# COFFEE BARO-METER 2026

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# Coffee Barometer

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**“There is a great risk that as the price of coffee rises, the sense of urgency for dealing with the problems of the sector will wane.”**

Coffee Barometer 2012

# Introduction

**SUMMARY** Two decades after the first Coffee Barometer, the structural conditions shaping the coffee sector remain largely unchanged. Producer incomes still fall below living income benchmarks, labour is poorly rewarded, climate vulnerability continues to deepen, and most value is captured downstream rather than in producing countries. Sustainability commitments have multiplied, yet systemic reform has not followed. This report examines the coffee economy not as a collection of sustainability initiatives, but as a political and economic system shaped by concentration, power, and commercial incentives that consistently produce inequitable outcomes.

## The arc of two coffee crises

For twenty years, the Coffee Barometer has aimed to make sense of a sector in constant motion. Across seven earlier editions, we chronicled the sector's sustainability efforts. Starting with the first edition in 2006, we charted the wave of ambitious sustainability pledges that swept through the sector in the early 2000s and the subsequent rise of voluntary certification standards as the preferred instrument of change. We documented the rise of multi-stakeholder initiatives and asked whether pre-competitive sustainability collaboration across the value chain could deliver what market forces alone had not. We tracked the volatile swings in coffee prices that repeatedly devastated producer incomes and urged the sector to confront a climate crisis

that was already reshaping growing conditions long before it became a boardroom priority. We also noted, with some unease, the unprecedented consolidation taking place at both ends of the chain: among roasters and traders in consuming countries, and among a shrinking number of dominant producing countries. Throughout, we sought to hold the industry to its own commitments, and to distinguish genuine frontrunners from those for whom sustainability remained largely a matter of 'greenwashing'. Too often, we had to report that progress was slower, shallower, and more fragile than the rhetoric suggested.



Viewed across two decades, one narrative arc stands out. When the first Coffee Barometer appeared in 2006, the sector was still recovering from the devastating coffee price collapse of 2001–2003, when prices fell to historic lows. The consequences in producing countries were severe: incomes were wiped out, families abandoned farms, and rural economies deteriorated. The global pursuit of efficiency and low-cost sourcing came at the expense of small-scale farmer livelihoods, with prices falling below the cost of production. Fast-forward to 2026, and the coffee crisis appears, at first glance, to be the mirror image: prices are almost inverted. Although the Arabica C-price retreated from its February 2025 peak by April 2026, it remains far above levels seen in recent decades. Traders and roasters now face rising operating costs, shrinking margins, and consumer resistance to higher retail prices.

The language of crisis has shifted accordingly: away from producers devastated by chronically low prices towards consumer concerns over affordability, with less focus on hunger in the coffee lands, and more on the cost of a daily espresso. This framing risks obscuring a more troubling continuity. For producers, the structural conditions that made low prices so devastating, such as thin margins, rising input costs, and climate vulnerability, have not been resolved by a price spike. The supply chain remains under strain. Fertiliser, freight, energy, and compliance costs continue to rise. An anticipated bumper crop in Brazil during the 2026/27 season may temper market pressure, but low global stocks and structural deficits built up over years of supply shortfalls mean that any relief is likely to be gradual and uneven.

The situation in 2026 is therefore not the opposite of 2002. It is, in many respects, its consequence. The past two decades have exposed a fundamental contradiction within the coffee economy: sustainability cannot be built on permanently cheap coffee. If the crisis of 2002 revealed the consequences of collapsing prices, 2026 shows the consequences of an inadequate response in the years that followed. Awareness of producer vulnerability has yet to translate into structural reform. The persistence of lowest price competition has left companies reluctant to internalise the social and environmental costs of production. The value chain continues to deny farmers the stability required to plan, invest, and withstand future shocks.

For farmers, today's elevated prices represent a rare moment in which coffee production approaches financial viability. Yet high prices alone do not constitute progress. The challenge is not simply to push prices upward or shield them from market corrections. It is to ensure that, when markets move in producers' favour, the gains are not captured elsewhere in the chain.

This moment therefore offers an opportunity to strengthen resilience at farm and landscape levels, improve supply chain transparency, and drive structural improvements that periods of low prices never permitted. In preparing this eighth edition of the Coffee Barometer, we kept arriving at the same uncomfortable conclusion: these are not two separate crises, but two phases of the same story. Together they form a single arc, from historic lows to historic highs and back. This is not a market finding balance, but a system that does not produce equitable and resilient outcomes unless it is actively changed. Ultimately, the arc points to a simple imperative: the need to redesign the coffee economy so its future is not shaped by the next market shock, whether at the farmgate or in the café, but by a shared commitment to equity, resilience, and long-term sustainability.



During these two decades, the coffee sector has generated no shortage of sustainability promises, standards, partnerships, and corporate commitments. Yet beneath the language of transformation lies a more uncomfortable question: who benefits, who bears the risks, and who is held accountable when claims fail to match reality? In this report, we examine the sector not as disconnected sustainability projects, but as a political and economic system shaped by power, market concentration, commercial incentives, and historical choices. Coffee prices have reached historic highs, sustainability language has become sophisticated, and commitments appear routinely in corporate reporting. At the same time, producer vulnerability remains deeply entrenched, environmental pressures intensify, and value distribution across the supply chain remains profoundly inequitable.

We do not assume that good intentions automatically produce meaningful change, nor do we treat sustainability as a politically neutral technical exercise. This edition revisits the assumptions, tools and narratives that have shaped sustainability efforts over the past twenty years. We look not only at what worked, but also at what failed, who remained excluded, and why so many structural problems persist despite commitments, funding and collaboration. Sustainability has always been about power: who sets the agenda, who pays for implementation, who captures the rewards, and whose interests ultimately prevail. Five chapters examine where the sector stands today, how it arrived here, and the challenges now emerging on the horizon:

Chapter 1 examines the socio-economic and environmental realities facing producing countries against the backdrop of soaring market prices, intensifying competition and mounting pressure on farming systems. Despite higher prices, many producers remain

exposed to volatile incomes, climate shocks and rising production costs, underlining the fragility that still characterises much of the sector.

Chapter 2 revisits the rise of voluntary sustainability initiatives. In retrospect, many proved ill–equipped to address structural inequities or deliver lasting transformation, not least because of their limited market uptake and weak enforcement mechanisms. That debate now enters a new phase as mandatory due diligence legislation begins implementation, shifting sustainability from voluntary aspiration towards legal obligation.



Chapter 3 examines multi–stakeholder initiatives established with ambitious sector–wide goals and significant institutional backing. After more than a decade, persistent weaknesses in governance, accountability, funding and representation increasingly expose the limitations of their design and raise the question of whether collaboration, without market reform, can ever be the primary mechanism for structural change.

Chapter 4 follows the money. Although the coffee business remains highly profitable at the consumption end of the value chain, much of the margin generated never reaches producing households. Market concentration, unequal bargaining power, unpaid labour, limited rewards for quality improvements, substantial shareholder returns, and tax arbitrage continue to distort value distribution across the sector.

Chapter 5 reviews corporate sustainability reporting across the industry, assessing whether company disclosures meet our basic expectations regarding transparency, living income and wage gaps, climate commitments and accountability. Opacity, the evidence shows, is a choice.

The conclusion offers no easy optimism. Periods of disruption can also expose structural realities more clearly than moments of stability ever do. The central challenge is no longer how to improve sustainability commitments and accountability mechanisms, but whether the sector is willing to confront the power imbalances and vested interests that market reform requires.

## Coffee sector timeline 2001–2026

**2001**
Global coffee price crash
1st World Coffee Conference
UN Millennium Development Goals (MDGs)

**2002**
World Summit on Sustainable Development (WSSD)
Oxfam 'Make Trade Fair' global campaign
The Dutch Coffee Coalition campaign

**2003**
Nespresso AAA Sustainable Quality Program
UTZ Certified
Kraft sources Rainforest Alliance

**2004**
Starbucks C.A.F.E. Practices
4C Common Code for the Coffee Community
Coffee market slow recovery

**2005**
USA rejoins ICO
Sara Lee commits to UTZ Certified
Nestlé adopts Fairtrade

**2006**
4C Association
Coffee Barometer 2006
COSA VSS impact
Trademark dispute Ethiopia and Starbucks

**2007**
ICA 2007 sustainability as guiding principle
Tropical Commodity Coalition
IPCC on climate risks to tropical agriculture

**2008**
Colombia leaf rust epidemic
Global financial crisis — fertiliser price spike
ISEAL Common VSS code

**2009**
Coffee Barometer 2009
Global recession – less demand

**2010**
UN CBD Nagoya Protocol — coffee genetic resources
Aichi Biodiversity Targets adopted (CBD COP10)
c&c coffee & climate initiative
IDH Sustainable Coffee Program

**2011**
Arabica price spike
Fair Trade USA splits from Fairtrade International
Horn of Africa drought

**2012**
Brazil New Forest Code
Coffee Barometer 2012
Central America leaf-rust crisis
World Coffee Research (WCR)

**2013**
Central America rust emergency summit
Oxfam's Behind the Brands campaign
4C National Coffee sector dialogues

**2014**
Brazil worst drought I
Coffee Barometer 2014
CIAT climate vulnerability maps

**2015**
Paris Agreement (COP21)
Sustainable Coffee Challenge (SCC)
Lavazza acquires Carte Noire
UN Sustainable Development Goals (SDGs)

**2016**
Enveritas
Global Coffee Platform (GCP)
4C transfers to Coffee Assurance Services
SAFE Platform
ICO gender equality agenda
JAB acquires Keurig Green Mountain
Science Based Targets initiative (SBTi)

**2017**
Coffee price crisis — below break-even
World Coffee Producers Forum (WCPF)
GCP Country Platforms

**2018**
Rainforest Alliance and UTZ merge
Coffee Barometer 2018
USA exits ICO
Nestlé/Starbucks licensing deal
60% of wild coffee species threatened Kew/IUCN
ICO Coffee Public-Private Task Force (CPPTF)

**2019**
CPPTF 'Roadmap for Coffee'
ICO London Declaration on prices & sustainability
EU Green Deal
GCP first Sustainable Coffee Purchases Snapshot

**2020**
Sector 2020 deadlines pass
COVID-19 disrupts supply chains
Coffee Barometer 2020

**2021**
Brazil worst drought II + July frost double shock
Arabica futures hit 7-year high
COP26 Glasgow — Leaders' Declaration on Forests
EU CSRD
GCP Baseline Common Code
First Fairtrade Living Income Reference Price coffee

**2022**
EU proposes CSDDD — mandatory HRDD
Russia-Ukraine war — fertiliser costs
Kunming-Montreal Global Biodiversity Framework
TNFD framework

**2023**
German LkSG
Fairtrade raises minimum to $1.80/lb
EUDR adopted
Sucafina acquires Sustainable Harvest
GCP Sector 2030 commitment framework
GCP first 2nd party schemes recognised
Coffee Barometer 2023
Vietnam dual climate shock drought and floods
Mercon bankrupt

**2024**
Vietnam 2023/24 robusta crop collapses
Robusta hits 45-year high
Grounds for sharing: value distribution, by Le Basic
Brazil worst drought III
Hartree acquires Volcafe and Touton
CSDDD adopted
EU FLR adopted
SCC 2025 goal review
Swiss Sustainable Coffee Platform
SBTi Scope 3 targets
VOCAL Alliance

**2025**
Arabica all-time high
CSDDD Omnibus — Jul. 2028
USAID shutdown
KDP acquires JDE Peet's — Global Coffee Co.
Starbucks Swiss tax structure study by CICTAR
AROMA (financial arm SCC)
4C rebranded as Certification for Climate, Conservation and Communities
Sector 2030 targets review post-2025 misses
Percolating Responsible Procurement by VOCAL
Investment case regenerative coffee by Technoserve

**2026**
Strait of Hormuz disruption
Nestlé sells Blue Bottle to Luckin Coffee
Latin America coffee carbon footprint by CI
Coffee Barometer 2026
EmpCo greenwashing regulatio— Sep. 2026
Brazil 2026/27 bumper crop
EUDR enforcement — Dec. 2026

**“The concept of sustainability in this realm includes aspects such as ‘economic viability for farmers’, ‘environmental conservation’, and ‘social responsibility’.”**

Coffee Barometer 2006

# 1

# The poverty trap



**SUMMARY** Coffee remains fundamentally a smallholder sector and that is both its defining feature and its central challenge. Around 12.5 million farming households, most cultivating less than two hectares, produce the majority of the world's coffee while struggling to secure a viable income. Even during the record price cycle of 2025, higher market prices translated unevenly into improved farmgate incomes, while input costs continued to rise. Women and seasonal workers, who provide much of the labour that sustains production, remain largely invisible. Climate change is steadily narrowing the window for adaptation. Suitable growing areas are shrinking, and intensive monoculture systems are showing signs of ecological stress. Sustainability investment continues to cluster around commercially visible targets rather than the underlying conditions on which the sector's long-term resilience depends.

## Introduction

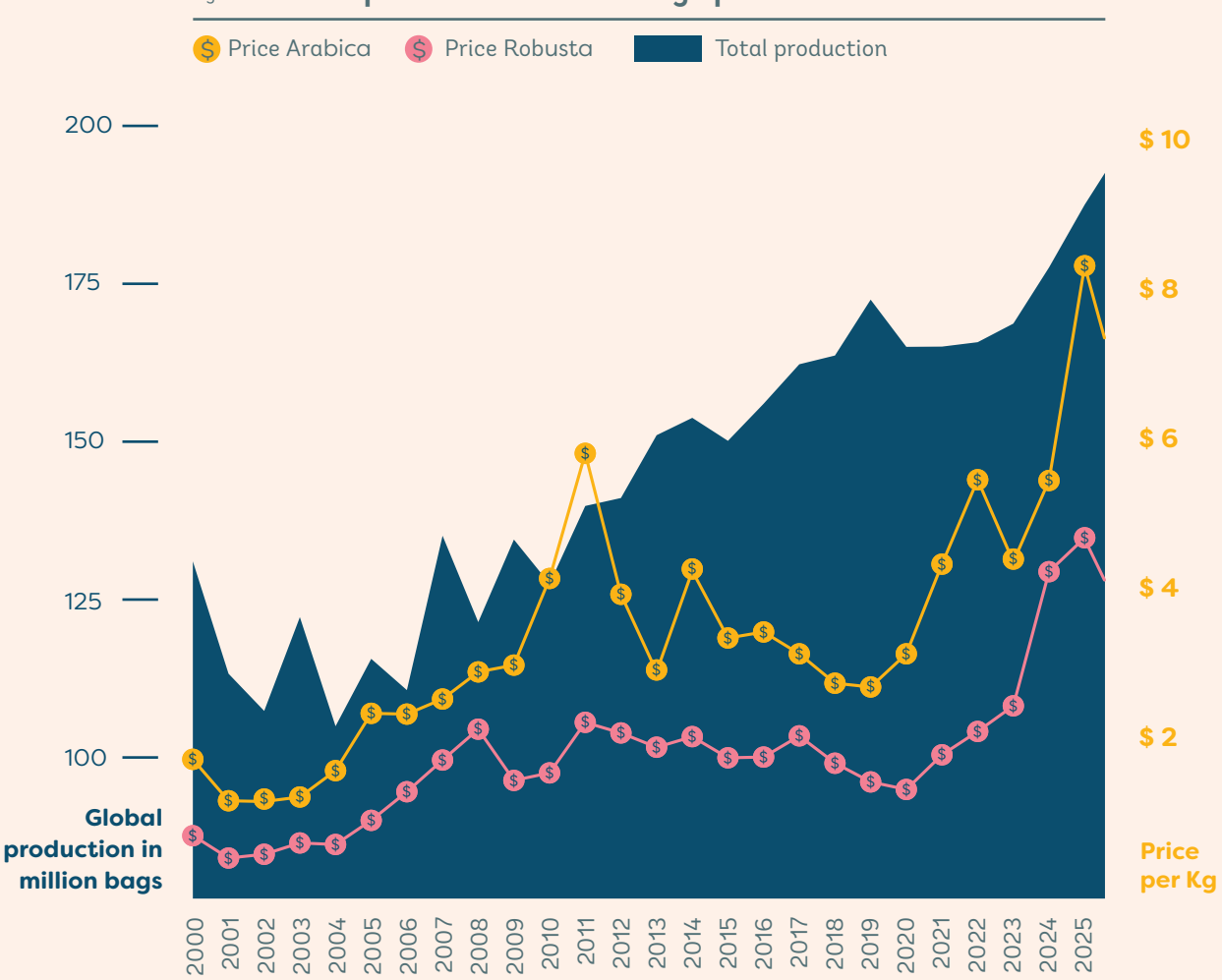
The coffee sector enters 2026 in a paradox: prices which reached historic highs in recent years are now correcting sharply, while its structural fragility remains unchanged. This chapter argues that both the boom and the correction mask conditions that have changed little for decades. It begins with a brief market overview of the price spike and

its unwinding, explaining why boom cycles are a poor proxy for producer welfare. It then examines the structural socio-economic constraints facing small-scale coffee families and agricultural workers, alongside ecological limits that climate change is tightening faster than the sector can adapt.

In February 2025, Arabica coffee futures reached an unprecedented $4.40 per pound on ICE exchanges, while the ICO Composite Indicator Price (I-CIP) climbed to a record monthly average of 354.52 ¢/lb, marking the highest price level ever recorded (as illustrated in Figure 1). By late 2025, a combination of factors pushed the I-CIP down sharply: improved harvest prospects for Brazil's 2026/27 crop, a stronger Brazilian real, the gradual rollback of US tariffs and a further postponement of the EU Deforestation Regulation (EUDR). By March 2026, the I-CIP had fallen to 273.70 ¢/lb, more than 22% below its peak. These extraordinary price movements across both Arabica and Robusta coffee, followed by a rapid correction, highlight a familiar and troubling pattern. They reflect the peak of a boom cycle in a structurally volatile market, where climate shocks, trade policy, and financial swings combine to shape outcomes across the value chain.



Figure 1: **Coffee production and average price**



Meanwhile, the ICO projects global coffee production for 2025/26 at a record of 179 million bags, driven by recoveries in Vietnam and Indonesia and increased output in Ethiopia. At the same time, global consumption continues to rise, keeping stocks low for the fifth consecutive year, with inventories expected to fall to around 20 million bags. This leaves the market structurally tight and sensitive to disruptions. In that context, the closure of the Strait of Hormuz (April 2026) introduced a new shock, which drove up oil and fertiliser prices. For coffee producers already operating on thin margins, these rising input costs risk quickly absorbing gains from higher market prices.

## Three concerns



Three reasons, grounded in the coffee market's recent history, make these record prices deeply concerning rather than reassuring. **First, the coffee sector's boom–bust cycles consistently demonstrate that price recoveries are temporary.** Experts have long understood that coffee supply response lags, because the three–to–five–year interval between planting decisions and productive harvests creates historically predictable seven–year cycles from price peaks to subsequent collapses (Lewin et al. 2002). The 1994 Brazilian frost triggered plantings that contributed to the catastrophic oversupply of 2001–2002. Similarly, the 2008–11 rust epidemic in Colombia prompted widespread renovation with rust–resistant varieties, contributing to record production levels in 2018 (Rhiney et al. 2021). Current high prices are already incentivising expanded cultivation of Robusta in Brazil and throughout Vietnam, setting conditions for future surplus (Rabobank 2025).

Second, **high commodity prices rarely translate into durable improvements in producer welfare, because the underlying value chain asymmetries remain intact.** Since the breakdown of the International Coffee Agreement (ICA)[1] in 1989, research has repeatedly shown that price transmission in coffee markets is structurally asymmetric: farmgate prices rise more slowly than retail prices, but fall more sharply (Daviron and Ponte 2005; Wienhold and Roberts 2025). Prices are shaped by supply imbalances, speculative capital and shipping costs: not by the cost of producing coffee sustainably for people and planet. Even at current price levels, many farmers still fall short of a living income, especially when factoring in rising input costs. The result is a system in which producers absorb the greatest share of market volatility while downstream actors — traders, roasters and retailers— capture consistent margins in both boom–and–bust scenarios (BASIC et al. 2024). This dynamic entrenches risk at the base of the coffee chain, while insulating those best positioned to share it.

Third, **the 2025 record price levels also reflect the sector's growing dependence on a highly concentrated supplier base** (as illustrated in Figure 2)**.** Three countries account for 60% of supply, with Brazil alone contributing 35% and Vietnam another 17%. Global market conditions therefore hinge increasingly on conditions in just two origins. This concentration heightens exposure to climate shocks. When supply is so narrowly distributed, a drought or frost in a single country quickly becomes a global price event.

Figure 2: **Country profiles – top 10**

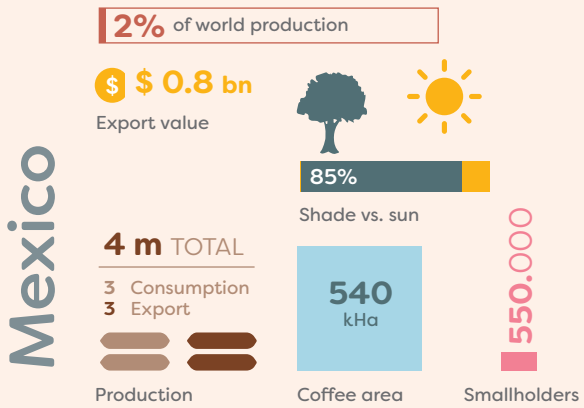
Infographic is an informed illustration; data quality, definitions and reference years may vary by country and indicator.



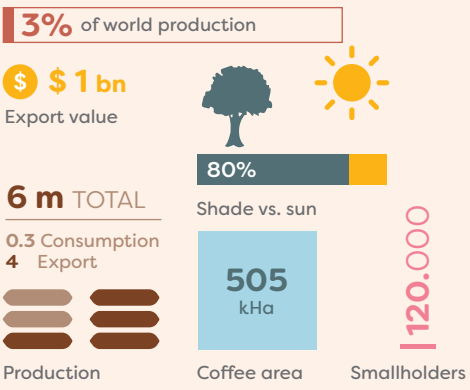
## Brazil

## Colombia

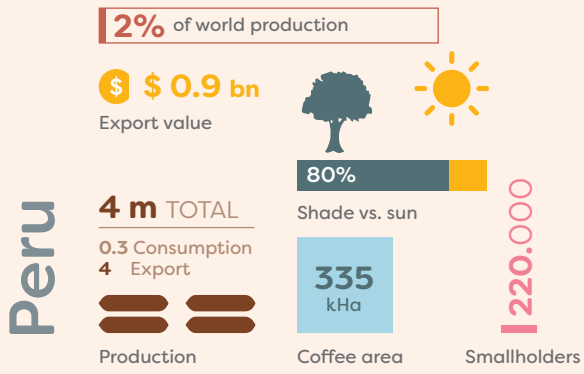
## Mexico




## Honduras




## Peru



## Vietnam

**17%** of world production

$ 8.4 bn

Export value

**31 m** TOTAL

5 Consumption
25 Export

75%

Shade vs. sun

730 kHa

Coffee area

600.000

Smallholders

Production

## Indonesia

**7%** of world production

$ 1.6 bn

Export value

**12.5 m** TOTAL

5 Consumption
6 Export

60%

Shade vs. sun

1200 kHa

Coffee area

1.3 Million

Smallholders

Production

## India

**3%** of world production

$ 1.7 bn

Export value

**6 m** TOTAL

1.3 Consumption
5.5 Export

90%

Shade vs. sun

500 kHa

Coffee area

185.000

Smallholders

Production

## Legend

- Percentage of world production 2024/25
- Export value 2024/25 in U$D
- Export volume 2024/25 in 60kg bags x million
- Part of national consumption
- Coffee lands in kilohectares
- Smallholders
- Shade vs. sun

## Uganda

**4%** of world production

$ 2.4 bn

Export value

**7 m** TOTAL

0.3 Consumption
8 Export

Not Available

Shade vs. sun

570 kHa

Coffee area

1.8 Million

Smallholders

Production

## Ethiopia

**6%** of world production

$ 2 bn

Export value

**11.5 m** TOTAL

4 Consumption
7.5 Export

85%

Shade vs. sun

760 kHa

Coffee area

2.2 Million

Smallholders

Production

In 2024, Brazil's worst drought in seventy years reduced Arabica yields by up to 12%, while Vietnam's Central Highlands suffered a dual climate shock: prolonged drought followed by catastrophic flooding during the 2025 Robusta harvest. Together these two countries account for over half of global coffee supply, and their simultaneous harvest failure triggered a supply shock that sent the coffee market into uncharted territory.

These three concerns reflect a deeper structural problem. The coffee sector's vulnerability is built into the conditions under which most coffee is grown, harvested, and traded. The following sections examine these conditions in turn, starting with income, focusing on why most smallholder households fall short of a living income. Then turning to labour, which is consistently undercounted, with women and seasonal workers carrying a disproportionate share of the risk. The ecological dimension is addressed in two parts. First, climate change is increasingly undermining production models that have prioritised volumes. Second, these same models have contributed to large-scale deforestation and the gradual deterioration of ecosystem conditions on which the sector's long-term viability depends. The final section provides an overview of a fragmented landscape in which donors, companies, and NGOs favour interventions that are easiest to fund, measure, and communicate rather than addressing the full range of sector priorities.



## Living income

Coffee is fundamentally a family farming sector. Of the 12.5 million coffee-growing households worldwide, roughly 95% cultivate plots smaller than five hectares (Enveritas 2018). Households supply most of the labour for planting, weeding, harvesting, and processing. During peak harvest periods, seasonal workers supplement this labour. The term "smallholder" farmer encompasses wide variation in farm size, resources, and livelihood strategies. Holdings below two hectares account for around 80% of coffee farms and produce roughly 60% of global supply. Average plot sizes vary significantly, ranging from 0.16 hectares in Kenya to 1.04 hectares in Vietnam, 2.6 hectares in Costa Rica, and over 5 hectares in Brazil. Livelihoods vary accordingly: farmers in Indonesia and Vietnam depend heavily on coffee income, while many producers in India or Rwanda combine coffee with food crops, livestock, agroforestry, or off-farm work (Siles et al. 2022).

Despite substantial variation across producing countries, most family farming households earn too little to achieve a decent standard of living, regardless of farm size, crop mix, or livelihood strategy. The Living Income Community of Practice (LICoP 2026) defines a living income as: "*the net annual income required in a particular place to afford a decent standard of living for all members of that household. Elements of a decent standard of living include: food, housing, education, healthcare, transport, clothing, and other essential needs including provision for unexpected events.*" A living income reference price translates this threshold into the farmgate price a farmer would need to receive to earn a living income from coffee production. Evidence from 2019 to 2024 shows that in eight of the ten largest coffee-producing countries, the average

coffee farming household does not reach this threshold. Income gaps are most severe in African countries like Ethiopia and Uganda, while only Brazil and Vietnam consistently report average farm incomes above living income levels (Cordes et al. 2021; CB 2023).

Low farmgate prices, small farm size, and limited labour availability are the three main constraints on smallholder viability, and they reinforce each other. Farmgate prices rarely reflect the true costs of sustainable production, small plots restrict yields and limit opportunities for diversification, while larger plots and improved quality require additional hired labour. A Kenyan smallholder farming 0.7 hectares, for example, would need farmgate prices to rise to roughly six times their 2020 level to close the gap through price increases alone. Even then, nearly half of households would remain below the living income threshold due to production volume constraints (Tuttleman et al. 2024). An ageing farming population, low levels of formal education, and uneven access to extension services and finance compound these constraints further. Without higher and more reliable farmgate returns, farmers cannot invest in productivity improvements, hire labour, improve quality, expand production, or adopt more sustainable practices. Low prices therefore not only suppress current incomes, but also prevent the structural changes needed to raise future incomes.



## Labour costs

Labour represents the largest single cost in coffee production, accounting for 40–60% of total costs in most producing countries. Standard farm accounts capture only hired labour —workers paid to weed, prune, manage pests, and harvest— because their wages appear as direct cash outflows. They exclude the labour provided by household members, even though family labour accounts for most of the work on smallholder farms. That exclusion matters: household labour is not free; it simply goes unpriced.

The boundaries between labour categories are fluid and shift across the agricultural year as household composition, gender roles, and local labour markets interact (Leiva et al. 2024). This ambiguity matters for how producer welfare is assessed. When family labour is valued at the local market wage rate, the true labour share rises sharply, and with it the apparent income gap. In Kenyan coffee farming the income gap grows significantly once all adult household members are counted (Tuttleman et al. 2024).
A similar pattern holds elsewhere. Fairtrade's Living Income Reference Price for Indonesia calculates hired labour at 43% of production costs; when family labour is included, that figure rises to around 77% (Fairtrade International 2022). In Ethiopia, hired labour accounts for 76% of costs in garden coffee systems and up to 90% in forest systems; valued at a living wage, total labour costs climb to 89% and 93% respectively (Fairtrade International 2023). Standard farm accounting often overlooks these factors, inflating apparent profit margins and obscuring the true scale of smallholders' profitability challenges, a dynamic explored further in Chapter 4.

These hidden labour costs intersect with a broader structural financing problem. Coffee production requires substantial upfront spending on seedlings, fertilisers, and labour,

often months before harvest. In many cases, these expenses are financed through loans from input suppliers or cash advances from traders. By the time farmers receive payment for their beans, a large share of their income is already committed to debt repayment and production costs. Coffee income therefore functions less as capital for investment and more as a means of sustaining household consumption and replacing worn-out assets. Research from Aceh Tengah, Indonesia, illustrates this pattern, showing that most coffee revenues are directed towards basic household expenses and minor asset replacement, leaving little available for farm renovation (Baihaqi et al. 2021).



At the same time, production costs have risen steadily. Fertiliser, labour, and transport expenses increased significantly during the late 2010s, while international coffee prices grew far more slowly (ICO 2019). The result has been a steady compression of margins, leaving many farmers operating close to break-even levels. Smallholders typically sell into fragmented local markets, with little bargaining power or access to real-time price information. Widespread indebtedness is one consequence of this imbalance. Honduras, Colombia, Kenya and India have all introduced refinancing mechanisms for coffee-sector loans (Ruben 2023). When prices fall or harvests fail, households often resort to coping strategies such as temporary migration, asset sales, or reducing educational expenditures.

## Gendered labour division

The coffee sector depends heavily on women's labour, yet its economic and institutional structures continue to marginalise them (Koss 2025). Across producing regions, they perform between 20% and 70% of farm work, including planting, weeding, harvesting, drying, and sorting. They operate only 20–30% of farms and often lack secure land rights, formal recognition as producers, or equal access to credit and training (ICO 2018; OECD/FAO 2023). The imbalance reflects entrenched social and institutional norms. Tasks associated with physical production or market transactions, such as negotiating sales, managing finances, representing farms in cooperatives, tend to be claimed by men. By contrast, women's contributions concentrate in labour-intensive but less visible tasks, such as harvesting and processing support. Research in Chiapas, Mexico, shows how these gendered divisions limit access to income, decision-making power, and resources (Eissler et al. 2024).

Men hold the majority of land titles, hampering women's eligibility for agricultural loans and cooperative membership. Women carry the bulk of domestic responsibilities, reducing the time available for training, leadership roles, or participation in producer organisations. In some contexts, women cannot engage in commercial activities without spousal approval. Development programmes have increasingly recognised these disparities but tend to focus on individual empowerment, such as training or entrepreneurship support, without addressing the deeper structural constraints that limit women's position.

When household incomes fall below subsistence levels or labour shortages arise during peak seasons, children often contribute to farm work, including weeding, pruning, harvesting, and processing. Although this work is often framed as "help" rather than child labour, it routinely comes at the expense of schooling. In Ethiopia, 90% of coffee-producing households report relying on child labour during harvest (Ango et al. 2022). In eastern Uganda's coffee districts, 48% of children aged 5–17 engage in hazardous work, including handling sharp tools, working long hours, carrying heavy loads, and exposure to agrochemicals (AfriChild and TDH 2022).

## Wage labourers



An estimated 100 million workers depend on coffee for seasonal employment across farming, processing, and trade (ICO 2019), yet they remain among its least visible actors. Harvest work is typically informal and short term, with pay tied to the volume of cherries picked rather than hours worked (see Box 1). Workers rarely hold written contracts, receive social security contributions, or benefit from occupational health protections. In several major producing countries, including Colombia, Ethiopia, and Nicaragua, wages routinely fall below the living wage benchmarks of the Anker Research Institute.[2]

Seasonally recruited workers face particular risks. Displaced from their home regions and reliant on intermediaries for work, they depend on employers for housing, food, and transport. This dependency limits their ability to exercise labour rights or organise collectively. As a result, many face precarious housing conditions, wage theft, and excessive working hours. Migrant workers are also frequently recruited by brokers who may deceive them, withhold documents, or trap them in debt, effectively binding them to employers for their basic needs (Verité 2024a). Verité's field research in Brazil, Colombia, Honduras, and Guatemala (updated in 2026) identifies two interventions as essential: decoupling wages from production volumes (see Box 1) and strengthening oversight of labour brokers (see Box 2), Without both measures, the structural conditions that enable forced labour are likely to intensify (Verité 2024b).

In 2023, Brazil's coffee sector accounted for more state slave-labour rescues than any other industry. The problem is not confined to informal operators. Multiple coffee plantations supplying major roasters have appeared on Brazil's "Lista Suja"[3] (the government's register of forced labour employers), while holding sustainability certifications. A 2025 investigation by Public Eye and Repórter Brasil traced workers recruited from Brazil's impoverished north-east with promises of above-minimum wages, transported 1,200 km to the Mata Verde farm in Espírito Santo, and found in conditions classified by Brazilian authorities as debt bondage and forced labour. That farm supplied coffee to Cooabriel, a direct Nestlé supplier certified under both the 4C standard and the Nescafé Plan (Public Eye 2025). According to 4C, the producer linked to Mata Verde Farm has been excluded from the Cooabriel unit since 2023. Following the allegations, 4C increased audit scrutiny, on-field verification and traceability checks, and engaged with certification bodies.

BOX 1: **Piece rate pay**

Piece rate pay —where workers are paid according to volume harvested rather than hours worked— is one of the most common wage structures in coffee production, according to Verité's 2024 research in Latin America. This practice systematically undermines labour rights by eliminating guarantees of minimum wage compliance, as earnings depend entirely on output. Workers, particularly those with physical limitations (e.g., elderly, pregnant, disabled, or children), frequently earn below the statutory minimum even after full shifts. Practices such as fraudulent weighing, under-recording of volumes, and forced overtime further reduce fair compensation. Pressure to meet quotas, often backed by financial penalties, pushes workers beyond legal hour limits, without overtime pay or compensation for rest days.

Piece rate structures also reinforce gender inequality. Farms and labour brokers often register only male heads of households as workers, while attributing the combined output of entire families to them, effectively erasing women's labour from formal records. In these arrangements, women often lack control over earnings, increasing financial dependence and limiting their ability to leave situations of domestic violence (Verité 2024c).



## Stretching the ecological limits

Climate change is reshaping where coffee can be grown, and the window for adaptation is narrowing. Even under moderate warming scenarios, the total area suitable for coffee is projected to contract (IPCC 2023). Recurring droughts in Brazil and declining soil health in Vietnam expose the vulnerabilities of intensive monoculture systems. In Central America, modelling shows that maintaining current Arabica zones may require shade cover to increase by around 23% before 2050, with the area needing dense shade potentially doubling. This suggests that many low- and mid-elevation farms are already approaching their climatic limits (Lara-Estrada et al. 2023). Uganda faces projected declines of 18–22% in suitable Arabica area by mid-century, with losses concentrated in western regions (Abigaba et al. 2024). Vietnam's Central Highlands could lose up to 62% of suitable Robusta area under high-emissions scenarios, driven by rising temperatures and declining late-season rainfall (Dinh et al. 2025). Even where total suitable area may expand, as in parts of Ethiopia, modelling suggests profound spatial shifts: existing coffee zones could become marginal, while new suitable areas emerge elsewhere, often encroaching into forested landscapes (Mamuye et al. 2025).

The coffee sector has intensified its exposure to climate change pressures through the production models and expansion patterns it pursued over recent decades. Global coffee demand rose from approximately 110 million bags in 2000 to 178 million bags by 2025: a 62% increase in 25 years (see Figure 1). Growth has been driven by the specialty boom in Europe and North America and by the rapid emergence of new consumer markets in Asia; China's consumption climbed 150% in a decade. Production has largely kept pace, primarily driven by intensification in a handful of countries. Brazil and Vietnam account for much of the increase, relying on high-input, full-sun production systems that

BOX 2: **Labour shortages**

Coffee harvesting in Central America and southern Mexico depends on manual picking carried out by large numbers of seasonal workers who migrate between farms and across borders following the ripening cycle. For producers, labour shortages have immediate and severe consequences. Unlike price fluctuations, a shortage of pickers directly leads to unharvested coffee, declining bean quality, and reduced farm income.

In Honduras and Guatemala, the harvest season mobilises an estimated 750,000 to 850,000 workers each year. According to IHCAFE, the six-month harvest alone generates around one million jobs nationally in Honduras. Producers increasingly struggle to recruit sufficient labour as rural out-migration accelerates and remittances reduce reliance on seasonal agricultural wages. During the 2023–24 harvest season, Honduras registered a 32% decline in coffee exports in the opening months, partly attributed to labour shortages (USDA FAS 2024).

The situation became particularly acute in Costa Rica during the 2024–25 harvest. The country requires roughly 70,000 pickers at peak season, around 40% of whom traditionally come from Nicaragua. However, stricter migration control introduced by the Nicaraguan government, including hefty fines and prison penalties for irregular departure, sharply reduced cross-border labour flows. According to ICAFE, the resulting shortage led to an estimated $60 million in losses from unharvested and rain-damaged cherries.

Labour shortages are also intensifying in southern Mexico, particularly in the state of Chiapas. Coffee farms in the region have historically relied on migrant workers from Guatemala and elsewhere in Central America. Stricter migration enforcement and escalating cartel violence have compounded the problem: pickers cannot safely reach farms in areas under criminal control, while internal displacement reached 12,771 people in the first seven months of 2024 alone. Research by the Business and Human Rights Resource Centre highlights forced labour, violence, and sexual harassment of migrant coffee farmworkers in Chiapas (BHRRC 2024).



maximise yields per hectare. Elsewhere, shaded low-input systems in Africa, Indonesia, and Central America recorded little yield growth; farmers expanded instead into new cultivation areas (Poncet et al. 2024).

The sector now faces a dual challenge: making high-input systems more environmentally sustainable without undermining their profitability, while increasing the productivity of traditional systems without eroding their ecosystem services. Neither challenge has attracted the sustained, coordinated investment it requires, and this gap directly threatens the sector's capacity to adapt. For instance, between 2001 and 2015, coffee was linked to roughly 2 million hectares of global deforestation, compared with 45.1 million for cattle, 10.5 million for oil palm, and 8.2 million for soy (WRI 2020). The comparison likely understates the problem: unlike those commodities, coffee-driven

deforestation increased over the same period. Indonesia accounted for 33% of coffee-linked forest loss, Brazil 16%, and Vietnam 12%. By 2018, EU coffee imports carried the third-highest deforestation risk among agricultural commodities, only surpassed by soy and beef.

Despite decades of sustainability commitments, recent data on coffee's expansion into forests and other natural ecosystems remains surprisingly thin (CB 2020). Comprehensive monitoring systems are largely absent, obscuring the scale and location of ongoing land-use change. This information gap matters all the more because coffee cultivation is concentrated in some of the world's most fragile ecosystems. Many of the planet's 36 biodiversity hotspots are under increasing pressure from agricultural expansion driven by global demand for "cash-crops" (Habel et al. 2019). These ecosystems support exceptional endemic species while providing critical services, such as water regulation, soil stability, and carbon storage, on which coffee farming itself depends (Perfecto and Vandermeer 2015). Their conversion to monoculture systems erodes not only biodiversity but also the agroecological conditions of long-term production. Three countries illustrate how expansion and intensification, in the absence of ecological safeguards, are undermining resilience:



Brazil's coffee landscape is dominated by full-sun monoculture, with the cultivated area more than doubling from 0.6 to 1.23 million hectares between 1990 and 2023. Modelling from MapBiomas indicates around 11 million hectares of land conversion in coffee-growing municipalities since 2001, concentrated in the Cerrado and the Atlantic Forest biomes. The picture today is more nuanced, yet the legacy of monoculture continues to shape the landscape and climate conditions in which Brazilian coffee producers operate (Coffee Watch 2025).

Vietnam relies heavily on sun-grown Robusta monoculture in the Central Highlands, where intensive fertiliser use and irrigation deliver high yields (Chaiyapa 2023). The model's fragility became evident in 2023/24. Prolonged drought reduced production by more than 10% in key provinces, including Dak Lak and Dak Nong. Despite record prices in 2024/25, farmers have been reluctant to replant. This signals that decades of intensive monocropping have exhausted the system's resilience. Vietnam's Ministry of Agriculture now forecasts a 10% contraction in total coffee area, to 650,000 hectares, by 2030 (Tuyen 2026).

Uganda's coffee area expanded from 245,000 hectares in 2012 to roughly 800,000 hectares by 2024 (Mukasa et al. 2025). Yet the expansion has exposed structural vulnerabilities: smallholders, who produce around 90% of the crop, report yield declines under intensifying heat stress, while deforestation is threatening the wild Robusta genetic resources on which the crop's long-term resilience depends. Since 2022, researchers at Uganda's National Coffee Research Institute have been collecting wild Robusta germplasm from ten forest reserves (including Zoka, Mabira, and Budongo), precisely because those forests are disappearing (CIRAD 2022).

## Uneven priorities

The ICO/ITC *Coffee Sustainability Support Database* covers 480 projects and $10.9 billion in known commitments, demonstrating that substantial resources have flowed into the coffee sector (ICO 2026). Its findings should nonetheless be read as indicative rather than definitive. The database spans several decades, includes many closed projects, outdated information, and reflects historical priorities as much as current ones. Coverage is incomplete: 147 projects contain no budget data, reporting is voluntary, and the database favours large institutional programmes while underrepresenting smaller NGO initiatives, national government spending, and private sector investments that companies rarely disclose. Even so, it offers a useful starting point for examining how sustainability investments align with the Sustainable Development Goals (SDGs).



The projects in the database were mapped against the seven SDG priority areas for coffee-growing regions identified in Sachs et al. (2025). The resulting heatmap (see Figure 3), illustrates that the two most frequently cited SDGs in the database are Decent Work and Economic Growth (SDG 8, cited in 55% of projects) and Responsible Consumption and Production (SDG 12, cited in 42%). Neither sits among the seven coffee-sector priority areas. Their dominance points to a structural alignment problem: both goals map directly onto the commercial language of supply chain sustainability, making them the natural default in corporate and institutional reporting, while many of the sector's underlying structural needs remain systematically underfunded.

Within the seven priority areas, only the social protection goals of No Poverty (SDG 1) and Zero Hunger (SDG 2), alongside the environmental priorities of Climate Action (SDG 13) and Life on Land (SDG 15), receive substantial attention. Health and Wellbeing (SDG 3), Education (SDG 4), and Water and Sanitation (SDG 6) each account for under 4% of projects. Infrastructure and Digital Connectivity (SDG 9) appears in just 11% of projects and is geographically concentrated in Africa. Clean Energy (SDG 7) has no recorded projects in any region.

A more complete dataset would likely reveal higher investment in some of these areas, but it is unlikely to change the broader conclusion. The gaps are too consistent and too widespread across regions to be explained solely by reporting limitations. What emerges is a fragmented investment landscape in which donors, companies, and implementers gravitate towards interventions that are easiest to fund, measure, and communicate. SDG-based planning provides a framework for aligning investments, sequencing interventions, assigning responsibilities, and identifying costs, so that public and private resources reinforce rather than fragment one another (Sachs et al. 2025). Without a shared planning framework that maps investment needs across the full range of sustainability priorities, resources will continue to concentrate around a narrow set of visible goals, while the foundations of long-term sustainability go unaddressed for lack of alignment.

Figure 3: **SDG project heatmap**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Mexico | ● | ●●●<br>●●● | ● | × | × | × | × |
| Brazil | ●●<br>●●● | ●●●<br>●●● | × | ●● | ●● | × | ● |
| Colombia | ●●●<br>●●● | ●●<br>●●● | ● | × | ● | × | × |
| Honduras | ●●<br>●●●<br>●●● | ●●●<br>●●● | × | ●● | × | × | ● |
| Peru | ●●●<br>●●● | ●●●<br>●●● | ● | × | × | × | ●●● |
| Ethiopia | ●●<br>●●●<br>●●● | ●●●<br>●●● | ● | × | ● | × | ● |
| Uganda | ●●●●●<br>●●●●●<br>●●●●● | ●●●●●<br>●●●●●<br>●●●●● | × | ●●<br>●●● | × | × | ●●<br>●● |
| Vietnam | ●●<br>●●● | ●●●●●<br>●●●●●<br>●●●●● | × | ● | × | × | × |
| Indonesia | ●●<br>●●● | ●●●<br>●●●<br>●●● | × | ● | × | × | × |
| India | ● | ●● | × | × | × | × | ●● |

**“Internalising the social and environmental costs of sustainable production is a key challenge.”**

Coffee Barometer 2009

# 2

# Limited reform, rising expectations



**SUMMARY** The coffee crisis of the early 2000s was a turning point. Prices collapsed to historic lows, millions of smallholders fell into distress, and the sector's vulnerabilities became impossible to ignore. As intergovernmental ambition faltered, companies turned to voluntary sustainability standards, delivering real gains in awareness and traceability, but leaving market structures intact. The mass market did not absorb the higher costs associated with more sustainable production. That constraint is now being challenged by emerging regulatory requirements. A wave of regulation on deforestation, due diligence, forced labour, and greenwashing is redefining the conditions of market access. Whether this delivers meaningful change will depend on how companies respond: compliance alone will not improve producer livelihoods without stronger commercial commitments and active support for farmers.

## The coffee crisis

The early 2000s delivered one of the most severe price shocks in the history of the coffee industry, widely regarded as the worst crisis ever recorded for grower incomes. Coffee prices collapsed to levels unseen in a century, pushing millions of smallholders and workers into distress and exposing long-standing structural weaknesses in the

sector (Bacon et al. 2008). The downturn was driven by a prolonged and steep fall in prices. Between 1997 and 2001, green coffee prices dropped by roughly 70% in nominal terms, while inflation–adjusted prices fell to their lowest point in 100 years (ICO 2001). By September 2001, the ICO's composite indicator had sunk to 41.17 ¢/lb, the lowest annual average since 1971.

The crisis stemmed from a persistent imbalance between supply and demand. Global demand grew by around 1.5% a year, but production expanded at more than double that pace. Three forces drove this oversupply. Vietnam, virtually absent from global markets in the early 1990s, became a Robusta powerhouse within a decade. Backed by state coordination and large–scale infrastructure investment, the country planted roughly 500,000 hectares of coffee and emerged as the world's lowest–cost producer. Brazil, meanwhile, consolidated its dominance by expanding into frost–free regions, raising productivity through mechanisation and high–input agriculture, and benefiting from a sharply depreciated real that structurally lowered its export costs relative to competitors. Both were rooted in the broader liberalisation of global coffee markets following the collapse of the ICA in 1989 and the dismantling of state marketing boards, which removed key supply management tools.



## Ambition without enforcement

The sector's response to the coffee crisis established a template that still shapes coffee governance today (Bacon et al. 2008). Structural reform was proposed, but when intergovernmental ambition faltered, what filled the vacuum was a combination of voluntary market mechanisms and public and private sector project support, neither of which addressed the underlying market imbalances.

Amid surging supply, collapsing prices, and rising rural poverty, the ICO convened the first World Coffee Conference in 2001. Participants identified record–low prices, weakened research systems, and failing national institutions as core vulnerabilities, and called for fundamental changes in agricultural production as well as trade and consumption. Despite the severity of the situation, the proposed solutions remained vague, amounting to little more than a plea for "immediate action from governments, coffee authorities and the business community to explore all possible innovative ideas to emerge from the current situation and to create a better coffee world" (ICO 2001).

Civil society intervention marked a decisive shift in sector governance. It was Oxfam International's *Mugged: Poverty in Your Coffee Cup* (2002) that brought the crisis to public attention. The report showed that farmers in many producing countries earned less than their cost of production, a situation impossible to sustain except through asset depletion, debt accumulation, or abandonment of coffee altogether. The report was accompanied by the international "Make Trade Fair Campaign," a wave of public mobilisation, company actions, and a series of policy proposals. This public–facing strategy translated the critique into a market lever for consumers: shifting purchasing towards certified coffee. Fairtrade became the entry point for citizen action.

## Sector reform blueprint

The "Coffee Rescue Plan," as outlined in *Mugged* and expanded in Oxfam's *Walk the Talk* (Oxfam 2003), was a comprehensive blueprint for sector reforms, diagnosing the coffee crisis as a product of oversupply, buyer concentration, and weak producer leverage. Oxfam's recommended remedy was ambitious at the same structural level. The plan operated on two fronts. In the short term, under the ICO banner, it called for five interventions: 1. roasters would pay above minimum costs and disclose margins; 2. the ICO's Quality Coffee Scheme would enforce export restrictions on substandard beans; 3. at least five million bags of the lowest-grade surplus would be destroyed to lift prices; and 4. a "Diversification Fund" would reduce producer dependency on coffee, combined with 5. the expansion of Fairtrade purchasing to at least 2% of roaster volumes within a year.



The plan was conceived as a pilot for a longer-term Commodity Management Initiative: a post-ICA framework to balance supply with demand, strengthen producer organisation and representation in the ICO, and curb roaster concentration through regulation. It was, in essence, a call for a return to intergovernmental management of the market: binding rules, not voluntary standards. Its logic assumed that governments under the ICO flag would act as enforcers of these measures, providing the institutional backing needed to translate the proposals in the plan into real-world impact.

In practice, the ICO lacked the authority, political cohesion and will to impose the measures necessary to address market reforms. The 2003 ICO/World Bank High-Level Roundtable, where the plan might have advanced, delivered no structural commitments (ICO 2003). Meanwhile, World Coffee Conferences (2001 London, UK; 2005 Salvador de Bahia, Brazil; and 2009 Guatemala City, Guatemala) framed sustainability as a guiding principle, yet failed to implement any binding mechanisms to manage supply, enforce quality, mandate transparency, or support farmers.[4] Without the ICO's support, the structural instruments at the heart of the Rescue Plan remained purely aspirational. What remained, when everything was quietly set aside, was the expansion of Fairtrade. The structural market reforms that motivated the "Make Trade Fair Campaign" had been substantially displaced by the attractiveness of multiple VSS instruments.

## Proliferation of voluntary standards

Unlike binding regulations and enforcement, VSS offered a practical, market-driven alternative in the early 2000s (UNCTAD 2023). They became the default solution, for industry and NGOs alike, to address social and environmental concerns without requiring coordinated political action. High expectations were placed on Fairtrade, Organic, Rainforest Alliance, UTZ, and 4C to transform the sector through market-based incentives. This model rested on a structural dilemma that civil society never fully resolved: engaging corporate actors through adherence to voluntary standards offered scale, but scale came at the cost of ambition.

The first edition of the Coffee Barometer (2006) already noted that there "is little indication that the five largest roasters see certified premium products as anything other than a niche product in their portfolio of brands, with marginal shares between 0.2 and 2.0% of coffee from certified sources."[5] Kraft and Procter & Gamble initiated sourcing from Rainforest Alliance in 2003. Sara Lee Douwe Egberts committed to UTZ Certified coffee in 2005. Nestlé followed with Fairtrade adoption in the same year. More broadly, companies adopted certification as 'defensive brand management': the goal was reputational protection, not transformation of purchasing practices (Neilson and Pritchard 2009). Certified coffee emerged as a parallel production strategy, a niche sustainability line running alongside companies' predominantly uncertified procurement. While it offered brand differentiation, it rarely altered the structural terms governing the bulk of coffee purchases.



The 4C Common Code for the Coffee Community, initiated in 2003 with the support of GIZ, and with initial backing from Kraft, Nestlé, Sara Lee and Tchibo, illustrated this logic most clearly by setting standards low enough to encompass virtually all commercial coffee production. 4C primarily reflected European food-safety and traceability concerns, rather than delivering genuine sustainability outcomes. India's Coffee Board identified the logic precisely: the 4C model was "costless and painless" for roasters. Rather than driving meaningful improvements in producer welfare or environmental gains, it risked becoming a barrier to market access, imposing compliance costs on producers without generating premium prices in return (Neilson and Pritchard 2009).

Each standard promised distinct benefits on paper. Fairtrade offered minimum price guarantees and cooperative-managed social premiums. Organic certified rewarded chemical-free production with price premiums. Rainforest Alliance emphasised biodiversity, water, and soil protection. UTZ promoted traceability and good agricultural practices. 4C established baseline standards accessible to mainstream producers. Considerable energy went into improving the standards themselves, but the practical barriers for farmers were substantial. Fairtrade required membership in well-governed cooperatives. Organic demanded a three-year transition period without synthetic inputs. Rainforest Alliance's biodiversity focus required technical knowledge, while UTZ imposed traceability requirements beyond many farmers' organisations' capacity. More critically, all compliance costs and risks were pushed to the farm-level: from upgrading production systems to meet requirements, to annual third-party inspection and certification fees, ongoing monitoring and documentation costs, and investments in continuous improvement.

## A mixed record

The growing body of research synthesised in Marx et al. (2024) suggests that VSS have fallen short of their original promise: to transform global value chains and resolve entrenched problems such as deforestation, climate vulnerability, and labour exploitation. The most comprehensive systematic review of VSS in the coffee sector to date found

that more than half of the studied variables showed no significant difference between certified and non–certified farmer groups (Rubio–Jovel 2023).

Brazil and Colombia together account for roughly 51% of all Rainforest Alliance certified coffee, closely mirroring their share of global production and reflecting a broader regional pattern. Latin America hosts 78% of certified coffee production volume and 63% of certified hectares, yet only 17% of certified farmers. This ratio reveals how heavily VSS scaled through larger, more commercially integrated operations. In practice, VSS adoption has followed the sourcing logic of the industry it sought to transform: origins with established cooperatives, stronger organisational capacity, and existing quality infrastructure have been better able to absorb compliance costs and meet certification requirements. Whether this reflects a strategic choice to work within existing supply chains or a structural bias towards easier implementation is a fair question, likely both.



Africa presents the clearest contrast. The continent accounts for 75% of certified farmers but contributes only 13% of certified production, a distribution that reflects smaller farm sizes and lower productivity levels typical of the broader sector, rather than a VSS–specific distortion. The same pattern holds for conventional coffee. If anything, it suggests that certifiers have been reaching producers in regions where structural need is greatest and where mainstream commercial sourcing is least developed. The more critical issue is not geographic coverage but depth of impact: compliance–driven certification models have proven poorly suited to the subsistence–scale farmers who require the most support, regardless of location.

Two decades on, the record is mixed. The original economic logic —consumers pay more for certified coffee, premiums flow through the supply chain to farmers, incentives drive adoption, and sustainability scales through market forces— has not held. Certified supply expanded rapidly, yet demand failed to keep pace, creating a structural surplus in which certified beans are routinely sold as conventional coffee (as illustrated in Figure 4). The result is that many small–scale farmers bear the costs of certification, without capturing its benefits, such as price premiums or access to new markets (CB 2020). More telling is that the growth phase of third–party VSS appears to have plateaued. Fairtrade, Rainforest Alliance, and 4C are the only organisations that consistently publish both certified volume and volumes sold under their respective labels. For the first time, third–party certified coffee represents a smaller share of global production than in previous years. Understanding this shift requires connecting two developments. First, mandatory due diligence regulation and increasing legislative pressure now require companies to provide systematic, auditable evidence of compliance, something many third–party schemes were not originally designed to deliver. Second, companies are increasingly developing proprietary systems, viewing these second–party verification approaches as more efficient, adaptable, and easier to control than third–party alternatives.

Figure 4A: **Certified production and demand**

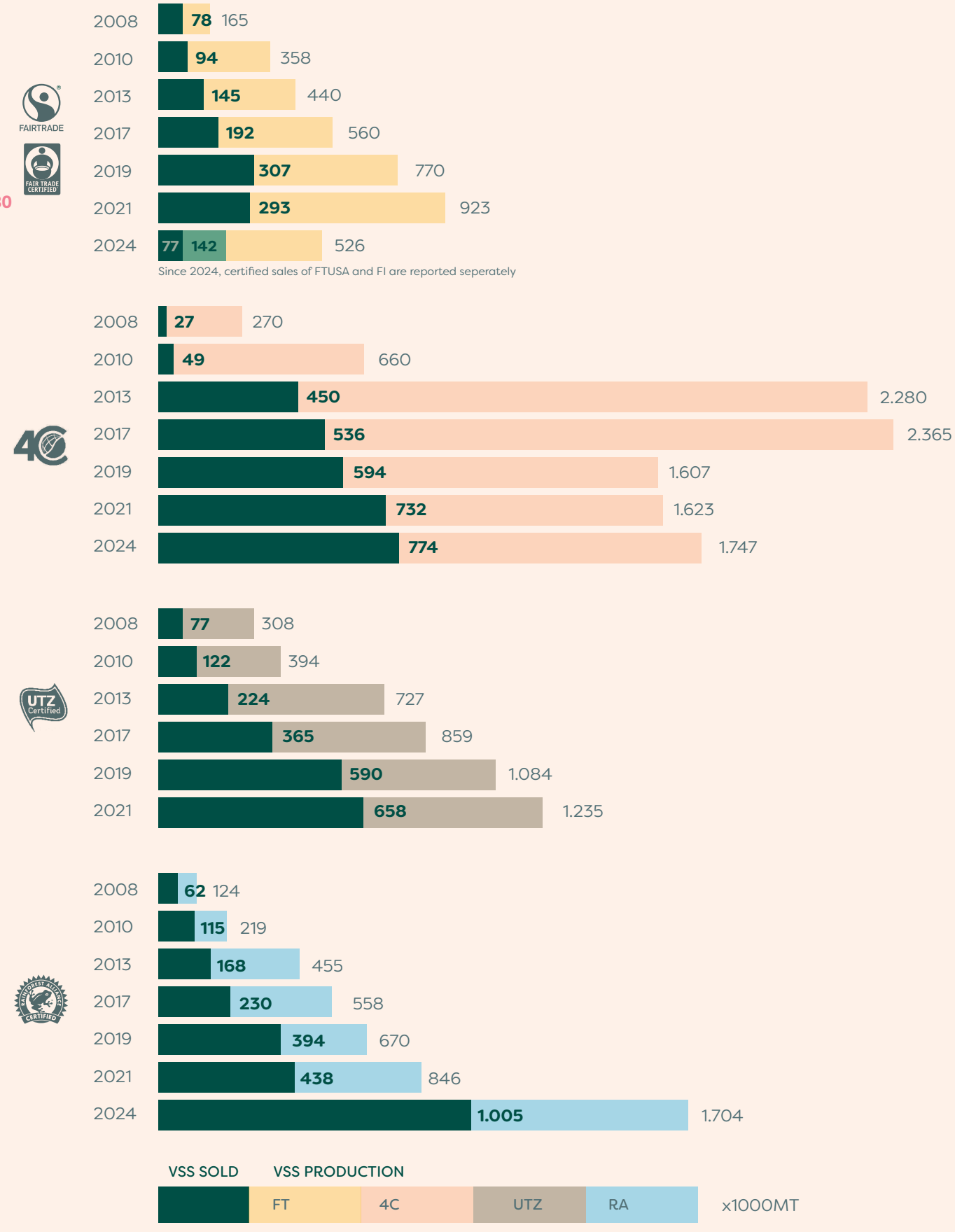
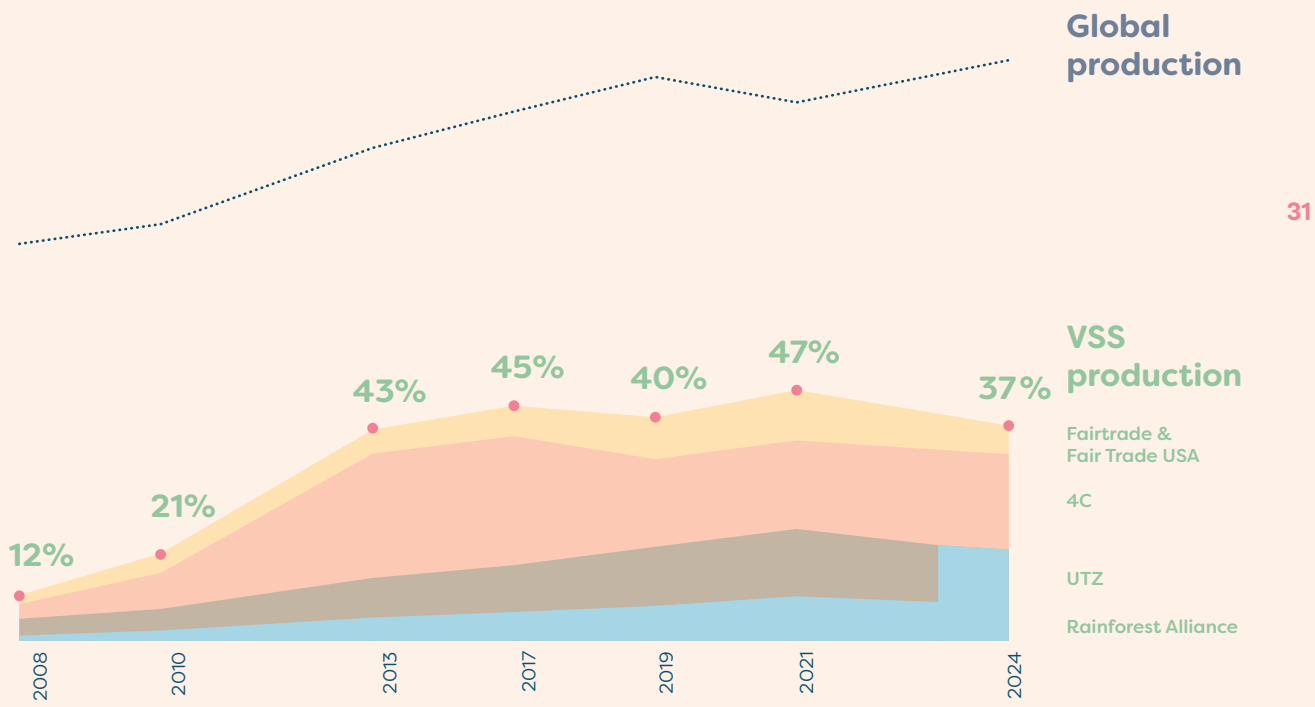
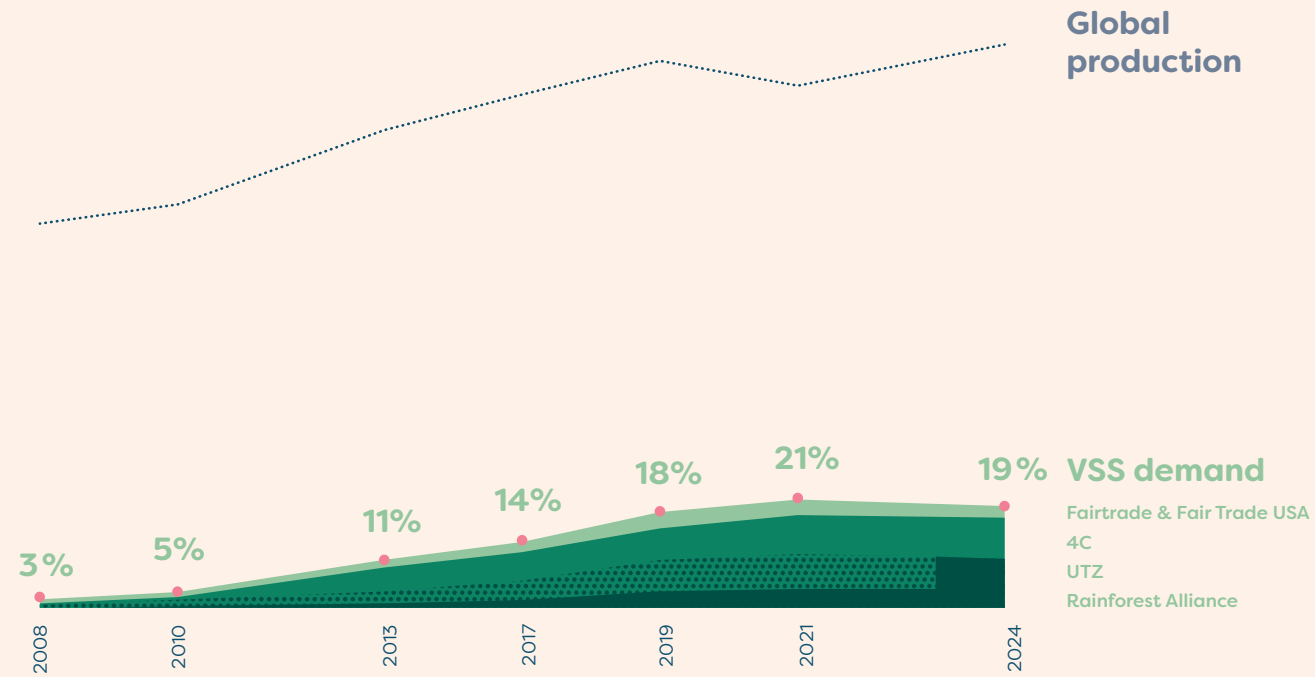


Figure 4B: **Certified production and demand versus global production**





## Towards mandatory compliance

The implementation of voluntary certification schemes, in isolation, has lacked the potency to foster alternatives that economically benefit producers, uphold workers' rights, and address climate adaptation in any consistent way (Partiti 2022). This pattern is not unique to coffee; similar dynamics are observable across other agricultural commodities, such as cocoa, palm oil, and soybeans. Policymakers have responded by shifting towards mandatory legislation. By linking practices within agricultural supply chains to corporate conduct, accountability, and conditions for market access, regulators aim to drive genuine sustainability outcomes.



Compliance with these regulations depends on robust monitoring systems and the ability to demonstrate the effective implementation of due diligence measures. Unlike voluntary frameworks, these regulations introduce formal accountability and enforcement mechanisms, including penalties, remedies for rights violations, exclusion from public tenders, and, in some cases, civil liability (CB 2023). Well-designed regulations have the potential to catalyse a structural shift that reshapes the very nature of current business models. At the same time, this transition carries a clear risk: that compliance costs are pushed upstream, ultimately burdening the smallholder farmers these frameworks are intended to protect. Preventing this outcome requires the industry to take a proactive stance in supporting producers, rather than treating regulatory compliance as a cost to be externalised (VOCAL 2024).

It is important to recognise that the shift towards mandatory regulation is not following a straightforward path. Delays and reductions in scope have at times weakened regulatory credibility and risked undermining the urgency needed to address sustainability in supply chains. While these setbacks have given the coffee sector more time to prepare, they have also sent mixed signals about whether economic considerations continue to outweigh ethical commitments (Grabs 2025). At the time of writing (May 2026), the period of major delay and rollback appears to be largely behind us. If the remaining measures proceed on their current timelines and with their stated level of ambition, they could mark a genuine turning point for the coffee sector.

## The emerging regulatory landscape

The European Union is currently leading on sustainability due diligence regulation. However, comparable mandatory approaches are emerging globally, including forced labour regulation in the USA, modern slavery disclosure regimes in Australia, forest-risk commodity provisions under the UK Environment Act, and expanding environmental frameworks in China. Within the EU itself, four key legal instruments now define this emerging regulatory landscape, each with distinct but overlapping data and reporting requirements. Firstly, the EU Deforestation Regulation (EUDR) makes deforestation-free sourcing a condition for access to the European market. Secondly, the Corporate Sustainability Reporting Directive (CSRD) extends sustainability disclosure obligations across entire value chains, pulling detailed supply chain data upstream. The Corporate Sustainability Due Diligence Directive (CSDDD) requires companies to identify and address adverse human rights and environmental impacts in their sourcing

practices. The EU Forced Labour Regulation (FLR) prohibits products made with forced labour from entering the EU market. The implications are far-reaching, reshaping not only compliance requirements, but also the underlying market structures through which sourcing relationships are organised.

## The EUDR

The EU Deforestation Regulation (EUDR) provides the clearest near-term illustration of this shift. The EUDR requires companies to ensure that the products they place on the EU market, or export from it, are not associated with deforestation. It establishes clear conditions for access to the European market: coffee, cocoa, rubber, palm oil, cattle, wood, and soy must be traceable to the plot level, supported by geolocation data and a due diligence statement confirming that they are deforestation-free and legally produced.



These requirements extend beyond importers (defined as "operators" in the regulation), to include downstream actors such as major retailers (classified as "traders"), where they place products on the EU market. Commercial dynamics are accelerating implementation. Retailers including Carrefour, Ahold Delhaize, and Lidl are embedding EUDR compliance into private-label sourcing contracts, effectively advancing the timeline ahead of the formal deadline. In practice, this is driving a tightening of supplier requirements and greater reliance on data systems that can demonstrate continuous traceability.

It has been delayed twice due to concerns over implementation readiness, with the compliance deadline for large and medium operators now set for 30 December 2026. While the EUDR is a key regulation for forest protection, concerns remain about unintended consequences. Origins without credible farm-level datasets risk exclusion not because their coffee is necessarily non-compliant, but because compliance cannot be demonstrated. The result is a structural reorganisation of sourcing relationships around data availability, where access to the EU market depends as much on information infrastructure as on product quality. In this context, farmer exclusion is not a given; rather, it is a result of how companies choose to manage compliance. These risks therefore require careful management.

## The CSRD and EmpCo

The Corporate Sustainability Reporting Directive (CSRD) is reshaping the information environment in which coffee companies operate, even for those outside its formal scope. While Omnibus I reforms (February 2026) raised thresholds to more than 1,000 employees and €450 million turnover (exempting most mid-sized roasters and all major traders from direct mandatory reporting), the large European food retailers stocking their coffee products are themselves Wave 1 CSRD filers. To meet their obligations, companies must report in line with the European Sustainability Reporting Standards (ESRS). This is the tech-

nical framework that specifies what companies must report, how, and with what level of detail.

In practice, ESRS translate the broad CSRD idea of "sustainability reporting" into a structured, auditable framework covering climate, biodiversity, labour rights, and governance.[6] A defining feature of ESRS is double materiality: companies should not only report on how sustainability issues affect their financial performance, but also on how their activities impact the environment and society. Meeting these requirements depends on access to detailed value chain data from suppliers. As a result, disclosure obligations create a structural pull on information that moves upstream through commercial relationships, regardless of whether suppliers are formally in scope (Charles 2023). This mandatory transparency framework addresses what voluntary sustainability standards consistently failed to deliver: a structural basis for genuine accountability in the sector (CB 2023).



Originally, the CSRD was intended to include sector-specific ESRS for food and agriculture, which would have established a common reporting vocabulary for coffee companies. Their removal under Omnibus I (February 2026) leaves a clear gap: in the absence of a harmonised baseline, retailers and roasters are defining their own supplier data requirements, resulting in fragmented information requests and limited comparability. This gap makes the Empowering Consumers for the Green Transition Directive (EmpCo) even more consequential.

EmpCo targets greenwashing directly, requiring that all environmental claims made to consumers are specific, verifiable, and backed by evidence. It bans vague descriptors such as "eco-friendly" or "sustainable" without substantiation and prohibits "carbon-neutral product" claims based on offsetting. For the coffee sector, which has long used vague sustainability language to command price premiums, EmpCo levels the playing field. By empowering consumers with accurate information, brands that have relied on unverified claims face legal exposure, while those with genuine sustainability practices gain a clearer competitive advantage. EmpCo will be the first of the EU's sustainability regulations to take effect, applying from September 2026.

### The CSDDD

The third pillar of this emerging framework is the Corporate Sustainability Due Diligence Directive (CSDDD), which shifts the focus from transparency to the legal obligation to act on identified risks within supply chains. By establishing legal expectations that companies actively identify, address, and prevent adverse impacts in their sourcing practices, the CSDDD challenges current trade dynamics in agricultural supply chains. Although Omnibus I (February 2026)

reduced its scope and removed the harmonised civil liability mechanism, the directive's substantive human rights Annex was left intact.

That Annex makes the CSDDD the first EU instrument to recognise the right "to an adequate living income for self-employed workers and smallholders."[7] This right to just and favourable conditions of work recognises living income and a living wage as binding human-rights. By doing so, it elevates these from voluntary commitments to legal standards that in-scope companies must respect as part of their due diligence obligations (Garnier et al. 2026). As with the EUDR, the same logic applies: even traders and roasters outside the CSD-DD's formal scope remain indirectly bound to it, since the retailers they supply are in scope and their due diligence obligations extend all the way back to the producer.



For the coffee sector, this carries direct commercial implications. Pricing structures, contract duration, and payment terms are no longer purely commercial decisions; where they are linked to adverse human rights impacts, companies are required to change them. European Commission guidance on implementation is expected by July 2027, with the rules applying from July 2029. The systems required for compliance will need to be in place well in advance.

## The FLR

The EU Forced Labour Regulation (FLR), which entered into force on 13 December 2024 and applies from December 2027, prohibits products made with forced labour at any stage of the supply chain from being placed on or exported from the EU market. Unlike the EUDR, which addresses deforestation risk for a defined set of commodities, the FLR takes a global approach, banning products made with forced labour from any region or sector. Commission guidance covering due diligence processes and best practices for mitigating forced labour risks is due by June 2026, ahead of the regulation's full application. These expectations build directly on the OECD-FAO Guidance for Responsible Agricultural Supply Chains, which has long set out a risk-based due diligence framework requiring companies to identify, prevent, mitigate, and account for adverse impacts across their supply chains (OECD/FAO 2023).

For the coffee sector, the compliance implications are direct. Companies must audit their supply chains for exploitative labour practices, since any link to forced labour triggers market exclusion and reputational damage. Coffee is explicitly recognised as a high-risk commodity under the regulation and one grounded in documented evidence. In Brazil, the government's "Lista Suja" ("Dirty List") publicly names employers found to have subjected workers to conditions analogous to slavery, and recent investigations continue to find forced labour on coffee plantations (Public Eye 2025).

Compliance has become a condition of market access, with the terms set by regulators rather than by the industry. Sustainability is no longer something companies can add to, or claim within, existing sourcing models through a set of voluntary projects. It is becoming part of how trade is supposed to work: what companies must check be–fore they buy, how they structure contracts, what they are allowed to claim, and what evidence they need to keep on file. In practice, this shifts power and pressure along the chain. Large buyers and retailers push requirements upstream, often faster and more unevenly than policymakers intend. The result is not a neat, coherent shift, but a set of legal constraints being translated into commercial rules, with all the friction, gaps, and unintended consequences that this brings. The chapter that follows examines how the sector is developing in parallel, beginning with the interactions and collaboration between firms, platforms, and standards bodies.

**“There is an urgency to move from meetings to collective action.”**

Coffee Barometer 2018

3

# Collective action gaps



**SUMMARY** The sector's collective response to persistent poverty, climate risk, and labour exploitation has taken shape through multi-stakeholder initiatives. These platforms have built shared frameworks, improved data, and put sustainability on the boardroom agenda. But coordination has consistently outpaced commitment. Multistakeholder Initiatives (MSIs) have established living income benchmarks and convened the right actors; however, accountability mechanisms remain weak, representation favours multinational buyers and donors over producers, and funding falls short of the sector's ambitions. Voluntary collaboration has not reshaped the market structures that drive inequality. As mandatory regulation begins to set a baseline, MSIs have the convening power and capacity to push ambition beyond compliance, but only if the capital follows and producer voices carry genuine weight in setting the agenda.

## Introduction

Over the past decade, actors in the coffee sector have increasingly recognised that social and environmental challenges pose strategic risks to its long-term viability. Climate change, persistent farmer poverty and labour conditions cannot be resolved through isolated sustainability programmes. These 'wicked problems' are systemic and interconnected, requiring coordinated, sector-wide responses that align governance, incentives and market behaviour. This shift in understanding reflects, in part, the limited

impacts of voluntary sustainability standards (VSS). Meanwhile, multi-stakeholder initiatives (MSIs) have gained prominence, platforms designed to move beyond individual company action towards collective coordination, shared accountability, and structural change.

In practice, the MSI model is built around three main ambitions. The first is coordination: aligning vision, targets, and methodologies across competing actors to improve collective efficiency and reduce duplication. The second is transparency, including monitoring commitments, tracking progress, and generating sector-wide accountability. The third is transformation: linking local interventions with global reform to achieve impacts at a scale that no single company, government, or NGO could achieve alone. Together, these ambitions reflect a theory of change grounded in voluntary collaboration, based on the assumption that shared frameworks and peer pressure can gradually steer the sector towards sustainability.



MSIs face persistent challenges, and three recurring gaps limit their effectiveness: accountability, finance, and representation. Voluntary participation and disclosure have constrained accountability, while the scale and ambitions of interventions remain misaligned with chronic underinvestment. At the same time, imbalances in representation have concentrated agenda-setting among more powerful actors, with producer voices less consistently reflected. The emergence of mandatory sustainability regulation is beginning to shift this context. Binding requirements for due diligence, disclosure and market access reduce free-rider dynamics. This also creates space for MSIs to strengthen more inclusive forms of governance that go beyond minimum compliance.

## The main coffee MSIs

While a broad ecosystem of MSIs with varying scope and reach has emerged, three globally operating initiatives most prominently convene the sector, each with distinct mandates, origins, and functions.[8] Understanding these differences matters strategically: their specific roles shape industry priorities, drive investment, and create an overlapping governance network that fosters both collaboration and potential fragmentation of effort. The Sustainable Coffee Challenge (SCC, established 2015), the Global Coffee Platform (GCP, established 2016), and the Coffee Public-Private Task Force (CPPTF, established 2019) each provide governance architecture built on voluntary commitments, public-private collaboration, and collective action.

MSIs position themselves as pre-competitive platforms addressing wicked problems, such as climate change adaptation and mitigation, market price volatility, structural rural poverty, deforestation, and labour conditions. These challenges are transboundary, multi-causal, and resistant to unilateral solutions. In practice, the same companies, NGOs and governments participate across multiple platforms. Coordination happens both formally through memoranda of understanding and informally through shared participation in working groups and research. This creates a closely interconnected system that reduces duplication of effort without eliminating it entirely. The following

section offers a brief snapshot of the SCC, GCP and CPPTF, focusing on how their mandates, governance models and areas of influence differ in practice, rather than providing a detailed review of each initiative.

## The Sustainable Coffee Challenge

| Name | Established | Partners | Focus |
|---|---|---|---|
| The Sustainable Coffee Challenge (SCC) | 2015, COP21 Paris Climate Conference | 120+ | Climate and nature crises |

Hosted by Conservation International, the SCC operates with the overarching vision of making coffee the world's first sustainable agricultural product. The coalition is guided by a set of ambitious 2050 goals and intermediate 2025 targets across four thematic areas: improving farmer prosperity (People), conserving nature (Planet), ensuring a resilient supply (Coffee), and strengthening market demand (Markets). Up until 2025, one of its main mechanisms for engaging partners has been the "Commitments Hub," a public platform where partners can state, track, and report progress on their sustainability pledges laddering up into the shared 2025 targets.



The SCC's Commitments Hub represents a bold experiment in voluntary accountability. Launched in 2016, it set 2025 targets and 2050 goals in 2020. It aims to align corporate action on climate and nature, sustainable sourcing, and smallholder livelihoods through public commitments. The ambition is that transparency and peer pressure will unlock collaboration and drive measurable change.

SCC's 2025 progress report reveals a different reality. Across all commitments in the Hub, average progress stands at 38.5%. With targets essentially due, the partners have achieved barely more than one-third of what they promised. Climate mitigation is particularly off track. Only 1.6% of the 100 million tonne $CO_2$ equivalent target has been achieved (1.6 million of 100 million tonnes). At current rates, meeting the 2025 goal would require another 260 years.

Smallholder production shows stronger performance at 63% of the target, measured through proxy metrics like seedling distribution and training attendance. The caveat here is that progress often relies on unverified self-reported data. The SCC does not confirm survival rates, measure income impacts, or track long-term adoption. A gap persists between corporate claims of 'farmers reached' and documented improvements in farmer welfare.

The SCC's performance reflects its design. It has established shared metrics and generated growing corporate commitments from an increasingly diverse set of companies. However, companies self-verify their reporting and reputational exposure relates to participation rather than delivery. After a decade, the SCC shows that public commitments without verification and enforcement can document good intentions but cannot ensure delivery at the pace required. Without independent verification, binding accountability, and mechanisms that ensure activities translate into tangible farmer outcomes, its 2050 vision risks remaining aspirational rather than achievable.

## The Global Coffee Platform

| Name | Established | Partners | Focus |
|---|---|---|---|
| The Global Coffee Platform (GCP) | 2016 Merger of 4C Association and IDH Sustainable Coffee Program | 150+ | Sustainable sourcing and country platforms |

The GCP's strategic function has become one of creating order in a potentially chaotic landscape of standards, establishing a common language for sustainable sourcing. Its primary mechanisms include Country Platforms operating in six countries to coordinate national-level action. The GCP coordinates initiatives such as its "Collective Reporting" on sustainable coffee procurement and its "Equivalence Mechanism," which recognises various verification standards.



The GCP was originally built on national platforms, country-level multi-stakeholder coalitions intended to anchor sustainability efforts in local market realities. Over time, three centralised global instruments have gained prominence: the Coffee Sustainability Reference Code, the Equivalence Mechanism, and collective reporting on sustainable coffee purchases. The Equivalence Mechanism, launched in 2018, responded to a real problem in producing countries: the proliferation of coffee sustainability standards had created costly confusion for farmers and companies alike. The GCP's solution was elegant in theory: establish a baseline Coffee Sustainability Reference Code, then recognise any standard meeting this baseline as "equivalent." Complexity would decline, costs would fall, and participation would scale.

By 2025, the GCP Equivalence Mechanism covers four third-party schemes and 29 second-party assurance systems (GCP 2022). The latter includes in-house systems of all major coffee traders and large Brazilian exporters, all of which are eligible for inclusion in GCP collective reporting on sustainable coffee purchases. As the 2023 Coffee Barometer noted: "The GCP Equivalence Mechanism has scaled 'sustainable coffee' volumes impressively. Whether it has scaled sustainable farmer livelihoods remains unknown." Given the limited transparency of many included systems, their standards are difficult to verify independently. Information gaps persist, and the GCP still lacks a mechanism to measure "farmer prosperity," the central pillar of its strategy.

The GCP's *Sustainable Coffee Purchasing Report 2024*, which tracks the sourcing commitments of 11 members, aggregates data in ways that prevent the assessment of individual company performance (GCP 2025). The links between procurement and specific second-party assurance systems of the main traders remain unclear. Notably, traders' data on sourcing policies and practices is not currently included. In effect, this limits external scrutiny and leaves the practical definition of sustainability largely within corporate control. There is, however, a clear path to strengthening the mechanism's credibility: adopting reporting formats that allow for greater sourcing transparency, including trader-specific data where relevant; and undertaking more rigorous analysis of second-party standards' impacts to evaluate whether they genuinely deliver on farmer prosperity commitments.

## The Coffee Public-Private Task Force

| Name | Established | Partners | Focus |
|---|---|---|---|
| The Coffee Public-Private Task Force (CPPTF) | 2019 ICO Resolution 465 London Declaration | 20+ | Living and prosperous income |

As an intergovernmental body, the ICO holds a unique position, bringing together producing and consuming country governments. Its Coffee Public-Private Task Force (CPPTF) stewards a vision for a "sustainable, prosperous and resilient coffee sector" through a 2030 roadmap focused on establishing living income benchmarks and fostering public-private partnerships (PPPs) to close persistent farmer income gaps. The CPPTF has established living income research in more than 12 origins, providing formal intergovernmental legitimacy to sustainability efforts in the coffee sector.



The CPPTF represents a different approach: intergovernmental legitimacy and diplomacy through the ICO, formal government participation alongside companies, and a strong scientific focus on the structural issue of farmer poverty. Formed in response to the 2018—2019 price crisis, it has developed living income benchmarks in six countries using the Anker methodology, alongside a broader set of related activities. [9]

The benchmarks are published, peer-reviewed, but their acceptance remains subject to ongoing debate (GLWC 2025). In Rwanda, for example, the annual living income benchmark is approximately $3,500, while farmers typically earn $1,800—2,000. In Colombia, the benchmark is around $6,400; average smallholder income reaches only $3,800—4,200. This research provides documentation of what farming households require for a decent standard of living and what coffee production currently provides.

Yet five years on, the benchmarks remain advisory rather than binding. Despite government participation, no producing country has mandated living income floors as minimum farmgate prices. No consuming country has required importers to pay living income differentials. Producing countries fear acting unilaterally, citing the risk of losing market share as well as a preference for maintaining autonomy and free-market principles. Consuming countries endorse the concept while opposing mandatory implementation that would affect consumer prices.

Living income implementation ultimately requires companies to accept lower margins voluntarily. While companies participating in the CPPTF support the underlying research, few show willingness to absorb the living income gap, especially when competitors can continue sourcing at lower costs. As the individual company assessments in Chapter 5 demonstrate, corporate commitments rarely translate into pricing practices that close this gap. The CPPTF's research activity has become a substitute for policy intervention. Governments and companies point to MSI participation, funded studies, and published benchmarks as evidence that they are addressing farmer poverty. This appearance of engagement reduces pressure for actual measures and the redesign of existing policies.

## The accountability gap

MSIs operate on different theories of change, with a common premise: the assumption that voluntary collaboration between companies, governments and civil society —combined with transparency and reputational incentives— will encourage improved practices and in turn deliver sustainability improvements at scale. Alongside these incentives, alignment across initiatives serves a practical purpose: shared approaches reduce duplication for companies operating across multiple sourcing contexts. Both rationales assume that the actors with the greatest market share and supply chain reach are engaged, and that participation entails meaningful scrutiny. In practice, neither condition consistently holds.



Figure 5 illustrates a clear divide in MSI participation. The major multinational roasters and traders, including Nestlé, JDE Peet's, NKG and ofi, participate in multiple initiatives. They provide funding, hold seats on governing boards and actively shape the agenda. However, several large players, including Strauss and Kraft Heinz, are absent, alongside many mid-sized roasters. These actors collectively hold substantial market power while operating outside shared transparency and accountability frameworks. Their absence matters: it weakens collective norms, dilutes market signals, and risks discouraging first movers from going further.

This creates an inversion of conventional accountability logic (MSI Integrity 2020). Companies participating in MSIs report progress, submit to peer comparison and participate in public discussions about their commitments. Companies outside these platforms avoid that exposure entirely. At the same time, participation does not entail obligations. Since disclosure remains voluntary, significant data gaps persist even among companies that are formally engaged. This is evident in the limited traction of the key transparency tools. The SCC's Commitments Hub captures only a fraction of sector activity, while the GCP's annual sustainable coffee report relies on data from just eleven roasters and retailers.[10]

These disclosures are partial and uneven, leaving large gaps in the publicly available information. As compliance becomes a condition of market access —defined by regulators rather than the industry— the role of MSIs is shifting fundamentally. EUDR, CSRD, and CSDDD embed sustainability into how trade operates: what companies must verify before they buy, how they structure contracts, what they can say publicly, and what evidence they must maintain. This shift addresses a core limitation: as voluntary platforms, MSIs cannot compel participation, require disclosure, or level the playing field. A system that exposes participants to scrutiny while allowing others to opt out without consequence tends to cap ambition rather than establish a baseline. Regulation changes this dynamic. With a mandatory baseline in place, MSIs can redirect their energy towards pushing ambition beyond compliance, particularly on living income, climate adaptation, and biodiversity.

Figure 5: **Corporate members of MSIs**

## The finance gap

Multiple investment estimates converge on the same consistent point: making coffee sustainable requires billions annually, not millions. Columbia University research (Sachs et al. 2019) estimates that around $10 billion annually is required to make meaningful progress towards the Sustainable Development Goals in coffee-growing regions. World Coffee Research (WCR 2023) calculates that coffee agricultural research and development over the next decade will need an additional $246—452 million per year, on top of roughly $115 million currently invested annually.[11] Technoserve (2025) identifies a $4 billion investment requirement for regenerative agriculture across nine producing countries over seven years (see Box 3).



Closing this gap requires a financing architecture that combines public grants, low-cost loans, and private investment, instead of relying on any single source. At present, most coffee MSIs operate on budgets in the low millions of dollars. They depend largely on public and philanthropic funding to convene stakeholders, manage data systems, and support pilots. Private sector contributions typically cover only membership and governance costs, leaving MSIs with little capacity to compensate when public funding contracts. In 2025, that constraint has become more acute in the sector: USAID's engagement in coffee has completely stalled (see Box 4), while European donors such as the German Ministry for Economic Cooperation and Development (BMZ) are reassessing priorities, directly cutting budgets for implementing agencies like GIZ and others.

Nonetheless, MSIs are well-placed to play a stronger coordinating role in developing sector-wide funding pipelines. MSIs can aggregate commitments, align methodologies, and build the public-private structures needed to mobilise capital at scale. Their convening power positions MSIs to bring commercial banks, investment funds, and the financial arms of traders into financing the transition. Recent initiatives illustrate what this looks like in practice. The CPPTF helped shape the G7 Global Coffee Sustainability and Resilience Fund, which currently is a political commitment without a defined capitalisation target (ICO 2024). The UNIDO ACT programme positions the ICO and IACO as core partners and formalises a role for Fairtrade International, backed by €15 million from the Italian Ministry of Foreign Affairs and International Cooperation (MAECI), (UNIDO 2025). AROMA, designed as the financial arm of the SCC, secured a Green Climate Fund preparation grant in January 2025 towards a planned $120 million over seven years across Guatemala, Honduras, Mexico, and Uganda (CI 2025). Together these initiatives signal a shift in ambition, but not yet in scale. Confirmed funding remains in the tens of millions, against an annual financing need measured in the billions.

## The representation gap

Finance constrains MSI effectiveness, but it is not the only binding constraint. Even with significantly more capital, the organisational architecture of most MSIs would still limit their ability to drive structural change. MSIs present themselves as inclusive platforms that bring together companies, governments, civil society organisations, and producers. In practice, influence within these structures is distributed unevenly. Agenda-setting

BOX 3: **Costs of transition**

TechnoServe's *Regenerative Coffee Investment Case* (Technoserve 2025) provides the most detailed financial model of coffee's regenerative transition to date, covering 6.5 million smallholder farms across eight key producing countries: Brazil, Colombia, Ethiopia, Honduras, Indonesia, Peru, Uganda and Vietnam. The central finding: returns substantially outweigh costs, but the financing architecture to capture them does not yet exist.

Modelled across a seven-year transition period, the investment case projects a 30% increase in coffee exports, a 62% rise in farmer income across 3.2 million farms, and a 38% cut in GHG emissions, equivalent to 3.5 million tonnes of $CO_2e$ abated annually. At steady state, post-transition gains reach $2.6 billion in additional exports and $2.1 billion in additional farm income per year.

The transition requires $4 billion in total investment, two-thirds of it in farmer capital, one-third for technical support. Of the $2.6 billion farmer capital requirement, virtually none is currently financed. The gap has three components: $732 million in foregone net income during the years before regenerative yields recover; $909 million in upfront investment for new practices; and $1 billion in transition operating costs as conventional methods phase out.

The barrier is not a scarcity of capital, but a structural mismatch. Finance available to smallholders is scarce, short-term, and costly. Climate risk tightens lending conditions further. Government subsidies (standard in most agricultural sectors) are largely absent in coffee-producing countries. Private sector incentive schemes exist but cover only a fraction of the need.

TechnoServe identifies four levers to close the gap: blending public and private capital around measurable returns; routing finance through locally trusted intermediaries rather than top-down programme structures; designing financial products that match farmers' cash flow cycles, including flexible loan repayment and payments for conservation outcomes; and pairing capital with practical training and technology-enabled impact tracking.



power sits with actors that control resources: multinational buyers, governmental donor agencies, and international NGOs. They fund secretariats, chair committees, and define priorities. More critically, independent civil society voices have been largely absent. Farmers and farmer organisations participate, but rarely in positions that allow them to shape strategy, set objectives, or challenge decisions running counter to their interests.

Representation alone does not correct this imbalance. Many MSIs include small-scale producer representatives, but participation often remains symbolic. The absence of meaningful inclusion and engagement with local civil society and labour unions in producing countries reflects a lack of commitment to fostering robust accountability within these frameworks (IPES-Food 2023). To participate, these organisations face structur-

al disadvantages: limited funding, language barriers, high transaction costs, and weak bargaining power. Engagement demands time and resources farmers rarely have.

Agenda–setting in MSIs is not neutral. Powerful actors rarely block issues outright: instead, they allow broad goals onto the agenda: living income, climate adaptation, value distribution, because no one can reasonably oppose them. The difficulty is not agreeing on what matters but deciding how to act when solutions imply risk sharing, changes to procurement practices, or binding obligations.



Research, pilots and learning play a dual role here: they are essential for understanding problems and testing solutions, but also act as a holding pattern that delays structural reforms. The result is managed consensus. Stakeholders agree on the destination but repeatedly postpone decisions on how to get there. Research documents the problem, pilots demonstrate alternatives, and roadmaps outline future pathways. None require immediate changes to the commercial terms of trade.

BOX 4: **Closure of USAID**

On 20 January 2025, the US froze all foreign development assistance. By 1 July, the United States Agency for International Development (USAID) had effectively shut down: 83% of its 6,200 programmes were cancelled and 94% of its 13,000 staff dismissed. Between 2020 and 2024, USAID channelled more than $45 million into coffee–focused public–private partnerships across 19 producing countries, as part of a 25–year commitment of more than $250 million to the sector (Brown 2025). The freeze halted that investment almost overnight.

The consequences were immediate, leaving long–term investments in coffee resilience stranded. A $5m breeding programme run by Cornell University and World Coffee Research (WCR), which developed disease–resistant varieties across nine countries, came under threat. In Honduras, an $8.3 million Coffee Alliance with JDE Peet's and CoHonducafe (supporting 10,000 farming families) lost funding, alongside a climate–adaptation project and a soil–testing laboratory. In Peru, an $8.1 million partnership with green–coffee trader ofi stalled, while another $3.6 million programme managed by Solidaridad to stop coffee associated deforestation was cancelled. In Eastern Congo, a five–year programme with Nespresso and TechnoServe, supporting 8,500 households in South Kivu, was severed. Indonesia's Resilient Coffee Initiative with Root Capital and Keurig Dr Pepper, serving 14,000 farmers, also collapsed, alongside a $16.7 million TechnoServe programme reaching 50,000 farmers in Burundi. Ending public investment in coffee resilience poses a direct risk to future supply. It is also weakening the sustainability capacity, technical expertise, and institutional support systems on which the sector depends. The Coffee Quality Institute (CQI 2025), called a permanent closure "an immeasurable loss for coffee."

## New dynamics

A decade of multi-stakeholder initiative (MSI) collaboration offers a reasonable basis on which to assess their contribution to the coffee sector. By most procedural measures, progress has been tangible. MSIs have helped establish a shared language around sustainability, align definitions and improve the availability of data. Platforms such as the CPPTF and GCP have created channels for dialogue between governments, companies and civil society that were previously fragmented or absent, enabling coordination on national strategies, donor finance and policy constraints. Reporting tools, including the SCC's Commitments Hub, have increased transparency, while sustainability itself has moved from the margins to the boardroom agenda of major firms. These are not trivial gains. In their absence, efforts would likely have remained scattered, with limited visibility or coherence. Common frameworks and collective targets have made it possible to compare, track and discuss progress across actors who once operated largely in isolation.



Yet the limits of this model are becoming clearer. Sharing information has too often substituted for transformation. Reporting has expanded, while the conditions it documents have changed little. Coordination has, in many respects, outpaced commitment: living income targets have become widely referenced across the sector, yet farmgate prices have remained structurally insufficient to meet them. The structural challenges MSIs were meant to address —notably unequal value distribution and chronic underinvestment in climate resilience— remain largely intact after years of intensive collaboration. This outcome reflects the design of MSIs rather than a failure of execution. Their focus has been on alignment, transparency and voluntary collective action, not on reshaping markets or redistributing value.

The SCC's Commitments Hub allowed companies to set their own targets and report their own progress, but it is now being phased out in favour of a more credible approach. The GCP's Sustainable Coffee Purchases Report relies on voluntary disclosure from companies, only 11 companies participate, limiting the representativeness and credibility of the data. The CPPTF includes government representatives who support the establishment of living income benchmarks, yet no pilot has used regulatory authority to translate these benchmarks into improved payment terms. This reinforces the idea that research and benchmarking often substitute for concrete action.

Meanwhile, the centre of gravity is shifting as binding regulation begins to do what voluntary coordination could not. The EU's deforestation regulation illustrates this clearly: by making traceability and deforestation-free sourcing a condition of market access, it has rapidly accelerated practices, such as geolocation and data standardisation, that MSIs had long promoted but could not enforce. In this emerging model, regulation provides the floor, while MSIs help firms and governments adapt in practice. Yet minimum standards alone do little to resolve how value is distributed. Addressing persistent poverty and environmental strain requires following value along the chain, examining where

it accrues, how it is distributed and the structures through which it is concentrated. This shifts attention towards the corporate, financial and fiscal architectures that shape outcomes, yet often remain opaque.

While work on sustainable coffee is often framed as a pre–competitive space, this characterisation can be overstated. In practice, multiple layers of competition persist between private sector actors, between platforms and MSIs, and within civil society. Strengthening collaboration will be important to address the scale and complexity of the sector's challenges. This is necessary because effective responses must extend beyond what individual actors can achieve alone.



MSIs have helped define, standardise and elevate sustainability. Building on this, the next step is to confront the sector's underlying economics. This requires a closer examination of how value and profit are distributed in practice and how existing mar–ket structures may constrain more equitable outcomes. The following chapter brings together recent insights and case evidence that shed light on these dynamics, and why they deserve a more central place in the current sustainability agenda.

**“The asymmetries in power and information among participants in the global coffee market result in some stakeholders benefitting more than others; especially the coffee roasters appear as the big winners.”**

Coffee Barometer 2020

# 4

# Value extraction



**SUMMARY** The coffee sector generates substantial value, but little of it flows back to where coffee is grown. Farmers carry the most labour–intensive and climate–exposed stage of production, sustained by unpaid family labour that subsidises the rest of the chain. Market consolidation concentrates buying power among a handful of traders and roasters; premium formats generate vast markups that bypass producers; corporate structures channel profits through low–tax jurisdictions; and large companies return billions to shareholders even in years of weaker performance. These are not isolated examples; they are structural features of the coffee economy that direct value downstream while pushing risk upstream. Governments, companies, and civil society will need to address these dynamics more explicitly. Without honest scrutiny of how value is extracted, and profits are shielded, sustainability discussions risk remaining disconnected from the sector's underlying economics.

## Introduction

For decades, the coffee sector has directed resources, research, and energy towards improving sustainability at the farm level. Numerous projects have focused on training farmers in Good Agricultural Practices, farm financial management, and access to markets. Certification and verification standards have multiplied, each with specific requirements for farmers to meet. The underlying assumption has been that all these

efforts would improve farming practices, result in higher yields and quality, and translate into increased incomes, while adapting to climate change as well as reducing rural poverty and associated human rights issues.

However, the coffee industry remains awash with serious social and environmental abuses, and voluntary efforts have not yielded the desired effect of sustainability at scale. The difficulties facing the coffee sector are not primarily a problem of agronomy or productivity. The key problem is how value and risk are distributed along the supply chain: value is captured largely downstream, while most of the risk is transferred upstream. Understanding persistent poverty at farm level requires following the money through the value chain. It also requires examining the structures that concentrate value downstream and considering why existing market dynamics fail to translate sector growth into fair and stable incomes for producers. This becomes even more urgent in light of the recent contraction in international public funding for coffee sustainability.



Beyond farmgate prices, value distribution is shaped by complex and often opaque corporate, financial and tax structures. Recent research is beginning to reveal uncomfortable truths about how value is extracted, profits are shifted, prices are obscured, and corporate cultures that conflict with any credible notion of sustainability. Without far more attention to these invisible mechanisms, sustainability efforts in the coffee sector will remain stuck at the level of good intentions, leaving the status quo untouched.

This chapter examines why extraction seems to be the normal strategy at each stage of the value chain. It shows how market concentration allows downstream roasters and retailers to capture a disproportionate share of value, while producers struggle to earn viable returns, even when consumers pay premiums for quality. The chapter explores the incentives that sustain this imbalance: buyers often fail to reward quality improvements; firms prioritise short-term shareholder returns over long-term resilience; and tax structures shift profits out of the coffee sector. Together, these mechanisms create a self-reinforcing system in which sustainable development is increasingly at odds with immediate commercial interest.

## Roasters' consolidation

To the casual observer, the coffee market seems highly diverse (CB 2018). City streets host thousands of independent cafés alongside global chains such as Starbucks, Luckin Coffee and Costa Coffee. Supermarket shelves carry traditional roast-and-ground products next to espresso beans, instant coffee, and an expanding array of single-serve pods and capsules. Refrigerated aisles add bottled and canned ready-to-drink coffees. Online retail has also gained ground. Subscription services, often marketed as ethically sourced, now let consumers buy directly, bypassing traditional retail altogether.

That apparent variety masks a far more concentrated market structure. A small number of multinational firms exercise immense power over the global coffee industry (Grabs and Ponte 2019). Only two firms operate at scale across virtually every major segment:

Nestlé and the newly merged Keurig Dr Pepper – JDE Peet's entity ("Global Coffee Co."). Both span roast–and–ground, instant, pods and capsules, ready–to–drink, and out–of–home channels. The top 10 coffee roasters collectively purchase an estimated 35–40% of global green coffee production (CB 2023), underscoring the scale of their buying power (See Figure 10 in Chapter 5). In traditional packaged roast–and–ground coffee, no single firm dominates, and competition from retailers' private label products remains fierce. Even instant coffee, though more concentrated, still sees several large multinationals competing across regions.

The sharpest concentration has emerged in single–serve capsules and pods. Over the past two decades, flagship brands have steered consumers towards higher–margin formats (ECF 2025). This segment has evolved from an innovation–driven niche into one of the most profitable and tightly controlled areas of the coffee market. In most



BOX 5: **Rabobank and the collapse of Mercon**

In 2019, Dutch cooperative bank Rabobank launched a pioneering $450 million sustainability–linked credit facility for Mercon Coffee Group, a top 10 global coffee trader at the time. In 2021, IDB Invest added another $50 million. The financing aimed to support the coffee sector across Guatemala, Honduras, Colombia, Peru and Brazil by expanding access to credit for producers, protecting jobs and strengthening livelihoods. Loan pricing included the possibility of discounts tied to sustainability performance indicators, reinforcing Mercon's LIFT programme to help farmers improve productivity.

Two years later, Mercon collapsed. To mitigate post pandemic–related supply disruptions, Mercon maintained unusually high inventories to offset shipping delays. When coffee prices for immediate delivery began outstripping future contracts in 2021, the company had to liquidate this excess stock at a loss. This strain was further intensified by Brazilian frosts and rising interest rates, which eroded the firm's working capital. By mid–2023, lenders had scaled the facility back to $325 million. In August, declining collateral values triggered covenant breaches. Rabobank granted temporary waivers, but by late October the facility was overdrawn by $16 million. Although this deficit was marginal relative to the total exposure, Rabobank withdrew the entire credit line on 3 November 2023. This exit served as a red flag to other lenders; citing the heightened risk profile, they refused to refinance, forcing Mercon to file for bankruptcy on 6 December 2023 (Bloomberg 2023).

Ultimately, the facility failed its most important stakeholders: producers. Although the loan was intended to be a blueprint for resilient farming and ethical banking, it became a cautionary tale. Mercon's sustainability–linked loan provided zero protection against the market's downturn. Rabobank's risk aversion and exit strategy effectively abandoned the world's first coffee sustainability loan and completely failed small–scale coffee producers when the capital dried up (Rabobank 2019; IDB 2021; Bloomberg 2023).

high-income markets, volume growth has stalled while consumer prices have climbed steeply. In the US, Keurig Dr Pepper dominates the segment with roughly 80% market share. In Europe, Nestlé holds a similar position through Nespresso in the premium segment and Nescafé Dolce Gusto in the mass market, while JDE Peet's competes through Tassimo and L'OR capsules as the main challenger. Their rivalry centres less on coffee quality than on machine ecosystems, intellectual property, brand licensing, retail shelf space, and large out-of-home contracts.



Supply shocks have added a further source of tension. Recent sharp price spikes, driven by tighter supplies and climate-related harvest failures, have strained relationships between roasters and retailers. In 2025, major supermarkets in Germany and the Netherlands temporarily delisted JDE Peet's brands, including Douwe Egberts, after the company sought double-digit price increases. Supermarket executives publicly questioned whether the harvest shortfalls justified increases of that magnitude (McDonald 2025).

With growth harder to achieve, consolidation has accelerated. Major players have absorbed smaller brands and broadened their portfolios to defend margins and expand market share. Competition has not disappeared, but it has changed character. Beyond traditional roast-and-ground, rivalry increasingly centres on branding, proprietary formats and consumer lock-in, through subscriptions, capsule systems and loyalty programmes, rather than on price alone.

Figure 6: **Main coffee trading houses**

| Trader | Volume estimate (m bags) | Production share estimate | Acquisitions | Ownership structure | HQ |
|---|---|---|---|---|---|
| **NKG** (Neumann Kaffee Gruppe) | ~13-15m | 7-9% | Nordic Approach (2023) | Neumann family-run business, Germany | Germany |
| **ECOM** Agroindustrial | ~12-14m | 7-8% | | Esteve family-run business | Switzerland |
| Volcafe & Touton | ~11-13m | 6-7% | Volcafe in 2024, Touton in 2026 (+1.7m bags) | Hartree Partners investment fund, United States | United States |
| **ofi** (OLAM Food Ingredients) | ~10-12m | 6-7% | | 53% owned by Temasek Holdings Singapore | Singapore |
| **LDC** (Louis Dreyfus Company) | ~8-10m | 4-5% | | Louis Dreyfus family (55%) and ADQ investment fund (45%), Abu Dhabi | The Netherlands |
| **Sucafina** | ~8-10m | 4-5% | Acquired Complete Coffee (2021) Sustainable Harvest (2023), Mercafe (2024) | Tamari family-run business | Switzerland |

## The traders' shakeout

The green coffee trading sector has undergone consolidation on a scale unprecedented in its history (Charles 2024). Between August 2023 and February 2026, three traders collapsed (Sustainable Harvest, Mercon and COEX Coffee), while energy and commodities firm Hartree Partners acquired Volcafe (ED&F Man's coffee division) and French trading house Touton (see Figure 6). The top five traders' share of global green coffee trade surged from roughly 30% in 2018 (CB 2018) to an estimated 50% by 2025, a concentration trajectory that has fundamentally reshaped the sector (see Figure 6).



This is not organic growth but forced exit. Rising interest rates since 2022 have made working capital prohibitively expensive for mid-sized traders operating on thin margins. Record price volatility in 2024–2025 (Arabica hit 47-year highs, Robusta reached all-time records) triggered margin calls that undercapitalised firms could not meet (PDG 2025). The result: bankruptcy (Mercon owed $363 million (see Box 5), COEX collapsed owing $200 million), distressed sales (Volcafe ED&F Man sold for undisclosed sums), and opportunistic acquisition by newcomers such as StoneX and Hartree, and by rivals including NKG and Sucafina. The trading sector is diverging into mega-traders handling tens of millions of bags and niche specialty importers serving artisanal roasters.

The consequences reach beyond market structure. Fewer traders mean reduced sources of pre-harvest finance, which smallholders rely on to cover inputs and basic costs during the growing season. Large trading houses also tend to prioritise scale and efficiency over the relationship-based sourcing that connects roasters directly with producer cooperatives. The entry of new players sharpens this concern: Hartree Partners, with no prior coffee background, now controls the combined farmer networks of Volcafe and Touton. The company maintains that farmer support programmes of these traders continue as intended (Touton 2026), a claim that, coming solely from the acquirer, warrants independent verification.

## Unpaid family labour

Global coffee consumption and production have both expanded steadily over recent decades. That growth should have strengthened producers' bargaining power and lifted their share of retail value. Instead, ICO data show the opposite: the share of final retail value captured by coffee producing countries is shrinking, from 30% in the early 1990s to around 10% today (ICO 2020). Almost all the additional value created by market expansion of conventional and specialty coffee has flowed downstream, to traders, roasters, retailers and food-service operators.

In real terms, export earnings from producing countries have stagnated or declined over long periods, even as retail prices and total consumer spending have risen. The value captured at origin has deteriorated far more severely than the figures suggest. What appears as a decent farmgate price represents a purchasing power collapse when adjusted for inflation in producing countries (ICO 2020).

A comprehensive study by Le Basic (Basic et al. 2024) traces coffee from farms in Brazil, Colombia, Ethiopia, and Vietnam to supermarket shelves in Germany. It provides an illustrative example of how value is distributed along the coffee supply chain, based on 2021 data, with a detailed breakdown for the German retail market. For a kilogram of coffee retailing at €9.71, farmers receive €2.05, or about 21% of the final price. The remainder distributes downstream: trading houses and logistics providers take 7%; roasters and retailers each capture around 22%; and Germany's coffee tax alone absorbs 23% of the retail value (see box 6).



At first glance, a 21% share for farmers appears reasonable. It is not. The €2.05 is gross revenue, not net income. Once production costs, such as fertilisers, hired labour, transport are deducted, net income drops to just €0.41 per kilogram, barely 4% of what consumers pay. Even this understates the reality, because it treats family labour as free. Labour is the largest cost item on smallholder farms, yet the family members who perform it receive no wage. Valued at minimum-wage levels, that unpaid labour adds approximately €0.80 per kilogram —around 10% of the retail price— bringing the true cost of a kilogram of coffee closer to €8.86 than the €8.06 on the shelf, as is illustrated in Figure 7.[12] In practice, farming families subsidise the entire supply chain: they absorb labour costs that every downstream actor prices in and recovers. Country-level data from Colombia reinforce the scale: unpaid family labour represents roughly 11% of recorded production costs, before any minimum-wage valuation (Solidaridad 2025). Across origins, the pattern is consistent: at minimum-wage rates, most farms would operate at a loss; measured against a living wage, the deficit is larger still. For many coffee-farming families, this is not simply a business, it is an intergenerational livelihood that demands constant investment against highly uncertain returns (Tuttleman 2025).

At its core, the study by Basic finds that: "Farmer prices are disconnected from consumer prices. Value concentrates away from farmers further down the value chain between importer and retailer, and there is a lack of mechanisms to distribute value." Despite representing the most labour-intensive, climate-exposed and risky stage of production, coffee cultivation captures the smallest share of value creation.

This structural imbalance is most visible in high-value product categories, where the difference between farmgate prices and retail markups reaches vast margins. The capsule economy example reveals this disconnect in clear terms. In the German market a package of ground coffee retails at €8.06/kg and farmers receive €1.97/kg (24% of retail price). When the same coffee sells as capsules at €35.98/kg, a fourfold price increase, farmers receive €2.33/kg, just 6% of retail value. In other words, of the €27.92 in new retail value created by format innovation, farmers receive €0.36 (1.3%), while roasters or retailers capture €8.54 (31%). Traders, logistics and taxes absorb the rest. This leaves farmers with roughly a cent for every €28 of additional value their coffee generates in premium formats. In 2024, coffee capsules accounted for 45% of EU27 retail value despite representing just 16% of market volume (ECF 2025). This imbalance highlights a stark reality: premium segmentation generates outsized revenue for roasters but leaves producers with little to show for it.

Figure 7: **Value distribution of 1kg retail coffee in Germany**

Value concentrates in activities furthest from the farm: branding, marketing, advertising, and consumer engagement. These activities command enormous returns because they create what Le Basic calls "symbolic value," the perceived worth of convenience and sophistication, rather than "material value" that relates to coffee quality or origin (Basic et al. 2024). Nespresso, owned by Nestlé, illustrates this dynamic precisely. The company sources green coffee at conventional market prices, typically paying around 10%–15% above comparable commercial-grade Arabica, with higher premiums of 30%–40% above the C-price for better quality lots (Nespresso 2026). Yet Nespresso capsules retail at €70–90 per kilogram, three to five times the price of equivalent-quality supermarket ground coffee.[13]

This margin has less to do with the quality of beans and has everything to do with brand positioning, proprietary capsule technology (machine lock-in) and celebrity endorsements. George Clooney's marketing partnership with Nespresso, running since 2006, exemplifies the strategy: associating the product with sophistication and luxury to justify a premium price point. Similarly, Nestlé's long-term licensing and distribution agreement with Starbucks allows it the rights to market Starbucks-branded coffee for retail shelves in Europe, positioning these products as a high-end tier relative to Nestlé's core portfolio (Nestlé 2018).

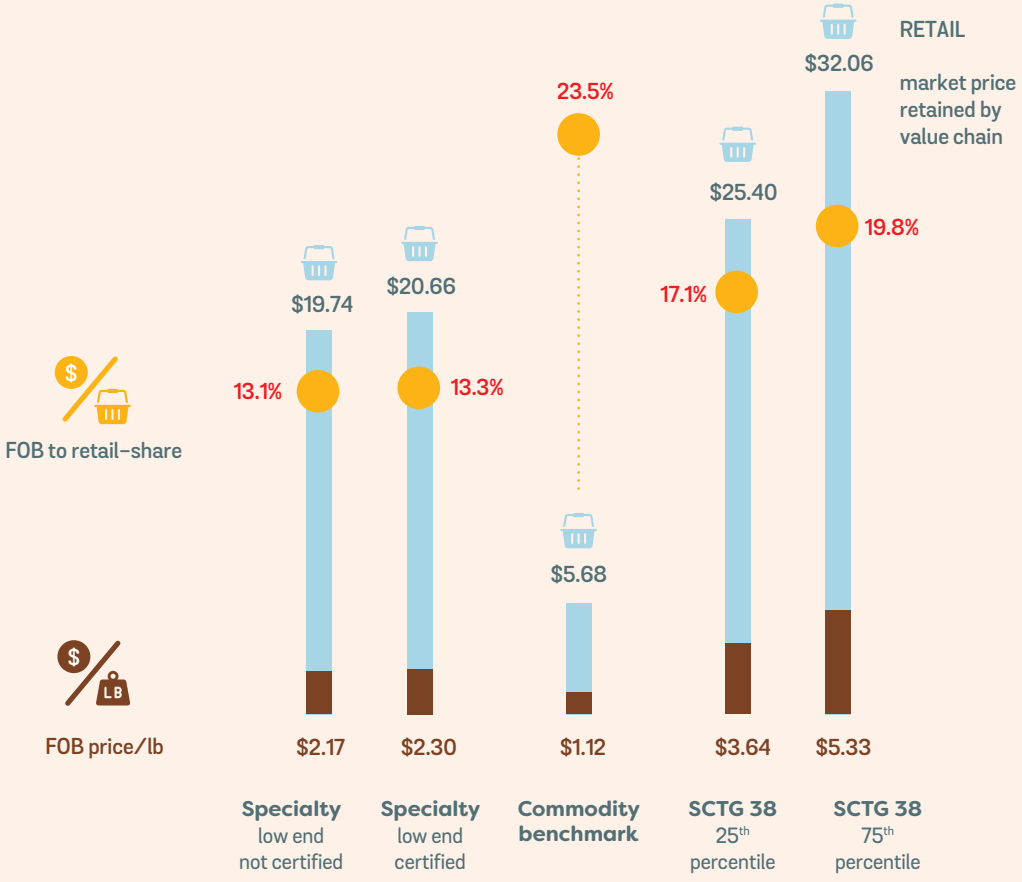
The crucial point is that this wide variation in consumer pricing does not translate into higher farmer income. To illustrate the scale of decoupling: farmers receive effectively the same farmgate price whether their green coffee becomes mass-market Nescafé instant (€8/kg retail), Starbucks-branded ground coffee (€18/kg retail), or Nespresso capsules (€70/kg retail). Exact prices vary by market, retailer and product line, but the structural point is consistent across all formats: every increment of consumer premium is captured downstream.

## Upgrading to specialty coffee

Quality improvement and market differentiation are often presented as the pathway out of poverty for farmers (ICO 2020, Technoserve 2026). Conventional coffee is marked by price pressure and intense competition, while differentiated specialty markets promise more stable demand and consistently higher prices. However, a growing body of research shows this is overstated.

Another important source for analysing value distribution in the sector comes from Emory University. Its 2024 Specialty Coffee Transaction Guide (SCTG 2024) includes nearly 105,000 contracts covering more than 2 billion pounds of green specialty coffee over a six-year sample (coffee season 2018/19 to 2023/24). Using this transaction level-data, Wienhold and Roberts (2025) found that specialty coffee segments distribute revenue less equitably than mainstream coffee markets, directly challenging the sector's sustainability narrative. At first glance, the figures appear encouraging: producers of higher-quality specialty coffees (75$^{th}$ percentile offerings) captured 19.8% of retail prices in 2022/23, compared to 17.1% for lower-quality specialty coffees

Figure 8: **Value distribution between commodity and specialty coffee**






(25th percentile).[14] This appears to validate the upgrading pathway. However, both figures fall short of the 23.5% baseline that producers receive in undifferentiated commodity markets, despite specialty coffee requiring substantially more farmer investment in time and costs, while generating much higher consumer prices (as illustrated by Figure 8).

Examining pricing data market averages over 2015–2023 deepens this paradox and exposes a stark misalignment between value creation and value capture. Producers supplying the lower end of the North American specialty markets (coffees selling for $16–20 per roasted pound compared to $5–6 for commercial coffee), captured just 11.7% of retail prices.[15] This is half the 23.5% share that producers received in conventional commodity markets during the same period. Despite retail prices being three times higher for specialty coffee, the share flowing back to producing countries is dramatically lower. The numbers behind this value appropriation are striking; when upgrading from commodity coffee to high-end specialty coffee, producers and exporters earn about $4.21/kg more,

while retail value increases by $26.40/kg, meaning farmers capture merely 16% of the incremental value their efforts create.

This value capture failure is particularly problematic, because quality upgrading requires significant farmer–borne costs. Specialty production demands selective harvesting, specialised processing methods, extended fermentation and drying periods, and multiple sorting stages. These are all labour–intensive processes that substantially increase production expenses (Magalhães Júnior et al. 2021). Case studies confirm this trap: Ethiopian farmers who upgraded from sun–dried to washed coffee earned less income per unit of labour invested (Tamru and Minten 2023); Ugandan farmers who upgraded into green coffee processing captured none of the additional value they created, earning lower effective prices due to information asymmetries in quality assessment (Arslan et al. 2024).



When the quality premium received fails to cover these incremental costs, upgrading becomes economically irrational for farmers. The granular data of the SCTG 2024 show that, despite product differentiation and quality–based pricing in retail markets, farmers remain price takers, unable to capture a proportional share of the value they create. They are, in effect, what Wienhold and Roberts (2025) describe as a market in which "the rising tide of retail specialty coffee prices is not lifting all boats to the same degree."

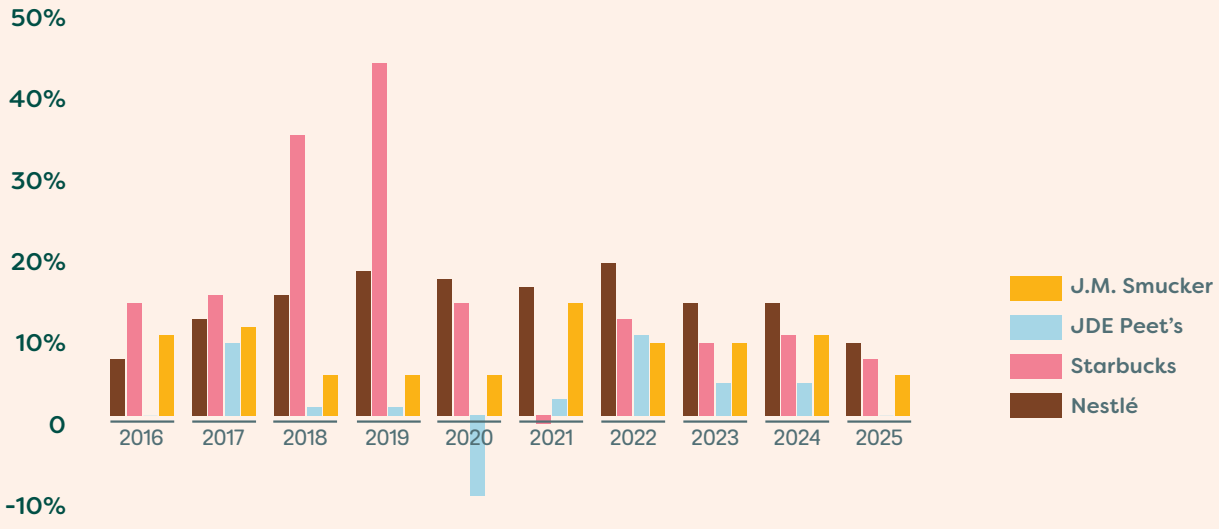
## Shareholder returns

One group notably absent from sustainability debates about coffee value chains is a less visible one: shareholders of large coffee corporations. Yet financial flows to investors represent a substantial and consistent share of the value the sector generates. Large consumer–goods companies today function as stable cash–generating businesses. They finance operations through revenues and, when necessary, debt. A substantial portion of the resulting cash flow is however returned to equity investors. The ultimate recipients are large institutional asset managers, such as BlackRock, Vanguard, State Street and Norges Bank, acting on behalf of pension funds, insurers, and retail investors.

These transfers take two principal forms. The first is dividends; regular payments from company profits. Firms such as Nestlé have long maintained a practice of increasing dividends annually. The second is share buybacks, now especially prominent among US–listed companies. By repurchasing shares, firms reduce the number in circulation, increasing earnings per share and supporting share prices. The economic effect mirrors that of dividends, capital returns to shareholders, but with less visibility.

Four publicly listed coffee companies illustrate the scale: Starbucks, Nestlé, JDE Peet's and J.M. Smucker. In 2024 alone, these four distributed an estimated $18–24 billion to shareholders. Across the decade from 2016 to 2025, their net financial transfers to shareholders averaged approximately 10% of annual revenue. This implies that for every

Figure 9. **Net financial flows of coffee corporations to shareholders (% of annual revenue)**






BOX 6. **Germany's coffee tax**

Germany's 'Kaffeesteuer' is a federal coffee tax dating back to 19th-century levies, formalised in the 1949 Kaffeesteuergesetz (KaffeeStG). It applies to roasted and soluble coffee placed on the German market, while green beans and exports are exempt. Current rates are €2.19 per kilogram for roasted coffee and €4.78 per kilogram for instant coffee, with proportional rates for coffee-containing products.

Although the tax generates over €1 billion annually, its fiscal importance is modest relative to Germany's overall tax revenue. Its effects, however, are highly visible in the coffee market: it raises retail prices and remains a longstanding point of contention for roasters and importers.

Debate over the tax increasingly centres on its outdated rationale. Critics argue that coffee no longer qualifies as a luxury good and have called for full abolition. Germany's development ministry (BMZ) has proposed exempting sustainably produced and fair-trade coffee, arguing that such a reform could strengthen farmer incomes while narrowing the price gap between certified and conventional coffee. The Ministry of Finance (BMF), which administers the tax and controls any reform to it, has so far shown little appetite for change. Sources: BMZ 2021, Oakley 2022, Stripe 2024

€10 spent on branded coffee products, €1 flowed to investors, prior to any expenditure on sustainability programmes, farmer support or climate investments (see Box 7).

There are notable differences across firms as illustrated by Figure 9. Starbucks has consistently returned the highest share of revenue to shareholders, ranging from 13% to 22% over the period, driven by an extensive share buyback programme. Even during years of declining stock performance, the company now carries negative shareholders' equity.[16] Nestlé has maintained lower but highly stable payouts, typically between 10% and 15% of revenue. JDE Peet's historically prioritised reinvestment over dividends, reflecting the influence of its majority shareholder, JAB Holding Company (see Box 8). That changes as of April 2026: Keurig Dr Pepper's acquisition closed on 1 April 2026, in a transaction valued at around €14.9 billion. The combined coffee assets are being spun off as a separately listed entity, "Global Coffee Co.", targeted for operational readiness by end 2026. As a NASDAQ-listed company, it will face capital allocation expectations, debt service, deleveraging targets, and shareholder returns that JAB's private holding structure never imposed. J.M. Smucker represents the most conservative profile in this group, with shareholder distributions in the range of 6% to 9%.



BOX 7. **Pay packages**

Two corporate pay packages announced in 2025 and 2026 illustrate, with unusual clarity, the misplaced priorities in the coffee sector.

At Starbucks, CEO Brian Niccol received $96 million in FY2024, a year in which the company's stock fell 7.7%, its fourth consecutive annual decline. His FY2025 compensation fell to $31 million, not as a governance correction but because performance-linked stock awards were constrained by the continued share price weakness. The Paywatch report nonetheless ranked Starbucks as the S&P 500 company with the highest CEO-to-worker pay ratio: Niccol earned 6,666 times the compensation of a median Starbucks employee (Paywatch 2025). In January 2026, the company removed all limits on his personal use of the corporate jet for business and private travel.

At JDE Peet's, CEO Rafael Oliveira stands to collect approximately €50 million after less than one year in office. Not as a reward for sustained performance, but because of option acceleration triggered by the company's €15.7 billion acquisition by Keurig Dr Pepper, announced in August 2025 (VEB 2025). The combined entity, provisionally named Global Coffee Co., will become the world's largest dedicated coffee business. Its management has announced $400 million in planned cost synergies over three years.

Taken together, these two packages exceed the annual sustainability investment budgets of most companies discussed in this report. The underlying logic is worth making explicit: executives are rewarded for generating shareholder returns; those returns are in part achieved by keeping input costs —including the price paid for green coffee— as low as possible; and that cost discipline is then rewarded with compensation packages of this scale.

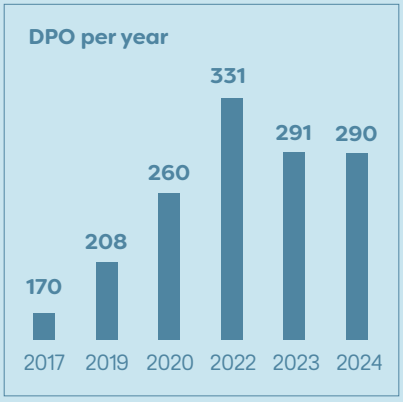
BOX 8. **Days Payable Outstanding**

Payment flows in the coffee sector follow a relatively clear sequence. Farmers are paid at or near delivery, typically in cash at the farmgate or when beans are loaded for export. Co-operative members typically receive 50–70% upfront, with the balance settled months later once the cooperative completes its sales. Trading houses then extend credit to roasters, with standard industry terms of 30 to 90 days after delivery.

JDE Peet's deviates sharply from this norm. In 2024, the company took 290 days to pay its suppliers, nearly 2.5 times longer than its peers (e.g. Nestlé: 115 days, Unilever: 116 days, and Danone: 123 days), all of which manage complex global supply chains. This extreme number of Days Payable Outstanding (DPO) is not accidental but a structural feature of JDE's financial model (see table).



When JDE Peet's attempted to reduce its DPO by 40 days in 2023, it faced immediate liquidity problems. This failed effort exposed the company's strong dependency on supplier financing, effectively using its providers as a source of cheap credit. It revealed its prioritisation of cash flow and shareholder returns over supply chain stability. According to VEB (2024), JDE Peet's extracts hundreds of millions of euros of value annually from the supply chain, risking long-term stability for short-term liquidity gains.




Large trading houses like NKG, ofi and Sucafina absorb this payment delay directly. These firms must finance coffee inventory for nearly 10 months, relying on commodity trade finance loans from banks like Rabobank or ING, secured against their coffee inventory. Credit tied up in this way cannot pre-finance farmers ahead of harvest, fund sustainability programmes at origin (e.g. regenerative agriculture, processing infrastructure), or offer more competitive farmgate prices (VN 2023; VEB 2024).

The COVID-19 pandemic briefly disrupted this pattern. In 2020, several companies reduced or suspended buyback programmes in response to declining revenues. However, distributions recovered quickly, returning to pre-pandemic levels within a year. This demonstrates the structural durability of the model and its independence from conditions at origin, where farmers continued to face crop failures and below-living-income earnings throughout the same recovery period.

## Tax arbitrage

Corporate value extraction in coffee extends beyond low farmgate prices and generous shareholder payouts. A third mechanism operates largely out of view: systematic tax arbitrage that deprives both producing and consuming countries of public revenue. Tax arbitrage captures value from the spread between tax systems and rates. A common

BOX 9. **The Starbucks Coffee Trading Company**

Starbucks operates a global coffee sourcing structure centred on its Swiss subsidiary, Starbucks Coffee Trading Company Sàrl, registered in the canton of Vaud. SCTC trades green coffee from producing countries and resells it to Starbucks' operating companies at a markup. The physical coffee, however, never passes through Switzerland.

According to an analysis by CICTAR, this markup increased from roughly 3% prior to 2011 to around 18% thereafter. The effect is to shift taxable income from producing and consuming countries, where corporate tax rates typically range between 25% and 35%, into Switzerland. In the canton of Vaud, the average effective profit tax rate is around 13.79% (invest-vaud 2026). Between 2011 and 2021, CICTAR estimates that approximately $1.3 billion in profits were routed through this structure. Over the same period, SCTC distributed annual dividends of $125–150 million to the parent company, a level difficult to reconcile with the scale of its declared activities in Switzerland.

Starbucks maintains that the markup reflects the value of its sustainability infrastructure, notably its C.A.F.E. Practices programme and a network of ten Farmer Support Centres (FSCs). CICTAR's 2026 analysis tests this claim against available financial disclosures. In the two countries where FSC data are public (Colombia and Tanzania), annual operating costs range from $250,000 to $1 million per centre. Extrapolated across all ten centres, total annual costs amount to roughly $5 million, sufficient to justify only a small fraction of the markup, equivalent to an estimated 3–4%. The remainder is not clearly attributable to identifiable services or costs.

Starbucks has publicly rejected this interpretation, arguing that SCTC is integral to its ethical sourcing model, that its sustainability programmes provide material value, and that it complies with applicable tax laws in all jurisdictions. (CICTAR 2025 and 2026)

approach involves recognising revenues in low-tax jurisdictions while booking expenses in high-tax ones. The most consequential instrument is transfer pricing: the internal prices multinationals set for transactions between their own subsidiaries. Multinationals routinely set intra-group prices that deviate from arm's length principles, shifting profits from high-tax jurisdictions to low-tax or zero-tax havens such as Ireland, Luxembourg or the Cayman Islands.

Switzerland is the enabling environment of choice for the coffee industry. The Swiss Coffee Trade Association estimates the country handles over 50% of globally traded coffee by volume (SCTA 2025). Cantonal regimes in Geneva, Zug and Vaud actively court commodity traders with bespoke tax incentives, and multiple coffee multinationals route their contracts, risk management, and pricing through Swiss entities accordingly. Yet a regulatory culture that prioritises discretion over disclosure means the full scale of these arrangements remains largely unverifiable, shielded by confidentiality norms and the absence of mandatory reporting requirements (Public Eye 2026).

What can be documented represents, at best, a partial picture. Investigations by CICTAR in 2025 and 2026 offer a rare exception, exposing the mechanics of profit shifting in sufficient detail to trace the flows. Starbucks, for example, is among the few companies for which such arrangements are publicly documented (see Box 9). The case points to a broader pattern: internal pricing structures can reallocate substantial profits within the value chain while remaining formally compliant with existing rules. Starbucks is neither unique in structuring its operations this way nor alone in pursuing similar practices.

The gap is widely recognised. The OECD's Base Erosion and Profit Shifting (BEPS) framework, and particularly its Pillar Two rules, aim to establish a global minimum effective tax rate of 15%, directly targeting profit shifting of this kind. Yet implementation is stalling. The United States has sought exemptions for domestically taxed groups, and other countries have raised objections too. Disclosure remains the missing foundation. PWC's 2024 Global Tax Transparency Study found that only 2.7% of the world's largest listed companies publish full country-by-country reporting data (PWC 2024). Without it, producing-country governments and civil society cannot trace where profits are recorded or determine whether they bear any relationship to underlying economic activity.



The Swiss Sustainable Coffee Platform, launched in November 2024, offers a concrete entry point. Engaging the Swiss government and the SCTA on mandatory country-by-country financial reporting for companies operating through Swiss trading structures would make visible how value moves through the system. This transparency would also show how those flows relate to sustainability commitments in origin countries.

## Value versus risk

The mechanisms described in this chapter differ in form but point consistently in the same direction: commercial dynamics in the coffee sector direct value downstream and concentrate risk upstream. Market concentration gives a small number of traders and roasters significant influence over pricing and margins. Product differentiation, through specialty positioning or capsule formats, captures substantial value, while farmgate prices have shown little movement in real terms. Strong shareholder payouts underscore the cash-generating capacity of large coffee firms. Extended payment terms shift financing burdens, onto traders and smallholders. Meanwhile, tax structures enable the channelling of profits to low-tax jurisdictions, limiting fiscal gains to producing countries.

At the beginning of the value chain sit smallholder households, functioning as the system's principal shock absorbers. Exposed to price volatility, climate risk and rising input costs, they retain only a modest share of the value their coffee ultimately commands. The household adjustments that sustain production, including unpaid family labour, act as a quiet but structural subsidy to the rest of the chain. Against this backdrop, the following chapter assesses how individual companies respond.

“Effective addressing of social and environmental impacts requires well-defined corporate strategies, bringing together elements like transparency, traceability, supplier engagement, and procurement practices.”

Coffee Barometer 2023

# 5

# Opacity undermines accountability



**SUMMARY** As regulatory pressure grows, companies are expanding their sustainability activities, and a small group has made measurable progress on climate and deforestation. But many are simultaneously disclosing less, replacing independent certification with proprietary systems that limit external scrutiny, and quietly stretching timelines on earlier commitments. The most critical gaps remain unaddressed. None of the fifteen largest roasters and traders discloses pricing structures or contract terms — the very mechanisms through which value reaches, or fails to reach, producers. Living income does not feature in procurement practice. Climate adaptation investment, critical for the smallholder communities on which the sector depends, remains obscured by the absence of transparent reporting. The incoming wave of mandatory legislation could change this, but only if companies treat compliance as a starting point rather than a substitute for the deeper commercial commitments the sector requires.

## Introduction

A small group of leading roasters and a handful of trading houses control most of the global flow of green coffee from origin to destination. These fifteen companies form the basis of this chapter's analysis. Their sustainability reports often frame responsibility around a narrow set of priorities: supply chain efficiency, reputational risk, and regulatory compliance. Accountability, in turn, tends to follow the same logic, shaped more by what companies choose to disclose than by what stakeholders need to know. The regulatory environment is beginning to change that.



The Coffee Barometer 2023 pointed to a transition from voluntary commitments to binding rules. This shift is now steadily becoming a reality. Between 2023 and early 2026, the EU has introduced a package of legislation, including the EUDR, CSDDD and EmpCo (see Chapter 2), that is starting to reshape not only compliance requirements but also the way sourcing relationships are organised. Some elements have been delayed or scaled back through the April 2025 "Stop-the-clock" directive, the December 2025 EUDR postponement, and the February 2026 Omnibus I reforms. Yet the overall direction remains clear. The CSDDD is in its implementation phase, EmpCo applies from September 2026, and the EUDR deadline for large and medium operators is 30 December 2026.

Regulation achieves little if the burden is simply passed down the supply chain. In meeting new requirements, the industry needs to be transparent about what it will concretely contribute to supporting farmers and agricultural workers. Yet even as regulatory pressure grows, companies largely continue to develop their own proprietary monitoring, verification, and reporting tools rather than building shared solutions. The result is more frameworks, more reporting, and more claims, but less clarity on what is changing at origin and no common baseline against which to measure it. The CSRD reporting guidelines that could have created that comparability were scaled back under the Omnibus I reforms.

This chapter asks a basic question: is publicly available information enough to enable real accountability, or are new ways of connecting the dots between voluntary and mandatory information needed to understand what is happening? To answer this, the chapter assesses company performance across three dimensions (see Box 10). Transparency looks at what companies disclose, how, and to whom, and at the pressures that shape those disclosures. Procurement practices examine whether commercial terms reflect public sustainability commitments, or whether the underlying economics of trade remain out of view. Environment and climate assess progress on deforestation, GHG emission reductions, and regenerative agriculture, and considers whether compliance-driven data systems are being used to drive real outcomes or simply to meet minimum requirements. Taken together, these lenses point to a sector where the gap between stated ambition and verifiable action remains wide and where the ability to close that gap is unevenly distributed across the value chain.

BOX 10: **Company assessment methodology**

**Three dimensions of accountability**

For this Barometer, each company is assessed based on publicly available information: sustainability and annual reports, policy documents, regulatory disclosures, and corporate websites, up to 1 February 2026. The analysis focuses on three areas: (1) **transparency;** (2) **procurement policies;** (3) **environment and climate.** These three were chosen because this is where the gap between what companies say and what they do is often most consequential. The 2026 assessment extends beyond roasters to include five of the largest green coffee traders. Their proprietary sustainability programmes now underpin many of the industry's responsible sourcing claims. The same framework is applied across all fifteen companies, enabling comparison while recognising that roasters and traders play very different roles in the value chain. Questions for clarification were sent to each company to obtain additional information and verify factual accuracy before publication.

Individual company reviews are available at: *www.coffeebarometer.org*

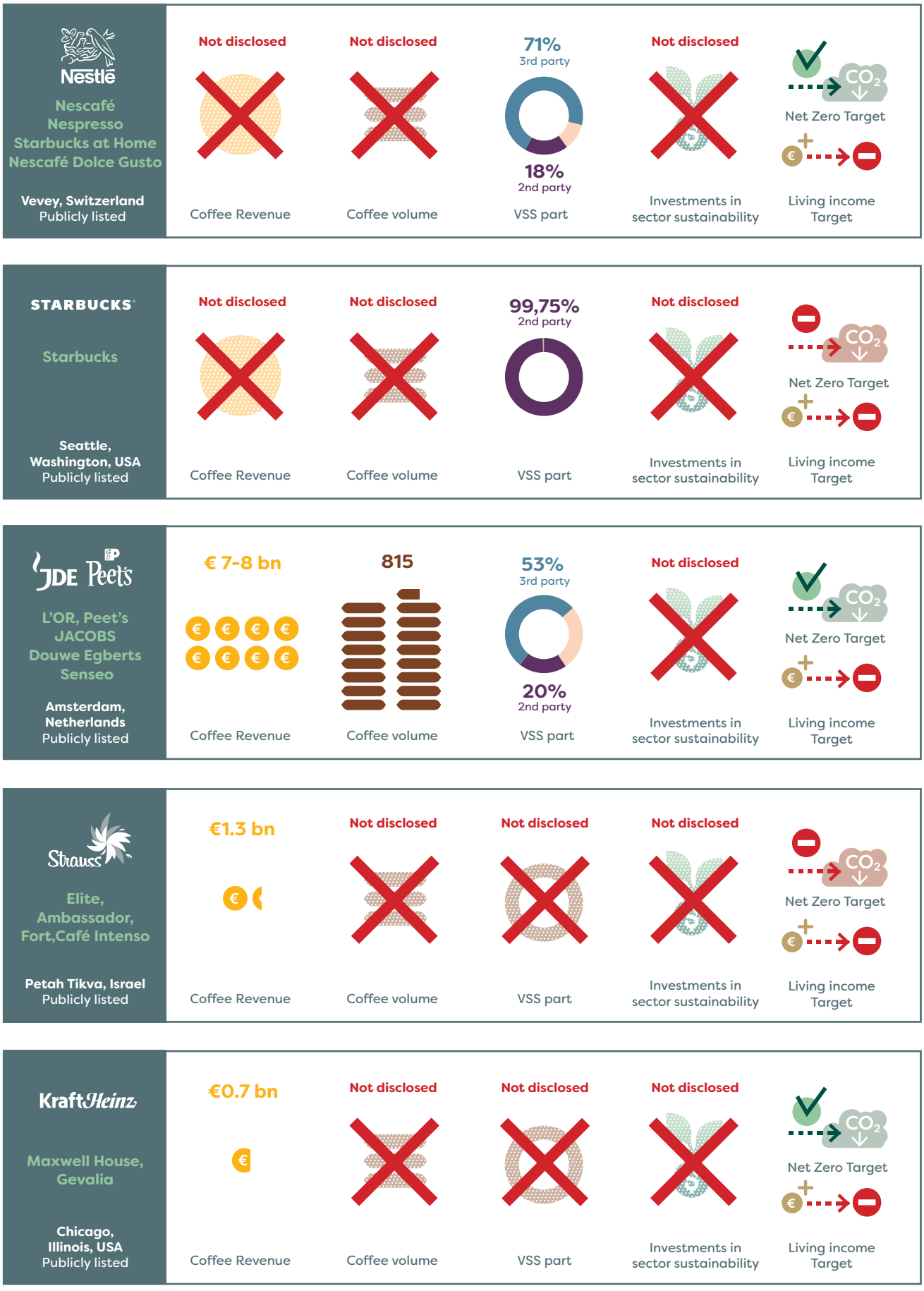


## Transparency

We asked fifteen of the largest coffee companies how much of their coffee is 'sustainably produced'. We received answers, ranging from 9 to 99 percent, each measured against a wide range of internal and external standards, reflecting all kinds of definitions of what 'sustainable' means. The contrast across companies is stark (as illustrated in Figure 10). Some are ahead of the curve: timely reporting, structured data, clear methodology, and a willingness to name what is not working. Others publish no coffee-specific information at all, offering only group-level Environmental, Social and Governance (ESG) figures that say nothing about what happens at origin. The majority fall somewhere between.

The current moment is best understood as a transition phase, shaped both by accelerating regulatory momentum and by persistent uncertainty over how these changes will be implemented across the sector. Omnibus I, in force since March 2026, reduced the number of companies in CSRD scope by an estimated 80–90%, removing direct reporting obligations for most mid-sized roasters, importers, and traders. Yet the CSRD reshapes transparency beyond its formal boundaries: large European retailers selling their coffee products must meet ESRS requirements covering climate, biodiversity, labour rights, and governance. They have to pull detailed value chain data upstream through commercial relationships, regardless of whether suppliers are formally in scope. The removal of sector-specific food and agriculture standards leaves reporting fragmented. This makes the ECGT's restrictions on unsubstantiated sustainability claims, applying from September 2026, even more consequential. Taken together with EUDR postponements, regulatory uncertainty has made caution the default, a pattern visible in the 2024/25 reports as well as in direct interactions with companies to clarify basic data.

Figure 10: **The transparency gap in roaster and trader reporting**






Coffee volume x1000MT

## Melitta®

Melitta, Café Bom Jesus,Café Barão, Caffè Corsini

**Minden, Germany**
Family-owned

| Coffee Revenue | Coffee volume | VSS part | Investments in sector sustainability | Living income Target |
|---|---|---|---|---|
| Not disclosed | 188 | 8% 3rd party<br>2% 2nd party | Not disclosed | Net Zero Target |

## UCC

UCC

**Singapore**
Privately held

| Coffee Revenue | Coffee volume | VSS part | Investments in sector sustainability | Living income Target |
|---|---|---|---|---|
| €2.4 bn | 198 | Not disclosed | Not disclosed | Net Zero Target |

## Tchibo

Tchibo,Davidoff Café,Piacetto, Eduscho

**Hamburg, Germany**
Family-owned

| Coffee Revenue | Coffee volume | VSS part | Investments in sector sustainability | Living income Target |
|---|---|---|---|---|
| Not disclosed | Not disclosed | 18% | Not disclosed | Net Zero Target |

## THE J.M. SMUCKER Co

Folgers, Dunkin' (at-home), Café Bustelo

**Orrville, Ohio, USA**
Public company

| Coffee Revenue | Coffee volume | VSS part | Investments in sector sustainability | Living income Target |
|---|---|---|---|---|
| €3.1 bn | Not disclosed | Not disclosed | Not disclosed | Net Zero Target |

## LAVAZZA

Lavazza, Carte Noire, Merrild, Kicking Horse

**Turin, Italy**
Family-owned

| Coffee Revenue | Coffee volume | VSS part | Investments in sector sustainability | Living income Target |
|---|---|---|---|---|
| €3.3 bn | 294 | 11% 3rd party | Not disclosed | Net Zero Target |

**Hamburg, Germany**
Family-owned

| Coffee Revenue | Coffee volume | VSS part | Investments in sector sustainability | Living income Target |
|---|---|---|---|---|
| € 4 bn | 816 | 35% 2-3rd party ? | Not disclosed | Net Zero Target |

**Pully, Switzerland**
Family-owned

| Coffee Revenue | Coffee volume | VSS part | Investments in sector sustainability | Living income Target |
|---|---|---|---|---|
| Not disclosed | Not disclosed | Not disclosed | Not disclosed | Net Zero Target |

**Winterthur, Switzerland /**
Privately-owned

| Coffee Revenue | Coffee volume | VSS part | Investments in sector sustainability | Living income Target |
|---|---|---|---|---|
| Not disclosed | Not disclosed | 40% 2-3rd party ? | Not disclosed | Net Zero Target |

**Singapore**
Publicly listed

| Coffee Revenue | Coffee volume | VSS part | Investments in sector sustainability | Living income Target |
|---|---|---|---|---|
| Not disclosed | Not disclosed | Not disclosed | Not disclosed | Net Zero Target |

**Rotterdam, Netherlands**
Privately owned

| Coffee Revenue | Coffee volume | VSS part | Investments in sector sustainability | Living income Target |
|---|---|---|---|---|
| Not disclosed | Not disclosed | 300 2-3rd party ? | Not disclosed | Net Zero Target |

Coffee volume x1000MT

This is the context in which greenhushing has taken hold across the sector. Greenwashing is the familiar problem: claims that go beyond the evidence. Greenhushing is the opposite: continuing sustainability work while reducing public reporting, to avoid scrutiny, litigation risk, or the accusation of overclaiming. In coffee, the pattern looks like managed caution: less ambitious targets, longer timelines, fewer specific numbers, and more process description with less outcome data. Starbucks reports 99.7 percent of its coffee as ethically sourced under its in-house C.A.F.E. Practices system. JDE Peet's pushed its 2025 global responsible sourcing target to 2028, a three-year deferral mentioned in a footnote of its Nature Transition Plan. Melitta's certified sourcing fell from roughly 25 percent in 2020 to under ten percent in 2024; its annual report attributes this vaguely to "changes in the availability of certain qualities," without elaborating on whether the decline represents a strategic shift.



The single most consequential shift since the Coffee Barometer 2023 has been the accelerated substitution of independent third-party certification with proprietary, second-party verification. Of the 33 schemes recognised under the GCP Equivalence Mechanism, only four offer third-party assurance. The remaining 29 are proprietary-managed programmes with different scopes, audit depths, indicator sets, and levels of public access. The GCP does not claim these second-party schemes are equivalent in assurance strength to third-party VSS, only that they meet the same baseline principles. However, this nuance is rarely clarified in corporate communications. In recent years, a growing number of second-party schemes have been developed to secure GCP recognition and enable the sale of 'sustainable' volumes. The gap between what coffee companies tell consumers and what they disclose to regulators remains, for now, largely ungoverned. Three structural factors sustain this gap, and they reinforce one another.

First, independent volume records have disappeared. When companies sourced Rainforest Alliance, Fairtrade or 4C certified coffee, the certification bodies tracked and published volume data through their reporting systems. These records provide an external source of figures independent of companies' own disclosure decisions. Proprietary systems leave companies as sole gatekeepers of what gets reported, at what aggregation, and against which standard. A "100 percent responsibly sourced" claim can be made without disclosing what volume it covers, what the underlying proprietary standard requires, or how either has changed over time.

Second, in the current phase, regulations designed to increase disclosure have, in practice, given companies grounds to share less. Detailed supply chain disclosure has become a legal and competitive liability. EUDR, CSDDD, and CSRD turn origin-level sourcing data, once a reputational asset, into potential evidence in non-compliance cases. If disclosed volumes are later found to include non-compliant suppliers or deforested plots, the disclosure itself becomes evidence. Company lawyers have grown more cautious as a result. At the same time, a trader's sourcing infrastructure (who it buys from, at what scale, under what sustainability terms) is perceived as a commercial asset that companies are reluctant to make public.

Third, framework proliferation has created a substitution effect that rewards complexity over comparability. Companies report against multiple frameworks, generating dense documentation that gives the impression of comprehensive disclosure while making it structurally difficult to locate basic metrics as illustrated in Figure 10.

## Procurement policies

A coffee sector that leaves the people who grow its core product unable to earn a living income and continues to deplete the natural ecosystems it relies on cannot credibly claim to be on a path to sustainability. Not enough value is captured at farm level, leaving smallholders to absorb most of the risks and costs of production while value accrues further down the chain. This is not a sustainable system; it is one that is structurally dependent on low producer remuneration.



A more sustainable model requires a shift from symbolic sustainability initiatives to procurement practices that alter commercial decisions. Fair farmgate prices, living wages for farm workers, long-term trading relationships, and genuine risk-sharing should be treated as core elements of business strategy, not sustainability siloes (Tuttleman 2025). Firms that are serious about supply resilience must pay prices that reflect labour, environmental stewardship, and the full costs of production, including the investments required for climate adaptation.

Commercial purchasing terms are the main mechanism through which value is distributed (or withheld) along the coffee supply chain. Not one of the fifteen companies assessed discloses its pricing structures, contract durations, risk-sharing arrangements, or premiums above the commodity price. Without that transparency, it is impossible to tell whether proprietary sustainability programmes deliver real financial benefits for farmers, or function mainly as supply security and compliance infrastructure for buyers. While the industry is eager to showcase its sustainability initiatives, it keeps the terms of trade that underpin the economics conveniently out of view.

Companies frequently cite antitrust and competition law as the reason they cannot publish such information. While competition law prohibits coordination between competitors on pricing, it does not prohibit a company from disclosing its own purchasing practices. Significant room for manoeuvre exists. Companies can report aggregate progress on sustainable procurement by tracking the share of suppliers on long-term contracts, the proportion of the supply chain assessed through sustainable production cost analyses, and the percentage of contracts that pay above the cost of production. None of these disclosures require revealing commercially sensitive individual contract terms. Their absence is a choice, not a legal necessity.

In March 2026, GCP, IDH, and Solidaridad presented the Common Procurement Principles, endorsed by fourteen companies, as a first shared assessment (GCP et al. 2026). Notably, Nestlé and Starbucks, two of the world's largest coffee buyers, did not participate in the process. The document calls for "a shift from short-term transactions

towards longer–term, trust–based collaboration" and for buyers to "support conditions in which farmers can recover their costs." It defines neither longer–term nor cost recovery, contains no pricing reference, no living income benchmark, no targets, and no enforcement mechanism.

Meanwhile, the CSDDD requires companies to identify, address, and prevent adverse human rights impacts across their supply chains. Its human rights annex makes it the first EU instrument to recognise living income for smallholders as a binding legal standard. For coffee, pricing, contract duration, and payment terms become subject to due diligence obligations from July 2029. Living income commitments are the clearest indicator of whether ambition is influencing procurement practice, yet none of the companies reviewed references them in their 2024 reporting.



Among roasters, Starbucks, Kraft Heinz, Smucker, Lavazza, Melitta, UCC, Strauss, Tchibo, and JDE Peet's all lack formal living income commitments. Nestlé comes closest, and even that stops short of a purchasing requirement, framing income improvement as an outcome of programme support that is not integrated into the company's core procurement strategy. Its pilots in Indonesia, Côte d'Ivoire, and Mexico remain limited in scale and are not linked to publicly available household income data.

Among traders, disclosure is slightly more developed but follows the same pattern. Only ofi has set and reported against a quantified living income target: 20,199 coffee farmer households reaching a living income threshold in 2024, hitting its 2030 target of 20,000 six years early. This places ofi at the top of the Platform Living Wage Financials benchmark as the most advanced company in food and agriculture on this indicator, which reflects how low the collective bar sits (PLWF 2025). The company itself notes that higher coffee prices contributed to this result, exposing the fragility of any living income metric disconnected from price guarantees. Still, ofi's Coffee Lens 2024 Impact Report illustrates what is feasible: origin–by–origin disclosure across 55 programmes in 18 producing countries.

LDC is applying living income benchmark methodologies in selected origins to quantify income gaps, but without portfolio–level targets or a defined rollout plan. ECOM is running a living income pilot in Ethiopia using the Anker and KIT methodology, though it remains unclear whether a broader rollout is planned. Volcafe offers a living income option as a dedicated sustainability service. It pioneered a living income commodity strategy in Honduras., reflecting a growing recognition that conventional commodity pricing falls short of covering the costs of sustainable production. In practice, however, income support depends on whether buyers choose to pay for it. NKG's Bloom programme provides farmer support and financing through its $25 million smallholder facility. It does not disclose whether Bloom–sourced coffee attracts a price premium or protection against price volatility, nor does it reference the concept of living income.

Although living income and living wage are now standard reference points in coffee sustainability discourse (TLICP 2026), they rarely translate into the commercial commitments that shape procurement, pricing, or contract design. Instead, companies emphasise programmes, partnerships, and pilot interventions that sit alongside the trading relationship, while leaving the terms of that relationship largely undisclosed. If procurement terms fail to reflect the labour, risk, and investment that coffee production requires, no amount of programme activity can substitute for what the trading relationship itself withholds. This reflects a structural choice about where companies are willing to act and where they are not.



## Environment and climate

Coffee sits at the intersection of deforestation, climate risk, biodiversity loss, and farmer livelihoods. Connecting these dimensions into a coherent strategy for a resilient coffee sector is operationally possible. Yet the industry has not built the shared infrastructure that this logic demands. Companies continue to develop separate, in-house solutions, often at considerable cost and with limited interoperability, designed primarily to serve compliance needs rather than deliver broader outcomes for farmers or forests.

The EUDR requires plot-level GPS coordinates, farm-level traceability, and structured due diligence documentation across a globally dispersed smallholder supply base. The binding deadline for large operators is 31 December 2026. A key question is whether compliance delivers meaningful support for farmers in addressing the root causes of deforestation. Research by ODI models an extreme scenario in which Ethiopian coffee (worth 30–35% of export earnings) loses EU market access entirely, producing a modelled 0.6% fall in GDP and a 3.3% reduction in public revenues. The risk is not the regulation itself but the industry response to it: redirecting sourcing towards lower-risk origins rather than investing in compliance support where barriers are highest.

A small group of companies has moved beyond commitment to implementation. Nestlé is the only roaster in the Forest 500 "leader" category (71%), with its primary coffee supply chains assessed as deforestation-free in 2025 (Global Canopy 2026). Its Science Based Target initiative (SBTi) validated Scope 3 targets are supported by a detailed climate roadmap that breaks down expected emissions reductions by lever, including agroforestry and specific farm-level practices. In January 2026, JDE Peet's (Forest 500: 41%) presented the food and beverage sector's first Nature Transition Plan aligned with the Taskforce on Nature-related Financial Disclosures, setting a proactive benchmark for integrating biodiversity into business strategy.[17] It has also recently launched the Coffee Canopy Partnership (CCP), a pre-competitive mapping initiative (April 2026).[18] Tchibo has obtained validation from the SBTi, and set a net-zero target for 2045. Starbucks has all the frameworks and targets in place, though its 2024 emissions remain above the 2019 baseline, suggesting implementation has not yet kept pace with ambition.

A second group has taken important initial steps, though progress remains partial. Melitta's climate targets have just been validated by the SBTi. UCC has defined a 2020 deforestation cut-off and a 2030 target for deforestation-free sourcing, extending beyond the EUDR deadline for large operators. Kraft Heinz completed SBTi validation in 2024, but its deforestation policy applies at portfolio level, with no specific public reference to coffee or farm-level traceability.

For the rest of the group, key building blocks are still missing. Lavazza has invested in sustainability programmes and communications, but greater specificity and science-based underpinning in public target-setting are essential to establish credibility. Strauss, which generates 42% of its revenue from coffee, has published no net-zero target, zero-deforestation policy, or supply chain mapping approach. J.M. Smucker (Forest 500: 14%) committed in May 2025 to review the feasibility of a deforestation policy following shareholder engagement, suggesting it remains at an early stage.



Traders operate at the point where sustainability commitments turn into practice. They collect plot-level geolocation data, assess deforestation risk against the EUDR's December 2020 cut-off, verify records, and compile a due diligence dossier under the regulation. Beyond EUDR compliance, traders increasingly position verified and low-emissions coffee as a commercial offering to roaster customers, linking geolocation and GHG accounting data into differentiated supply chain propositions. They organise the systems that make market access possible. That dual function, meeting regulatory compliance and creating commercial value, explains why all major traders are investing in monitoring systems.

The approaches and results vary. Ofi's AtSource platform and Carbon Sequestration Monitoring tool link plot-level geolocation to emissions modelling, quantified living income targets, and disclosure of progress and challenges. Volcafe has partnered with Meridia to verify data quality and identify high-risk plots. NKG uses the osapiens HUB to channel compliance data into its NKG Verified and its Bloom farmer support programme. LDC's Responsible Sourcing programme generates farm-level verified Scope 3 carbon reductions. ECOM is rolling out geolocation systems across its network, supported by GreenMeter for farm-level emissions measurement.

These developments reflect real commitment, but they also highlight a growing proliferation of proprietary approaches that fragment the sector and limit interoperability. This fragmentation reflects a commercial reality: traders invest where their clients require it. Only ofi has adopted a validated Scope 3 target, an SBTi FLAG commitment, and a credible net-zero pathway. Others appear to treat regulatory compliance and sector transformation as separate trajectories. The limited uptake of broader climate commitments among traders suggests that not all roasters are making climate ambitions and policies a condition of trade. That dynamic is difficult to document in full. Some supplier codes of conduct set out environmental expectations, and roaster requirements clearly influence trader behaviour on deforestation and climate risk. But these expectations are

rarely linked to procurement decisions or price incentives for verified sourcing. None of the roasters reviewed publicly disclose what level of climate or deforestation ambition they expect from supplier partners, leaving one of the most direct commercial levers for system change largely underused.

Regenerative agriculture has become the sector's main way of translating corporate climate ambition into farm-level action, not least because delivering quantified Scope 3 emissions reductions has proved harder than anticipated. Many of the underlying practices are familiar: agroforestry, soil health, biodiversity, ecosystem restoration and water stewardship have long featured in sustainability programmes, though often as disconnected indicators rather than integrated approaches. The sector has made progress towards a common language. The GCP's "RegenCoffee Guidance" (2025) establishes an outcome-focused definition centred on soil health, biodiversity, and water. Linking these standardised indicators to the Coffee Sustainability Reference Code completes phase one. The challenge now is to turn this shared language into verified, portfolio-wide performance data.



The regenerative framing offers a unifying narrative and, in principle, a shift towards measuring outcomes. In practice, current corporate reports still focus on operational reach (e.g. the share of coffee from farms enrolled in regenerative programmes), rather than on verified evidence of emissions reductions. This matters beyond carbon accounting, regenerative agriculture programmes also support farmers in adapting to climate pressures such as shifting rainfall patterns and increased pest pressure. More fundamentally, the approach extends beyond individual farms to wider landscapes. Soil health, water cycles and biodiversity cannot be restored at the farm boundary; they require action at the level of the surrounding ecosystem. This has a direct implication for industry responsibility: off-farm investment is not an optional complement to farm-level programmes. It is central to long-term resilience, and the industry must acknowledge and resource it accordingly.

Closing the gap between ambition and evidence means linking regenerative practice to Scope 3 accountability. Emissions from forests, land and agriculture (FLAG) make up the largest share of a coffee company's carbon footprint. Measuring them properly requires farm-level data, geo-referenced plots and detailed land-use records. The infrastructure being built for EUDR compliance provides part of this foundation. Nonetheless, the greater opportunity lies in shared, sector-level systems: joint or open-source approaches can reduce costs and duplication more effectively than parallel company-specific platforms. Regional or supply-shed approaches to Scope 3 accounting, aggregating across geographies rather than proceeding farm by farm, offer a more scalable path. Evidence from TechnoServe (2025) shows that practice-based programmes at smallholder scale can deliver measurable improvements in livelihoods, emissions reductions, and traceability. The sector now faces a clear choice: continue to rely on fragmented proprietary systems or move towards shared infrastructure capable of delivering these outcomes at scale across farms, landscapes, origins and the sector as a whole.

“Coffee is regarded as a lead indicator for sustainable commodity crops; it often sets the pace and others follow.”

Coffee Barometer 2014

# 6



# Conclusion

**SUMMARY** Two decades of coffee sustainability efforts have delivered real but insufficient gains. Voluntary standards raised awareness; MSIs built shared frameworks. But both have sidestepped the reforms that matter most: mandatory price transparency, enforceable living income benchmarks, and procurement practices that reflect the real costs of production. This is also evident in the environmental challenges on which coffee ecosystems depend, including deforestation, biodiversity loss, and climate change. The sector has treated systemic failures as technical problems, addressing symptoms at farm level rather than confronting the underlying commercial conditions. Regulation is now imposing from outside what the sector has been unwilling to accept from within, but regulation alone will not be enough. Companies must redistribute value, not simply account for it. The sector faces a clear choice: keep managing the appearance of progress, or undertake the structural change a resil–ient coffee future demands.

## Conclusion

The coffee sector has avoided confronting the systemic failures that shape the market in the first place, instead treating poverty, environmental degradation, and climate vulnerability as problems solvable through focusing only on farm-level interventions. While sustainability efforts have matured over time, they often remain isolated from core business practices. Improving on-farm practices does little to rebalance producer and buyer asymmetries or to unlock the scale of investment required for lasting change. Addressing these structural gaps through purchasing practices, risk-sharing mechanisms, enhanced transparency, and clear mandatory regulatory frameworks, alongside a better distribution of value, can foster sustainability both on- and off-farm. Without such changes, the core architecture of the coffee sector remains intact.



That architecture bears a heavy cost. The socio-economic picture this report documents is not only one of marginal hardship but of structural exposure: incomes below living income benchmarks in most producing countries, unpaid family labour subsidising production costs, and seasonal workers denied the wages and protections that basic labour rights require. Layered onto this is an environmental crisis that is simultaneously cause and consequence: climate change is contracting the viable growing zones for Arabica and Robusta, shifting rainfall patterns, intensifying pest pressure, and making the sun-grown monocultures increasingly fragile. The transition to diversified, shade-grown, agroforestry-based, and regenerative systems on and off farm is not an optional upgrade: it is a condition of long-term supply.

Understanding why requires a short detour into history. When coffee prices collapsed to historic lows between 2001 and 2003, the sector's response was half-hearted: a small percentage of coffee procured under the conditions of Voluntary Sustainability Standards such as Fairtrade, Rainforest Alliance, and 4C. For a period, this approach had genuine traction. Standards raised awareness, created a common language, and introduced a degree of supply chain transparency that had not previously existed. But their structural limitations became increasingly apparent. Market uptake remained a fraction of total production, leaving the underlying commercial terms of the mainstream coffee trade untouched. Crucially, they could not deliver the scale and depth required by the sector's structural challenges. Meanwhile, companies are increasingly replacing third-party certification with proprietary, self-managed verification systems, in the hope that these are more efficient and controllable. Nonetheless, the experience with voluntary standards is helpful in complementing and preparing for mandatory regulation, nudging firms towards formal accountability.

The shift from voluntary aspiration to mandatory obligation is now clearly underway, through the EU Deforestation Regulation, the Corporate Sustainability Due Diligence Directive, the Forced Labour Regulation, and the EmpCo restrictions on unsubstantiated sustainability claims. These frameworks are long overdue, but regulation achieves little if its costs are simply passed down to the communities it is meant to protect. The shift to deforestation-free sourcing, traceable supply chains, and living wages requires cap-

ital, technical support and income security that smallholders operating below a living income cannot independently provide. Enabling that transition is a buyer responsibility, not a farmer one.

The sector's collective response to create impact at scale has been channelled primarily through multi–stakeholder initiatives: the Sustainable Coffee Challenge, the Global Coffee Platform, the Coffee Public–Private Task Force, and others. Each has its distinct focus, membership, and institutional logic. Together, they have created something valuable: a shared language, coordinated data systems, and direct channels for dialogue between governments, companies, and civil society in producing and consuming countries that did not previously exist.



The accountability mechanisms within MSIs are weak: participation is voluntary, disclosure is self–selected, and powerful actors have consistently shaped agendas to favour research, pilots, and roadmaps over the binding procurement commitments that would require them to act differently. Representation is structurally skewed: farmer organisations and local civil society in producing countries participate at the margins of governance structures whose priorities are set by multinational buyers and donor agencies. And a significant portion of market power sits entirely outside these frameworks, including mid–tier roasters, most supermarkets, and several traders who absorb the reputational benefits of sector–level collaboration without subjecting themselves to its expectations.

Funding is insufficient and structurally fragile, and this is a sector challenge, not an MSI one. The financing gap for climate adaptation, varietal development, and regenerative transition is measured in billions annually. MSIs are well placed to coordinate, plan, and design funding mechanisms, but only if the capital is there. Closing the gap requires companies to treat supply chain investment as a core procurement cost, and governments to align finance with sector reform rather than project cycles. Until both happen, the gap between the sector's stated ambitions and the level of investment it is willing to commit is a revealing indicator of its actual priorities.

Tracing the flow of value through the sector helps to explain why meaningful market reform has remained so difficult. There is no shortage of value in coffee, and the sector generates hundreds of billions annually at the consumption end of the chain. What this report documents is the consistency with which value generated across the sector fails to flow back to the people and places on which production depends. It leaves through farmgate prices structurally disconnected from retail value. It leaves through format premiums (capsules, specialty, branded tiers) that raise consumer prices without delivering a commensurate increase in payments to producers. It leaves through shareholder distributions that far exceed any available sustainability budget. And it leaves through tax structures that route profits through low–tax jurisdictions, depriving both producing and consuming countries of public revenue. These are not isolated examples of corporate excess. They reflect how the value chain consistently operates: directing surplus downstream while concentrating costs upstream.

This asymmetry would be troubling enough if companies were transparent about their sustainability contributions and accountable for their commitments. They are not. Greenhushing has taken hold across the sector: less ambitious targets, longer timelines, fewer specific numbers, and process descriptions substituting for outcome data. Of the fifteen companies assessed, not one discloses aggregated information about its pricing structures, contract durations, or premiums above the commodity price. On the basis of publicly available information, it is not possible to verify whether any of these companies have aligned their procurement practices with living income objectives. None formally commits to living income as a procurement requirement, despite this becoming a binding legal obligation under the CSDDD from 2029. The proliferation of proprietary verification systems has replaced independent oversight with self-certification, at precisely the moment when regulatory scrutiny demands more rigour, not less.



The environmental picture is, if anything, more surprising. Coffee sits at the intersection of deforestation, climate risk, and biodiversity loss, and the sector is not short of external reference points: the Paris Agreement, the Science Based Targets initiative, and now the EUDR, which makes deforestation-free sourcing a legal condition of market access. Against this backdrop, many companies still lack validated Scope 3 targets and published Deforestation and Conversion Free (DCF) commitments, let alone robust strategies to address broader nature impacts, such as biodiversity loss and water stewardship. Several firms have not made credible net-zero commitments at all. While the industry has widely adopted "Regenerative Agriculture" in commitments and ESG reporting, it remains unclear whether this will translate into measurable outcomes and impact at scale across farms and coffee-producing landscapes.

The arc of this report leads to a conclusion that is neither comfortable nor ambiguous. Over two decades, the coffee sector has repeatedly treated structural problems as technical fixes, and market failures as issues to be solved at farm level. The tools it has relied on —voluntary standards, development projects, multi-stakeholder platforms, and proprietary company systems— have addressed real problems and delivered genuine yet insufficient gains. However, these approaches have consistently avoided changes that would challenge the commercial terms of trade: mandatory price transparency, enforceable living income benchmarks, tax reform, and shared technical solutions that reduce the competitive advantage of opacity. Regulators are now beginning to impose some of these requirements from outside the sector, and how actors respond will shape what follows.

The choice is not between sustainability and profitability. It is between a model of sustainability that manages the appearance of progress and one that accepts the redistribution of value that a resilient coffee future requires.

# Endnotes

1 The International Coffee Agreement (ICA): 1962 – 1989, introduced export quotas agreed by 42 producers and seven major consumers. It was supported by the United States, with the objective of stabilising Central American countries economically and politically, and by European countries that sought to aid former colonies. It raised prices but disagreements among members and the rise of Vietnam as a major exporter competitor, the agreement collapsed in 1989, with prices allowed to fall World Bank Group (2025) *Commodity markets outlook, Apr Oct.*



2 The *Anker Research Institute* assesses the economic realities of agricultural workers in key coffee-producing regions, with a focus on living wages and gender equity. Its 2025 reports (covering *Brazil Colombia Ethiopia Guatemala Nicaragua Peru*) provide updated benchmarks for the cost of a decent standard of living for a reference family in these areas, offering critical insights into the gap between current wages and what is required to meet basic needs.

3 The Brazilian government maintains an official list (known as the *Lista Suja*) of employers found by labour inspectors to have subjected workers to slavery-like conditions. Inclusion on this list is a confirmed administrative finding, not an allegation, yet it imposes no automatic legal or contractual obligation on buyers who source from these farms.

4 ICO 2026: *https://ico.org/world-coffee-conference/*

5 Coffee Barometer (2006): Nestlé 0.2%, Kraft 1.5%, Sara Lee Douwe Egberts 2.0%, Proctor & Gamble 0.5%, Tchibo 0.7%.

6 European Commission (2023), Commission Delegated *Regulation (EU) 2023/2772, Annex I* – European Sustainability Reporting Standards (ESRS). Covered areas Include: Environment (E1–E5) – climate change, pollution, water, biodiversity and ecosystems, resource use and circular economy / Social (S1–S4) – own workforce, workers in the value chain, affected communities, consumers and end-users / Governance (G1) – business conduct, risk management, ethics.

7 *Directive 2026/470* amends *Directive 2024/1760* article-by-article yet does not touch the human-rights catalogue in the Annex. The original wording in the Annex remains the operative legal reference for in-scope companies: "The right to enjoy just and favourable conditions of work, including … an adequate living wage for employed workers and an adequate living income for self-employed workers and smallholders, in accordance with Article 7 ICESCR."

8 Other MSIs in coffee include: World Coffee Research, Specialty Coffee Association, International Coffee Partners, coffee&climate.

9 Calculating the cost of a basic but decent standard of living for a household in a specific place and time, then determining what coffee income would enable that standard.

10 *GCP's 2025 main annual publication* tracks growth in coffee meeting the baseline level of the Coffee Sustainability Reference Code.

11 This is a relatively small increment in sector terms, equivalent to about two cents per pound of coffee, or less than half a cent per dollar of retail coffee.

12 The €9.71 figure is the weighted average across 41 modelled coffee products in Germany, while the €8.06 figure refers specifically to the retail price of national-brand ground coffee, the largest single sales format by volume.

13 This estimate is based on official Nespresso Germany pricing at approximately €0.35–0.45 per 5g capsule: Nespresso Germany store, April 2026. *https://www.nespresso.com/de/en/order/capsules/original*

14 75$^{th}$ percentile offerings are coffee products that sit towards the upper end of the quality and price range but are not the very top. 25$^{th}$ percentile offerings refer to the lower-price end of the specialty segment, at entry-level quality and price.

15 Measured as the "FOB-to-retail share," meaning the percentage of retail price that reverts to producing countries when coffee leaves origin ports.

16 In accounting terms, the cumulative amount returned to investors exceeds the total value of everything the company owns; the gap has been financed by borrowing rather than profit.

17 A nature transition plan sets out how an organisation will align its strategy, targets, actions, accountability mechanisms, and resources with the goals of the Global Biodiversity Framework to halt and reverse biodiversity loss by 2030 and support the restoration and sustainable use of ecosystems by 2050 *(TNFD 2026) Guidance on nature in transition plans.*

18 The *Coffee Canopy Partnership* is a multi-company initiative led by JDE Peet's and developed with LDC, Sucden, NKG, Touton, Sucafina, and Tchibo. It uses satellite mapping to create the first open global map of coffee production, identify deforestation risks, and support forest restoration while protecting smallholder farmer livelihoods.

# Sources of Figures

**Figure 1. Coffee production and average price**
Arabica and Robusta average prices 2000–2025: World Bank Commodity price data 2025 (the Pink Sheet: database, updated on 1 May, 2026). Production volume 2000–2025: ICO (2026) Coffee report and outlook.

**Figure 2. Country profiles – top 10**
**This figure should be read as an informed illustration, not a statement of verified fact:** This overview combines data points of varying vintage and reliability to provide an interpretive snapshot of the top 10 coffee-producing countries. Production, consumption, export volume and value are based on ICO and USDA figures for 2024/25. Coffee area figures are drawn from national coffee authorities and USDA FAS reports, which are based on continuous producer surveys and field-verified cadastral registries, making them more reliable than FAO data. Farmer numbers are based on an unpublished 2018 report by Enveritas; no updated estimate is known to exist. Sun/shade percentages are indicative only, since there is no standardised shade definition: Somarriba, E. and Lopez-Sampson, A. (2018) *Coffee and cocoa agroforestry systems: Pathways to deforestation, re-forestation, and tree cover change.* PROFOR.

**Figure 3. SDG project heatmap**
Project inventory by ICO and ITC: The *Coffee sustainability Support Database* is a collective effort requested and co-created by members of the ICO's Coffee Public-Private Task Force (CPPTF) Technical Workstream 3 Importing Countries (TWS3 IMP) and the International Trade Centre (ITC) through its Alliances for Action initiative – the Coffee Guide Network. This mapping reflects broad public and private sector interest in recognising current sustainability initiatives in the global coffee value chain.

The Coffee SDG Plans are comprehensive national or subnational strategies aimed at advancing the SDGs in coffee-growing regions: Sachs, J. et al. (2025) *Prosperity for coffee producers through SDG-based coffee plans*.

**Figure 4a. Certified production and demand**
**Figure 4b. Certified production and demand versus global production**
The 2025 overview draws on data from Fairtrade International, Fair Trade USA (reported separately since 2024, reflecting differences in scope and methodology), 4C, and Rainforest Alliance. Historical data draws on earlier Coffee Barometer editions. Organic certified coffee and 2nd-party verified programmes (e.g. Enveritas, Nespresso AAA, and Starbucks CAFÉ Practices) are excluded due to limited public data availability.

**Figure 5. Corporate members of MSIs**
Each company has been contacted directly to confirm their involvement in one or more MSIs, and findings are cross-referenced against MSI member overview websites.

**Figure 6. Main coffee trading houses**
Volume and market share figures for major trading houses are indicative estimates, triangulated from corporate reports, trade press and trade flow data. To reflect uncertainty in publicly available information, volumes are shown as ±1 million bag ranges, with market shares calculated against global coffee production of 178 million bags (2024/25).

**Figure 7. Value distribution of 1kg retail coffee in Germany**
The detailed value distribution breakdown of ground coffee in the German market (2021) identifies an unpaid family labour element of 10%, which this analysis highlights as a key finding. BASIC, GCP, IDH and Solidaridad (2024) *The grounds for sharing: A study of value distribution in the coffee industry*.

**Figure 8. Value distribution between commodity and specialty coffee**
This figure draws on a simplification of the *2024 Specialty Coffee Transaction Guide* (SCTG, 2025) and the analytical work of Wienhold, K. and Roberts, P. (2025) *Is the rising tide of specialty coffee lifting all boats?*, World Development, 195.

**Figure 9. Net financial flows of coffee corporations to shareholders (% of annual revenue).**
This figure offers a reinterpretation of the analytical work of Maile, F. and Staritz, C. (2026) *Shareholders as the main beneficiaries of globalized production: Corporate financialization and value capture along global value chains*, Competition and Change, 1–4.

**Figure 10. The transparency gap in roaster and trader reporting**
Basic data points across the 15 main sector players remain largely intransparent, and the limited information disclosed in publicly available company reports and websites means that only confirmed data could be included here; resulting in an incomplete picture that itself illustrates the scale of the transparency gap.

# List of abbreviations

| | |
|---|---|
| 4C | Certification for Climate, Conservation, and Communities |
| BEPS | Base Erosion and Profit Shifting |
| BMZ | German Ministry for Economic Cooperation and Development |
| BMF | German Ministry of Finance |
| BHRRC | Business and Human Rights Resource Centre |
| CB | Coffee Barometer |
| CCP | Coffee Canopy Partnership |
| CGIAR | Consultative Group on International Agricultural Research |
| CI | Conservation International |
| CICTAR | Centre for International Corporate Tax Accountability and Research |
| CIP / I CIP | ICO Composite Indicator Price |
| CIRAD | Agricultural Research Centre for International Development |
| CPPTF | Coffee Public Private Task Force |
| CQI | Coffee Quality Institute |
| CSDDD | Corporate Sustainability Due Diligence Directive |
| CSRD | Corporate Sustainability Reporting Directive |
| DCF | Deforestation and Conversion Free |
| DCN | Daily Coffee News |
| DD | Due Diligence |
| DPO | Days Payable Outstanding |
| EC | European Commission |
| ECF | European Coffee Federation |
| ESG | Environmental, Social and Governance |
| EUDR | European Union Deforestation Regulation |
| FLAG | Forest, Land and Agriculture |
| FLR | Forced Labour Regulation |
| FSC | Farmer Support Centre |
| GCP | Global Coffee Platform |
| GHG | Greenhouse Gas |
| ICA | International Coffee Agreement |
| ICAFE | Instituto del Café de Costa Rica |
| ICO | International Coffee Organisation |
| IDB | Inter-American Development Bank |
| IDH | Sustainable Trade Initiative |
| IHCAFE | Instituto Hondureño del Café |
| ILO | International Labour Organisation |
| IPCC | Intergovernmental Panel on Climate Change |
| hIPES Food | International Panel of Experts on Sustainable Food Systems |
| ITC | International Trade Centre |
| KPI | Key Performance Indicator |
| LICoP | Living Income Community of Practice |
| MAECI | Italian Ministry of Foreign Affairs and International Cooperation |
| MSI | Multi-Stakeholder Initiative |
| NGO | Non-Governmental Organisation |
| ODI | Overseas Development Institute |
| OECD | Organisation for Economic Co-operation and Development |
| PLWF | Platform Living Wage Financials |
| PPP | Public-Private Partnership |
| SBTi | Science Based Targets initiative |
| SCA | Specialty Coffee Association |
| SCC | Sustainable Coffee Challenge |
| SCTC | Starbucks Coffee Trading Company |
| SCTA | Swiss Coffee Trade Association |
| SDG | Sustainable Development Goal |
| TFCLI | Task Force Coffee Living Income |
| TNFD | Taskforce on Nature-related Financial Disclosures |
| UNCTAD | United Nations Conference on Trade and Development |
| UNIDO | United Nations Industrial Development Organization |
| USAID | United States Agency for International Development |
| USDA FAS | United States Department of Agriculture |
| VEB | Vereniging van Effectenbezitters |
| VOCAL | Voice of Organisations in Coffee Alliance |
| VSS | Voluntary Sustainability Standards |
| WCR | World Coffee Research |
| WRI | World Resources Institute |

**Green coffee conversion**

1 bag = 60 kilogram

1 MT = 1,000 kilograms = 16.67 bags

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# Colophon



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