



TransFair USA

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***Black Gold* and Fair Trade Discussion Points**

The film *Black Gold* brings the face behind Ethiopian coffee into the cafes of the Global North through the narration of Tadesse Meskela, manager of the Oromia Coffee Cooperative Union of Ethiopia. The movie is striking in its side-by-side representations of the diverse actors in the coffee supply chain with an emphasis on farmers. One of the important points of the film is the significance of Fair Trade in the farmers' lives. It is our hope that *Black Gold* will strike a cord of curiosity within you, and that you will seek to learn more about Fair Trade and how you can help.

This document is meant to guide your post-film discussion of Fair Trade in the context of *Black Gold*. When quotes are used in this document, we recommend that you reshow this specific portion of the film to reinforce what the speaker is saying. This discussion should accompany the two documents: "Making Globalization Work for Everyone" and "Fast Facts about Fair Trade." For more detailed information, we encourage you to visit our website at www.transfairusa.org or contact TransFair USA directly at info@transfairusa.org or (510) 663-5260.

Oromia Coffee Farmers' Cooperative Union, Ethiopia

Ethiopia, the birthplace of coffee, has more than 1.2 million coffee growers and approximately 15 million households dependent on coffee for their livelihoods. Coffee accounts for more than half of Ethiopia's export earnings.

Oromia Coffee Farmers Cooperative Union is the largest Fair Trade coffee producer in Ethiopia. Oromia was founded in 1999 when 23,691 members of 35 small Ethiopian cooperatives came together with the goal of exporting their coffee directly to the specialty market. All six varieties of Oromia's Highland Coffee are grown by farmers of the southwestern rainforest of Ethiopia. Oromia sells its coffee to Fair Trade markets in the United States and Europe.

Tadesse Meskela is the General Manager of the Union and an outspoken advocate for the farmers he represents and the importance of Fair Trade.

The role of local middlemen:

"It's the private trader that got fat. They block others from coming in. Our problem is when our coffee ripens and is ready for sale, the man comes to our farm and says to us, 'I will take your coffee and pay you 0.75 birr (\$0.08) for a kilo.' There's no negotiation, one person decides to buy our coffee at 0.75 birr. We have no up-to-date price information, and one person controls the market. When our coffee is ready, please take it at the right price." – Member of Kilenso Mokonisa Co-operative

In conventional trade systems, coffee farmers—who live for the most part in isolated, mountainous rural areas—lack access both to their international buyers and to valuable market information. Local intermediaries, who sometimes offer farmers prices too low even to cover their production costs, may take advantage of this power imbalance. Fair Trade helps farmers to overcome these barriers, by connecting farmers more directly to their international clients, and by providing a minimum floor price that rises when market prices rise.

The New York Board of Trade and World Coffee Prices

“The auction price is mainly based on the New York “C” market. If the New York market is down by \$.05 today, the coffee exporters are going to buy the coffee for \$.05 down today. Once the coffee is brought from here, the coffee buyers or the coffee exporters are going to unload at the warehouse and they process it and sell it abroad. And after that the buyer is going to distribute this coffee to roasters. And the roasters are going to buy this coffee and the roasters again, roast the coffee and sell to the retailers and cafes. Coffee reaches consumers after 6 chains. We are cutting the chains like coffee suppliers, collectors, and also middlemen in between and we are eliminating these and directly linking the farmer through their own cooperative through their union directly to the roaster. So about 60% of the chain is removed by working through cooperatives.” - Tadesse Meskela

Fair Trade connects democratically-organized producer cooperatives like Oromia more directly with their international buyers, cutting out as many as six intermediaries between farm and retailer.

By cutting out the middleman, Fair Trade guarantees farmers and farm workers a fair price, environmental sustainability, fair labor conditions, direct trade, democratic and transparent organizations, and community development. *<Please refer to the “Fast Facts about Fair Trade” document for details>*. Fair Trade standards also encourage participating farmers to develop their ability to process and export their own products, so they can retain a greater share of the value.

Fair Trade provides coops like Oromia with the tools and resources to become successful international businesses.

Impact of price and price volatility on quality of life and educational systems

“It doesn’t mean better life means having a car, having electricity or having a motorbike... it doesn’t mean that. [It means] at least to feed his family with nutritious food, to have clean water and to have clean clothes, and send his children to school.” - Tadesse Meskela

Fair Trade empowers producer groups to provide their members with many of these improvements to their quality of life. More than 85% of the coffee farmers’ cooperatives across Latin America, Africa, and Asia that participate in the global Fair Trade system invest some of their proceeds in scholarships and educational programs for their children and communities. In addition, many Fair Trade cooperatives invest in household sanitation and infrastructure projects. Fair Trade farmers around the world are more likely than non-Fair Trade farmers to have access to improved water systems.

“The economy of the community is based on coffee production – nothing else. Since the fall of the coffee price people are not able to survive and the community as a whole does not have any money to help with the development of the school. For as long as the coffee price goes up and down the school will continue to be affected in many ways. We can’t even afford to buy blackboards and I doubt if we can pay the salary of our teachers in the near future.” School Principal, Alemayhu Abraham

Price volatility is endemic to all commodity crops, especially coffee, fresh fruit, cocoa, and spices. This volatility can have a dire impact on communities that depend on these products for their income.

Fair Trade prices—guaranteed to be higher than market prices and offering a stable floor price in times of volatility—shield producers from some of the negative effects of price volatility. Fair Trade encourages farmers to re-invest their added income into product diversification. Fair Trade also provides cooperatives with funds to invest in social projects and with access to affordable credit, which promotes long-term financial planning.

Role of coffee from a consumer perspective:

“It’s just amazing not just how much bigger we’re getting, but just the lives we are touching. We are in the people business serving coffee, so it’s more about the connections we have with our people and what the brand stands for.” Manager of original Starbucks store.

The Fair Trade Certified label guarantees that the Fair Trade standards have been met, and provides businesses with a way to show their customers that they are a socially-responsible business. Starbucks is one of more than 500 U.S. coffee companies that offers Fair Trade Certified™ coffees. Look for the Fair Trade Certified label on their Café Estima blend, and ask for it by name. It is through the power of the consumer that Fair Trade is able to thrive and farmers throughout the developing world are able to lift themselves out of poverty.

“Our hope is one day the consumer will understand what he is drinking and these people who are not having fair trade coffees to pay us a fair price. This is our hope. The consumers can bring a change if awareness is given to consumers to ask for more fair trade products. It is not only on coffee, all products which are coming from the third world are getting a very low price and the producers are highly affected.”
- Tadesse Meskela

Role of Fair Trade

“This money is given to you from the profit obtained from the fair trade market. All the money from the profit should be used for social development in your area, like building schools, health centers and clean water.” - Tadesse Meskela

The Kilenso Mokonisa Co-operative agrees to use the money to build a new school:

“We have agreed that the first priority is to build a school in this area, for our children.”

A portion of all Fair Trade prices – about five cents per pound, in the case of coffee – consists of a Social Premium. Fair Trade standards require that cooperatives use these premiums for social, economic, community development, or environmental projects. The investment of these premiums is determined democratically by cooperative members according to their own most pressing local needs.

Role of TransFair USA

TransFair USA is the conduit for Fair Trade in the U.S. Farmers in the developing world communicate through TransFair to obtain Fair Trade certification for their cooperatives. TransFair assists these farmers in applying and gaining certification. TransFair even provides technical assistance to help the farmers meet the requirements for certification. After receiving certification, farmers continue to benefit from their relationship with TransFair. TransFair uses the industry relationships built through their primary role as Fair Trade certifier to connect farmers directly to business in the U.S. For example, TransFair often sponsors farmers to attend the Specialty Coffee Association of America conference, an important event for coffee growers

to showcase their product. *<This would be a good time to reshoot the section of the film where Tadesse visits the SCAA conference, and mention that Tadesse's visit to the conference was sponsored by TransFair.>* In addition, TransFair continues to support the farmers in meeting the Fair Trade standards to retain their certification.

TransFair works with farmers and farm workers, businesses, and consumers. Another major role of TransFair in the U.S. is to promote Fair Trade consumption. TransFair recognizes consumers as the keystone in the Fair Trade system, and is regularly conducting outreach to consumer groups.

YOUR Role

There are many ways that you can support farmers and farm workers like those of the Oromia Coffee Farmers' Cooperative Union:

Buy Fair Trade Certified products!

- Check out www.transfairusa.org for a list of retailers who sell Fair Trade Certified products.
- Ask for Fair Trade Certified products at your local retailers.

Build the Fair Trade movement in your community!

- Check out your local Fair Trade coalition (or build your own!), www.usft.org (United Students for Fair Trade), or <http://www.transfairusa.org/content/support/index.php>
- Ask your local and regional policymakers to support Fair Trade.
- Host a house party or other event and spread the word to your friends and family about the value of Fair Trade.

Support TransFair USA!

- TransFair relies on the support of people like you to expand the Fair Trade network to reach more farmers, more businesses, and more consumers.
- Contact the Development Department at development@transfairusa.org or (510) 663-5260 for more information on donation options.
- Donate your time! Volunteers and interns help TransFair in many ways and help us keep our operational costs low.

Together TransFair USA and people like you are building a more equitable and sustainable model of international trade that benefits producers, consumers, industry, and the Earth.

THANK YOU!