

Sustainability is a central value

Interview with Hamid Dastmalchian, Director Consumer Goods, Tchibo

The Cotton Made in Africa project has a limited development policy goal – encouraging the sustainable production of cotton in Africa, with sales on global markets to be enabled by a demand-side consortium. Tchibo, a partner in the demand alliance, has now initiated the manufacturing of textile products where every step will take place on the African continent, a first for the project. How will the all-African production work?

Production will take place in three phases. The raw material is cotton produced by farmers in Benin through the Cotton Made in Africa project. It is spun into yarn in Ethiopia, with the textile manufacturing in Egypt. A key role in achieving this first all-African textile production is played by a Turkish textile supplier who has long-term plans to relocate production to Ethiopia, fostering the creation of infrastructure for textile manufacturing there. Tchibo can support the CmiA project by having the Turkish supplier spin cotton from Benin in the Ethiopian plant. The yarns produced there will be used in Egypt to make the first concrete all-African products, home textiles and women's wear, scheduled to reach store shelves in the first half of 2010.

Does all-African production have long-term potential?

Yes, that's our goal. Ethiopia in particular will derive long-term benefits from this initiative, because our Turkish supplier is looking at gradually building up all phases of manufacturing there, meaning concretely that the raw material, CmiA cotton, can be processed all the way into finished textiles in Ethiopia. The plan is to hire 8,000 Ethiopians by the end of 2010. The economic benefit for a country like Ethiopia is enormous. And beyond that, the technological know-how that accompanies the relocation of the Turkish textile supplier's production represents a long-term bonus, because the knowledge transfer enables future commercial opportunities.

What role does sustainability plan in Tchibo's strategic business decisions?

Sustainability is a central value in Tchibo's corporate culture. Beyond the Cotton Made in Africa project that Tchibo supports as a partner in the demand alliance, we have wide-ranging long-term commitments to social and environmental initiatives. But the aims of the Aid by Trade Foundation match Tchibo's own interests particularly well. We find their approach to be of exceptional merit in terms of development policy, because it aims at creating a level playing field. And customers will want



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to be active participants in the development of long-term, indirect ways of helping as an alternative to direct aid.

Tchibo has been selling products made from CmiA cotton for a year now. How are customers responding?

The feedback is very good. Customers value our commitment and experience the purchase as affirming their own involvement in a positive development. That acceptance would dwindle if the prices were too far above normal, but the Aid by Trade Foundation approach allows an appropriate pricing policy and reaffirms Tchibo's desire to continue addressing the very important theme of sustainability. We regard the Cotton Made in Africa project as exemplary, and we hope to continue to take a leading role in the future.