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# Coffee EcoLabels

Is the recent proliferation of sustainability seals sustainable?

**“You can’t really be in favor of soil erosion”**

By Jenny Neill

**C**onsumers today eagerly rally to support conservation causes, from rain forest protection to songbird preservation. Labeling agricultural products such as coffee, tea, and cocoa as “environmentally friendly” has become big business. But what has driven the recent growth in such certifications in coffee? Those who shop their conscience may be surprised by what has spurred the recent proliferation of ecolabels.

Leif Pedersen, senior manager of sustainable coffee for the Rainforest Alliance, explained, “Many people say it starts with a shift in mentality among consumers, but it’s really driven mostly by companies. Companies have seen the light. They have acknowledged that sustainability must become a part of their business model.” A recent survey of managers who studied at the International Institute for Management Development (IMD) supports this assertion. The executives were asked about the level of pressure on environmental issues that they felt from each of six stakeholder groups, and customers came in a lowly fourth.

No matter what is convincing businesses to invest in sustainability initiatives, some of the biggest players in the coffee sector have made major commitments. Nestlé, Kraft, ICA, Tchibo, and Tata Global Beverages are just a few of the companies buying beans with an ecolabel certification. These multinationals are also devoting more dollars to funding research and technical training, a fact easily substantiated by reviewing the annual reports of organizations that develop seals. The Rainforest Alliance experienced an increase of nearly 250% in income derived from donors, grants, and membership fees, reporting more than US\$22.59 million in 2011 up from US\$9.15 million in 2006. Another sustainability program that made tremendous gains during that period is UTZ Certified with over three times as much income in 2011 as in 2006. These are just two of the more than 21 agriculture

and seven coffee-specific marks being tracked by Ecolabel Index.

But expansion of sustainability market channels has not been meteoric for all eco-friendly coffee labels in the past five years. Organic sales are not increasing as rapidly now as in the first decade of the 21st century. The market growth rate for UTZ Certified declined from 53% to 11% between 2008 and 2009, and appears to have leveled off to 13% from 2010 to 2011. There is little reason to doubt that the market for “green” products is still growing; however this uneven growth points to the existence of challenges. The managers interviewed by IMD reported numerous concerns including conflicts of interest; a sense that the audit process creates a technical barrier to trade, and skepticism that certification delivers outcomes in line with a given seal’s mission.

### Similar goals, different origins

The certification process for the various eco-friendly marks is, at a high level, the same. One group develops standards, another provides training and assistance to producers about how to comply with those criteria, and yet another verifies that the conditions are being met to a defined level. The standards or guidelines describe the agricultural, environmental, or worker safety requirements in detail. The body responsible for developing them reviews, updates, and approves changes to these criteria on a regular basis.

The rules behind organic seals in three of the biggest markets for environmentally-friendly coffee derive from law. The labeling standard for food was originally established in 1950 in Japan and was extended in 2000 to cover agriculture production and processing. The first rules governing use of ecolabels in the European Union (EU) were established in 1991. That initial law has since been supplanted by newer legislation and in July 2010 a new organics logo debuted. The National Organic Program (NOP) was established in the United States in the 1990s and enforcement of the NOP Final Rule began in 2002.

The way such criteria have developed for other marks have followed different paths. For example, the little green frog that appears on the Rainforest Alliance seal indicates that the product on which it is displayed has met standards set by the Sustainable Agriculture Network (SAN). This association grew out of collaborations between environmental scientists, activists, and farmers in Costa Rica in the late 1980s and early 1990s based on efforts to sustainably grow bananas. By 1998, the informal group had grown to include organizations concentrating on conservation and development in Ecuador, Honduras, and Brazil who agreed to formalize the network. It then became the independent standards-setting body for the Rainforest Alliance Certified seal.

The Bird-Friendly certification of the Smithsonian Migratory Bird Center (SMBC) was developed during the same time and had its basis in scientific research. According to Robert Rice, a research scientist at SMBC, the criteria that a product must meet to be awarded the seal have not changed significantly since its inception. One issue that could eventually result in a standard revision is the question “Can a coffee farm be bird-friendly if there is no shade



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## UTZ Certified was founded to recognize larger firms already engaged in using sustainability best practices



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Providing support for such farmers has meant putting greater emphasis on teaching best practices

supply chain representatives, non-governmental organizations (NGOs) and technical experts on specific sustainability issues.

for coffee trees but the farm has forested areas?” However, Rice asserted that “any changes would have to be based on extensive field research.”

As ecolabel systems were gaining momentum, UTZ Kapeh (now UTZ Certified) was founded to recognize larger firms already engaged in using sustainability best practices. UTZ Certified has two main sets of criteria articulated through a code of conduct which addresses farming methods, working conditions, environmental safeguards, and protection and safety of children; and chain of custody requirements. The stakeholders involved in reviewing the code of conduct include producer and

### Looking beyond the seals

Regulators and NGOs are not the only parties with a keen interest in how standards are applied. The U.S. Federal Trade Commission (FTC), a consumer protection agency that derives its power from federal trade laws, recently issued a substantial revision to its Green Guides. The FTC has once again emphasized that ecological marketing claims be clear, specific, and substantiated. The section covering certifications and seals of approval now includes eight examples, up from only one in the 1998 edition. The guidelines caution that marketers who use 3rd party labels may be expected to prove adherence to U.S. laws governing expert endorsements and endorsements by organizations as well.

Most entities involved in developing, applying, and validating standards for coffee producers will have little difficulty demonstrating their expertise. In fact, allied groups, often NGOs or freelance consultants, conduct research to attempt to validate whether certified farms are faring better than those that are not. Even before engaging in such studies, they provide technical assistance and capacity training to help growers achieve certification and to stay in compliance. Both efforts are challenging for entities such as the Rainforest Alliance which has seen a big increase of smallholders and smallholder organizations entering their audit portfolio. Providing support for such farmers has meant putting greater emphasis on teaching best practices.



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Pruning is one example of an agricultural technique that such parties might promote to small holders. Although it has long been standard practice at large coffee plantations, farmers with less than a hectare may not be easily persuaded to try it. According to Pederson, “the idea of cutting the tree in half and that this will actually make the tree produce more is something that many farmers have a hard time understanding.” He explained that convincing producers to prune requires challenging long-held traditions. The most effective methods are those that rely on experimentation or cultural pressure. If a trainer can convince a farmer to prune just 10 trees, the result is fresh new branches that carry more fruit. When one farm starts producing more cherries as a result of applying such tactics, other growers tend to catch on quickly.

Training and research projects investigate questions about the health and safety of agricultural communities, biodiversity, and impacts of agricultural practices. Each organization frames questions based on its overall mission.

Also, studies often attempt to compare certified to uncertified farms, asking questions such as “Do certified farms have more sanitary living conditions than uncertified farms?” or “Is the soil healthier on certified farms?”

Because much of the research to date focuses on narrowly framed questions, it is not surprising that most report at least some positive findings. Elizabeth Kennedy, director of evaluation and research at the Rainforest Alliance, summed it up this way: “they’re credible studies. They’re constructed well. The challenge is that they are often hard to generalize to other geographies or other commodities.” Those limitations are precisely why managers on the demand side of business are skeptical, a concern that many are working to overcome.

Kennedy’s division is invested in strengthening its long-term efforts to conduct systematic and consistent data collection. Reflecting on the challenges that face everyone involved in creating sustainability standards, she mused, “We’re all trying to save the planet, right? So how do we better collaborate? How do we better deliver information so that it’s usable and meaningful in terms of adapting our standards so that we continue to raise the bar and move further towards real social, economic, and environmental sustainability?”

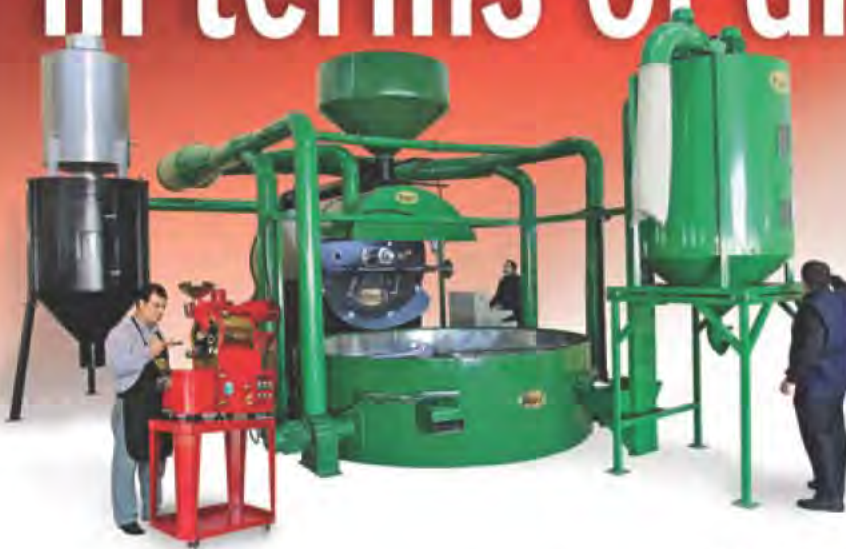
### Pragmatic

Pederson was more pragmatic in his closing thoughts about ecolabels. “When you get down to the producer, there are not really any seals. There are problems and there are solutions, he said. “You know you have a problem, it’s common, and many people suffer from it. Regardless of the certification scheme, when you translate the standard into the opposite, which are good practices that solve problems, then the ideology disappears. You can’t really be in favor of soil erosion you know.” ☕



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# in terms of amounts



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