



U.S. companies selling more coffee with a conscience.

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UNITED STATES -- According to a report by Susan Buchanan from the Dow Jones Newswires--The sustainable coffee business, which tries to pay growers a premium while helping the environment, has gone mainstream, while attracting companies and consumers. Industry members credit Starbucks Coffee (SBUX), Green Mountain Coffee (GMCR) and Peet's Coffee & Tea (PEET), for educating drinkers about the rough times growers suffered in recent years and about different types of joe.

"Big can" or giant roasters are doing their part by expanding supermarket offerings beyond conventional java. Today's consumers are aware of origins like Colombian or Kenyan; of varieties--Arabica or Robusta; and of practices--mountain-grown, organic or Fair Trade," said **Daniele Giovannucci**, a World Bank consultant. As drinkers shell out \$4 or more for gourmet brews, well over half of U.S. java sales are now specialty and sustainable products that weren't on the radar screen 20 years ago.

Fair trade coffee, which is mainly organic, shade-grown and chemical free, ensures that growers are paid a fair wage, while encouraging biodiversity and setting a minimum consumer price. Rainforest Alliance ! certifies coffee plantations that conserve forests and wildlife habitat and give workers decent housing, education and health care.

In the U.S., hundreds of roasters and care owners sell Fair Trade beans, including P&G (PG), Kraft (KFT), Starbucks, Green Mountain, Peet's, and vendors McDonald's (MCD), Dunkin' Donuts, Coca-Cola (KO) and Ben & Jerry's. Equal Exchange, begun in 1986, is the oldest U.S. for-profit, Fair Trade firm selling organic joe.

The industry is now at a gallop, said Rick Peyser, Green Mountain Coffee spokesman, who noted that 658 McDonald's in the U.S. Northeast started selling Newman's Own Organic Blend roasted by Green Mountain in late 2005. Starbucks gets lots of credit for raising consumer interest in producers.

CAFE Practices that establishes environmental and social standards for growers, Starbucks purchased 155 million lbs. of beans in fiscal 2006, comprising 53% of its coffee purchases, said spokeswoman Stacey Krum. "Our goal is to buy 80% of our coffee from CAFE Practices suppliers by 2012."

Giovannucci said "sustainable is now accepted to mean those coffees that are certified to a particular level of social, environmental or economic sustainability, though one still hears an occasional dispute over the term." Over 90% of sustainable beans globally meet minimum standards--organic, Fair Trade, Rainforest Alliance, UTZ Certified or standards held by Starbucks, Nestle and other firms.

Giovannucci said corporations linked with Rainforest Alliance or fair trade have certifications and favorable public relations to fall back on if a big scandal unfolds--such as past headlines about child labor use in West African cocoa production.

P&G, which mass-markets Folgers and Millstone coffee, is offering fair trade-certified and Rainforest Alliance-certified coffees as part of the company's Millstone brand, said Lars Atorf, P&G spokesman.

While certified, sustainable producers are considered good for the environment, they're not the only stewards of the Earth. "Non-certified coffee is not necessarily grown or processed under unsustainable practices," Atorf said. For example, an uncertified grower could be well paid for his beans if they're in particular demand, and some farms operate under healthy, sustainable practices without being certified.

Atorf said the certification movement has helped raise awareness about coffee production and brought with it price transparency, but work is still needed to improve the system. "With very diverse standards, further efforts are necessary."

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Starbucks Corp.; Dow Jones & Company Inc.