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Original Articles

Does fair trade make a difference? The case of small coffee producers in Nicaragua

Karla Utting-chamorro

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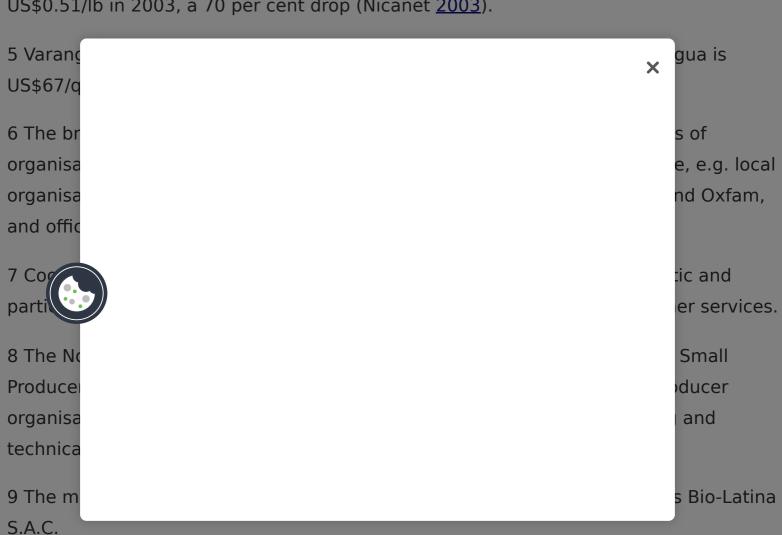
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that there are limits to the extent to which fair trade can significantly raise the standard

of living of small coffee producers because of factors such as the debt problems faced by cooperatives, lack of government support, and volatile international coffee prices.

Notes

- 1 FINE is a network of organisations including Fair Trade Labelling Organisations International (FLO International), the International Federation for Alternative Trade (IFAT), the Network of European World Shops (NEWS!), and the European Fair Trade Association (EFTA).
- 2 FLO explicitly requires that small producers form democratic organisations as primary-level cooperatives and secondary-level producer organisations.
- 3 On a global scale, green coffee prices fell from US\$1.20/lb to US\$0.56/lb between 1999 and 2003, but the fair trade price has remained at US\$1.26/lb.
- 4 In Nicaragua, the wholesale price for green coffee fell from US\$1.44/lb in 1999 to US\$0.51/lb in 2003, a 70 per cent drop (Nicanet 2003).



10 For example, Canadian and USA TransFair, US Thanksgiving Coffee Company, and Equal Exchange. These purchasing organisations act as importers for industrialised or Northern countries.

11 TransFair USA is one of the main promoters of the market for Nicaraguan fair trade products. It does this by working with coffee importers, roasters/wholesalers, and retailers. They are not, however, directly involved with commodity production (Raynolds 2002).

12 See the study by CLUSA (2002) cited in Bacon (2002a).

13 A Capitalisation Fund is an account managed by producer organisations that uses a percentage of the fair trade premium to improve infrastructure, pay for transportation costs, provide technical assistance, cover administrative and certification costs, provide credit, and fund housing and education projects in farming communities.

14 A Producer Fund is managed by primary-level cooperatives to, for example, pay debts, renovate farms, and provide credit for and labour within the farm.

15 For example, while in 1997 SOPPEXCCA had only 68 member producers, by 2002 there were 450 members, and it hoped to extend its membership to 500 by the end of 2003. CECOCAFEN had 1200 small-producer members in 2002 and had by the time of

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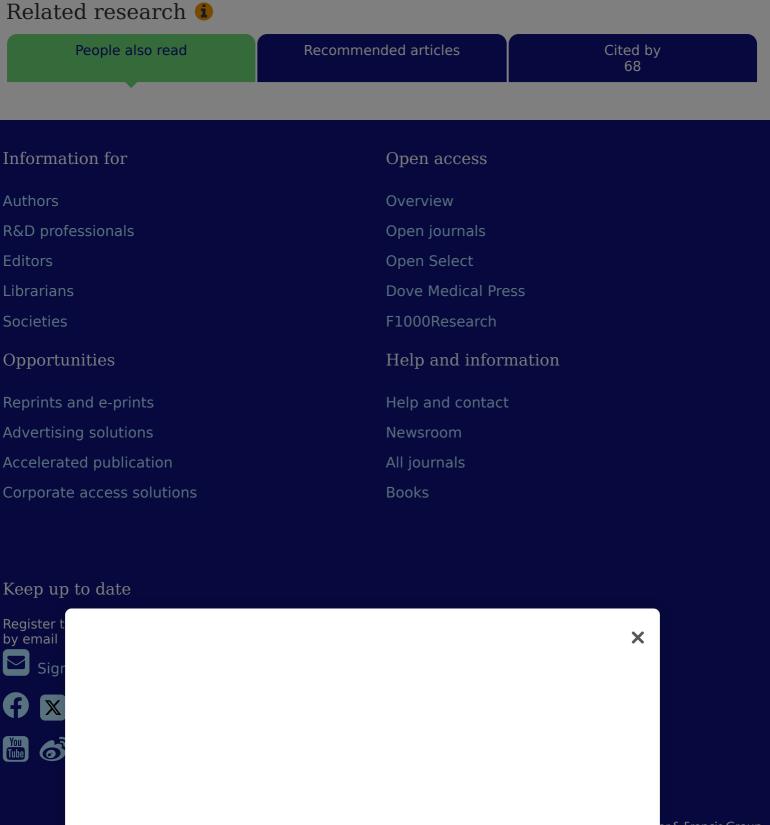


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