



# EQUAL EXCHANGE INTERFAITH PROGRAM

## OUR MODEL OF FAIR TRADE

**F**air trade is about small farmers in the Developing World receiving a fair price for their labors. But it is also about much more. Through Equal Exchange's Interfaith Coffee Program, your congregation or organization becomes part of a life-centered economic model which puts people and the environment before profits — a model rooted in the principles of justice, equity, cooperation and sustainability. With your help, we can build a better future for ourselves and our global neighbors. Thank you for being a vital part of this work.

EQUAL EXCHANGE, Interfaith Program • 50 United Dr., West Bridgewater, MA 02379 • [www.equalexchange.com/interfaith](http://www.equalexchange.com/interfaith)

### SUPPORTING SMALL FARMERS



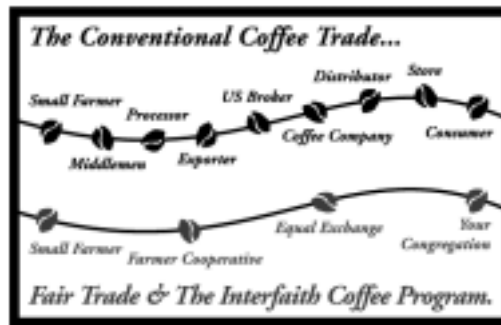
### EQUAL EXCHANGE

As a Fair Trade Organization, Equal Exchange is committed to Fair Trade on 100% of our products, not just a small portion. We work with democratic cooperatives that are owned by the farmers themselves, enabling members to compete in a marketplace that would otherwise lock them out. Fair Trade helps these farmers to stay on their farms and support their families, while providing funds for co-op services such as training, health care, and education.



By buying directly from our co-op partners, Equal Exchange ensures that more of our coffee dollar reaches the people who do the hard work of growing, harvesting and processing the beans for our cup of coffee. Through regular visits and group tours, we meet many of our partners face-to-face to better understand their lives, concerns and hopes for the future. By working with the same farmers year after year, we provide a measure of stability in an otherwise hostile marketplace.

### DIRECT & LONG-TERM RELATIONSHIPS



### THE CONVENTIONAL COFFEE TRADE

Over 70% of the coffee we drink is grown by small farmers who live in rural regions of some of the poorest countries in the world. Isolated from markets, these farmers are usually forced to sell their coffee to local middlemen and then through a long chain of intermediaries before it reaches the market. In the conventional coffee trade, much of the coffee we drink is also grown on large plantations where workers labor long hours for low pay, have few benefits and lack union or other representation.

In the conventional coffee world, we know little about the people who grow our coffee and what their lives are like. They are separated from us by layers of middlemen, brokers and slick marketing. In the end, very little of the dollar we spend on our cup of coffee, cappuccino or latte actually reaches the

people who toiled so hard to grow the beans.



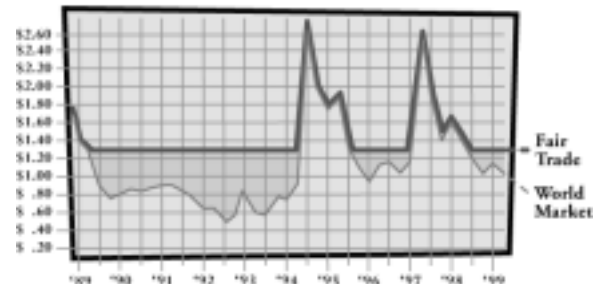
### A FAIR PRICE FOR THE FARMERS' LABORS



Over the years, Fair Trade Organizations and farmers' cooperatives have developed pricing standards which at least provide farmers with enough money to cover the cost of production plus a modest profit for other expenses. In keeping with these standards, Equal Exchange negotiates prices directly with farmers' co-ops, paying at least 5¢ over the world market price and offering additional premiums for organic and high quality coffee. Farmers are guaranteed a minimum price of \$1.26 per pound of coffee, and \$1.41 for organic coffee, no matter how low the coffee market falls. The graph at right illustrates how low the market sometimes falls — as low as 44¢ per pound in 2001 — and the stability offered to farmers by this model. What difference can a fair price make? In 2003 alone, Equal Exchange provided our partners with over \$2 million in above market premiums.

The coffee market is very unstable and coffee farmers rarely know what they will get for their beans. Even when market prices are high, small farmers rarely see the benefits — higher retail prices are absorbed farther up the chain by middlemen, traders, wholesalers and retailers. A small independent coffee farmer may receive as little as 1/4 of the world market price for their coffee.

**Fair Trade vs. The Conventional Market:**



But a fair price is just part of Equal Exchange's model. For more information, see the other side of this sheet.

For more information: Email [interfaith@equalexchange.com](mailto:interfaith@equalexchange.com) • Tel 774-776-7366 • Web [www.equalexchange.com/interfaith](http://www.equalexchange.com/interfaith)



## AFFORDABLE CREDIT



## THE INTERFAITH COFFEE PROGRAM

*Equal Exchange shares risk with farmers by offering advance credit to co-ops for their coffee. This provides the farmers with funds between harvests — money for farm improvements, seedlings, and training programs, as well as family expenses such as medicines, clothing and school supplies — helping them to stay out of debt. In 2003, Equal Exchange facilitated over \$1 million in preharvest credit.*

## THE CONVENTIONAL COFFEE TRADE

*Because affordable credit is very difficult for small farmers to obtain, they often get loans from middlemen at exorbitant rates. Many farmers use their own land as collateral, meaning that if they default on a loan, they may lose their means of livelihood. If this happens, the only option may be to work on larger plantations, find work at a Maquiladora in the city, or migrate to the U.S. or another country. It's as though every year, farmers and their families are forced to "bet the farm."*

## ENVIRONMENTAL STEWARDSHIP

*Equal Exchange works with farmer co-ops that emphasize organic and shade grown agriculture. By growing coffee under a canopy of fruit and shade trees — the traditional way of growing coffee — these farmers preserve vital habitat, not only for local wildlife, but also for thousands of migratory song birds. Many of the species with which we are familiar here in the North — orioles, warblers, flycatchers and tanagers — depend on this habitat for survival. Organic agriculture also protects local communities from potentially dangerous chemicals. Equal Exchange provides an economic incentive to grow organically by paying at least 15¢ premium for certified organic coffee.*

*As coffee has become a more valuable commodity for coffee-growing countries, corporations and large landowners began consolidating large plantations, pushing small farmers and their communities off the best land and into less fertile and environmentally vulnerable areas. Traditionally, coffee was grown by small farmers under a canopy of shade trees (coffee is actually a shade crop). But as full sun hybrid coffees were developed, whole regions were stripped of their tree cover to make way for enormous chemical intensive coffee plantations. This trend resulted in further land consolidation, increased erosion and loss of wildlife habitats and biodiversity.*

## COMMUNITY EMPOWERMENT

*Fair Trade helps build pride, independence and community empowerment for poor communities in the Developing World. With the support of Fair Trade, small farmers are able to take initiatives within their own communities to build a better future for themselves and their families. A coffee processing plant in El Salvador, community housing in Colombia, the training of doctors and nurses in Mexico, reforestation programs in Costa Rica, organic farming training in Tanzania — these are all examples of the initiatives that these communities have taken with the support of Fair Trade.*

*Many countries in Latin America, Africa and Asia are extremely dependent on the coffee trade for work and income. It is the second largest source of foreign exchange for the Developing World as a whole — the largest for Latin America and the Caribbean. But historically the coffee trade has been characterized by the increased concentration of wealth, resources and power. Small farmers are isolated from markets, services and self-determination, while landless plantation workers struggle for fair wages, good living conditions and labor representation. Attempts to organize are often met with hostility or even violence.*

## DEVELOPMENT ASSISTANCE

*With each cup of Equal Exchange coffee, you are supporting small farmers through Fair Trade — but you also help support special development programs that assist their communities. Through our Producer Relations Office, we provide assistance to farmer co-ops working to organize and strengthen their organizations. And through partnerships with faith-based organizations, we contribute to disaster relief, development assistance and the advancement of human rights. Partners in this work include Lutheran World Relief, American Friends Service Committee, Brethren Witness, Catholic Relief Services, Mennonite Central Committee U.S., Presbyterian Church (USA), Unitarian Universalist Service Committee, United Church of Christ, and the United Methodist Committee on Relief.*

*But there is reason for hope. Because it is such a vital commodity, coffee can be a tool for positive change for poor communities across the Developing World. And your congregation can be part of this effort by considering something as simple as the cup of coffee you share in fellowship.*



## A DIFFERENT MODEL OF BUSINESS



*Equal Exchange is a worker-owned Fair Trade Organization founded in 1986. In 1991, it became the first U.S. business to adopt internationally-recognized Fair Trade standards as guiding principles. Today, Equal Exchange is unique in its model of business: In keeping with our Fair Trade mission, the company is structured not for the accumulation of wealth, but for its equitable distribution among farmers, workers and investors. 100% of our coffee, tea and cocoa products are purchased in accordance with Fair Trade standards. Farmers are guaranteed a fair price, while worker-owners receive a fair share of pay and benefits—and the internal pay ratio from highest to lowest is limited to just 3 to 1. Shareholders, upon whom we depend for additional working capital, receive a reasonable return on their investment. It is part of our mission to show that a more equitable model of business is not only possible but can be successful.*