

Beyond globalization - The Starbucks – Ethiopia Coffee Debacle

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As Jeffrey D. Sachs said "The MDGs will not be met in Africa under the current circumstances. Failure to make progress on hunger and the other goals comes at a cost. Of course, there is the wholly unnecessary suffering of the poor, but there are also the emergency outlays of the rich. This is illustrated in the case of the United States of America, which last year provided \$500 million in emergency food aid to Ethiopia but only around \$5 million for agricultural development. It is time to reverse that ratio. It is a much better investment to spend on long-term solutions that would enable Africa to feed itself rather than short-term emergency food relief. Similarly, the developed world is spending much more on arms and war than on long-term solutions. It is time the world realized that there can be no peace with chronic hunger. The fight against hunger is a fight not only for health and prosperity, but for peace itself."

The Doha Fiasco:

Pascal Lamy, the WTO director general formally suspended the last-ditch talks in Geneva on the Doha round, centered on agricultural tariffs and trade-distorting subsidies (United States, India, Brazil, the European Union, Japan, and Australia) as the global trade agreement, collapsed on July 24, 2006; with the proviso that this round of talks needed to produce a consensus on farm issues if a final agreement were to be reached by the end of this year. The 21-subject declaration that emerged in Doha set out to resolve disputes on agricultural trade, trade-related aspects of intellectual property rights, transparency in government procurement, and other subjects for the WTO members, which now include 149 governments. This round collapsed, as many before it did, in a deadlock between farm import tariff users

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What is missing from these debates and negotiations is Coffee and its close to \$80 billion global market spin and one of the most highly traded commodities in the world, second only to oil. While the farm gate prices are in shambles, retail demand

for coffee has risen and the coffee industry has shown remarkable profit. According to **Tebabu** and **Tamiru**, Founders of Abol Coffee Inc. Starbucks sells "Ethiopian Harar coffee for \$26.00 per pound, whereas the farmer only received between \$0.60 and \$1.10 per pound and only 3 cents goes to coffee farmers for every cup cappuccino Starbucks coffee sales for \$3.00 and the trade of coffee generates 7.8 billion dollar a year for Starbucks, and that amount is growing. Nonetheless, the farmers that produce the Coffee are in permanent penury and Starbucks has defied world opinion on its responsibility to these poor farmers.

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erished African country to control their use in the market and allow farmers to receive a greater share of the retail price. The move would have increased its annual export earnings from coffee by 25%. Nonetheless, in what has been termed as intellectual piracy', the USPTO has denied Ethiopia's applications for Sidamo and Harar, creating serious obstacles for its project.

Of recent, the past ten years or so, corporate social responsibility (CSR) has blossomed as an idea, if not as a coherent practical program. CSR commands the attention of executives everywhere—if their public statements are to be believed—and especially that of the managers of multinational companies headquartered in Europe or the United States. Today corporate social responsibility, if it is nothing else, is the tribute that capitalism everywhere pays to virtue. Where is Starbucks in this game?

True there are good reasons for Starbucks to claim fame for Ethiopian Coffee especially the brands that it has promoted so well worldwide. After all no one from the Ethiopian side has claimed to have brought Yirgacheffe to the world arena as a brand and as a name that it has deserved. Nonetheless, securing natural resource rights, as in Harar, Yirgacheffe and Sidamo Coffee, contributes to the realization of several human rights – the fundamental rights and freedoms to which all human beings are entitled. Such human rights are affirmed in international treaties and declarations, and in national constitutions. Although land rights as such

are not recognized as human rights, they are linked to the right to property, which is a human right recognized by the Universal Declaration of Human Rights, the European Convention on Human Rights (Protocol 1), the American Convention on Human Rights, the African Charter on Human and Peoples' Rights, as well as by

Oxfam said that Starbucks, the giant US coffee chain, has used its muscle to block an attempt by Ethiopia's farmers to copyright their most famous coffee bean types, denying them potential earnings of up to £47m a year. Ethiopia last year filed copyright applications to trademark its most famous coffee names - Sidamo, Harar and Yirgacheffe. Securing the rights to these names would enable the improv-

most national constitutions. International law also contains provisions on the land rights of specific groups – such as indigenous peoples (ILO Convention 169). Natural resource rights are also linked to peoples' right to freely dispose of their natural resources, affirmed in several human rights treaties.

In response to the global coffee crisis, international advocacy groups such as Oxfam International, Global Exchange, and other advocacy NGOs, have launched a multi-national campaign to bring global awareness to the problem of the coffee crisis. The campaign has created a massive global public awareness and international support to the "Fair Trade" market and put forward a set of recommendations to government officials, the coffee market and coffee consumers to expand the Fair Trade market. In response to this campaign, the US

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Senate and the House of Representatives have recognized the severity of this crisis, naming it "Silent Mitch" after the Hurricane that wrecked havoc in Latin America and have subsequently passed resolutions to tackle this predicament.

Black Gold, an internationally acclaimed documentary film about coffee, featured in the Sundance and Human Rights film festivals in 2005, examines the workings of the WTO and connects the dots of global coffee market and makes a profound statement that if Africa's share in world trade could increase by just one percentage point, it would generate \$70 billion a year, five times the amount the whole continent receives in aid.

In 2005, Light Years IP assisted Ethiopia in registering trademarks for the coffee names Harar, Yirgacheffe and Sidamo in 40 countries. The trademark has been secured in 30 of those countries. The U.S. is not one of these 30 countries. The U.S. Patent and Trademark Office have informed Ethiopia that Starbucks has already registered a product title that conflicts with the names Ethiopia sought to trademark. In February 2006, Ethiopia offered Starbucks a royalty-free license to use the names in exchange for giving Ethiopia ownership over the names. Starbucks rejected the offer. In June 2006, the National Coffee Association of USA (NCA), on behalf of Starbucks, filed a letter of protest to the USPTO to stop Ethiopia's trademark application from being further processed. What needs to be understood is that Sidamo, Yirgacheffe, and Harar beyond being a place of origin for the finest coffee in the

world, are also regions with populations that have vast social, cultural, and economic resources, engaged in multiple ways of life in Ethiopia.

Why is important for Ethiopia to patent its Coffee beans? In order to be successful in today's global market, Ethiopia has to add value to the raw, unfinished, agricultural products that they export, and can further maximize earning by securing IP rights for their products. The coffee that comes from Ethiopia is so highly recognized around the world that having ownership over the names Sidamo, Yirgacheffe and Harar would greatly increase the revenue generated by Ethiopia. According to LYIP, currently, the Ethiopian coffee sector captures only 6% to 10% of the fine coffees' retail price, barely covering the cost of production. Compare that to Jamaica, whose Jamaican Blue Mountain Coffee is able to win 45% of the retail price for the country. Oxfam has made the

claim that if Starbucks would sign the agreement to give Ethiopia its rightful ownership over the names, an additional \$88 million would flow into the Ethiopian economy.

According to the economic, the concept of sustainable development puts flesh on the idea that business left to its own devices is dangerous. Untamed profit-seeking, it is argued, puts strain on the environment and exploits the poor. At the same time the goal of sustainable development points to a more concrete

agenda for CSR: while pursuing profit, enlightened companies should take care to protect the environment and uphold the rights of workers (and others) as well. Hence the "triple bottom line" which thought-leaders on CSR (including the United Nations and the European Commission) want companies to monitor and report: don't just aim to make money, but protect the environment and fight for social justice as well.

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Hence sense and sensibility are required for a dialogue to be tempered by wisdom, restraint, caution, and visionary leadership on both ends.

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