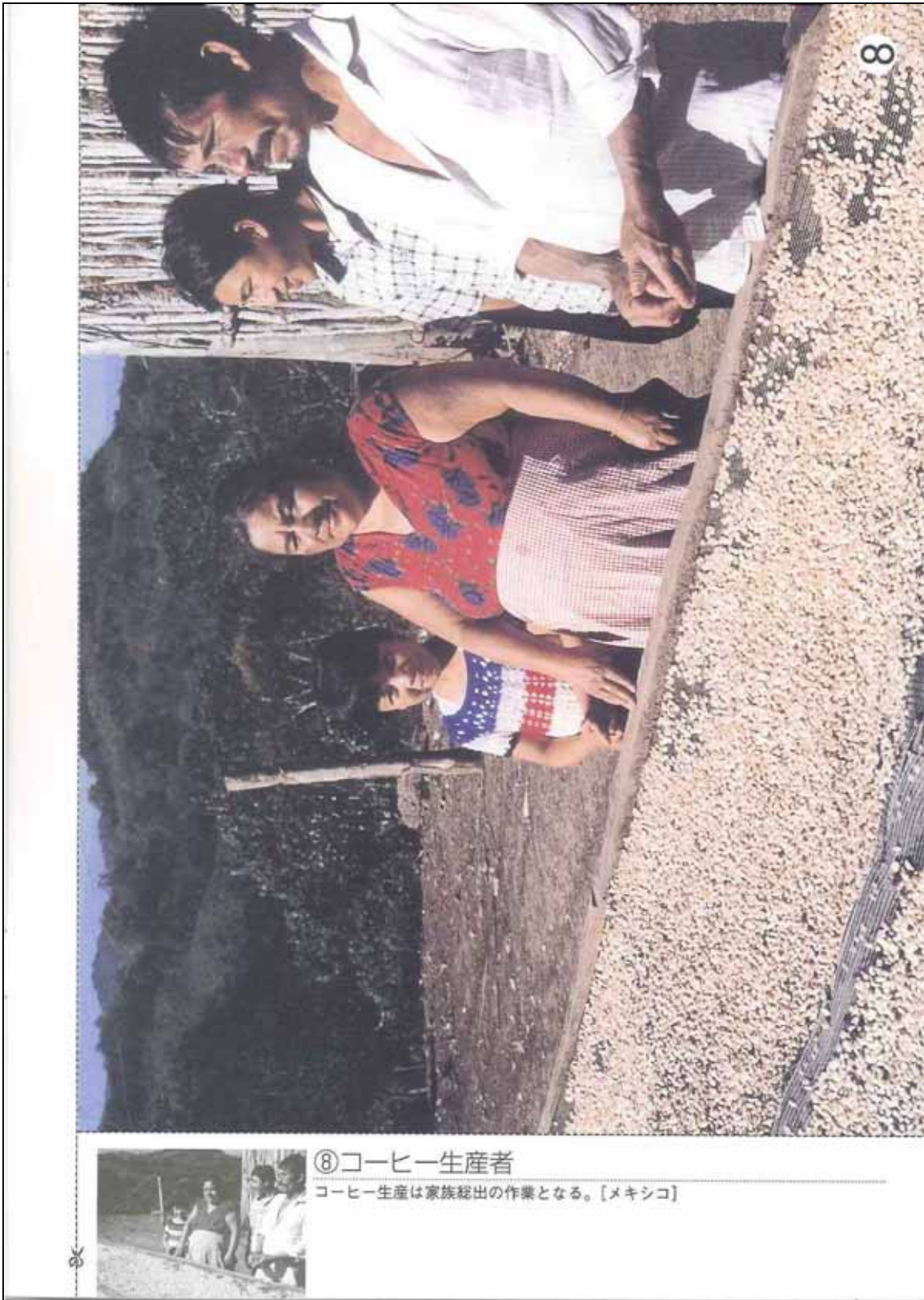




⑦袋詰め

選別された豆は麻袋に詰められ、日本に出荷される。[メキシコ]





⑧ コーヒー生産者

コーヒー生産は家族総出の作業となる。【メキシコ】

