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A taste of trade justice: marketing global social responsibility via Fair Trade coffee

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Abstract

The movement to certify and promote fairly traded coffee is one of many efforts aimed at linking social responsibility and free market capitalism. In the wake of a worldwide crisis in which coffee prices have fallen to levels that do not support small-scale production, non-profit Fair Trade certifying and labeling organizations are working to develop a market situation that is sustainable for workers and the environment. The Fair Trade system promotes living wages for farmers, access to affordable credit, and the adoption and maintenance of environmentally sound practices. Fair Traders' marketing efforts seek to influence cultural and political values in such a way that consumers and corporations will have to respond to them by incorporating the welfare of Southern workers into their purchasing decisions. This article discusses and evaluates current strategies for creating and expanding the market for Fair Trade-certified coffee and their outcomes in the United States and Europe. We argue that,

while Fair Traders have achieved some laudable goals, they must now address the limits to supply-driven marketing efforts.

Cindy Liou will be a first year law student at Stanford University in Autumn 2004. She graduated from the University of Washington with a double degree in business and political science with a minor in human rights. Her interests include linkages between the private and public sector, transnational law, corporate social responsibility, globalization and international human rights.

April Linton is assistant professor of sociology at the University of California, San Diego. Her work encompasses many aspects of globalization including international migration, transnational social movements, and the intersecting effects of policies on trade, development, and the environment.

Kelly Ann Shaw is currently pursuing an MSc in European politics and governance from the London School of Economics. She graduated from the University of Washington with a BS in economics and a BA in political science. Her work and research interests include the effects of globalization on institutions and the nature of democracy. She plans to specialize in Eastern European nationalism in the context of economic and political development.

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Notes

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The International Coffee Organization's website, <http://www.ico.org>, contains up-to-date coffee trade statistics.

Producing countries' distance from the major buyers was also a disadvantage because (with the exception of soluble products) roasted coffee goes stale quickly.

This is the ICO's current status, though recently it has produced resolutions addressing the coffee crisis and calling for the United States to rejoin the organization.

Talbot ([2002](#)) provides an interesting and detailed account of state coffee agencies' activities in various parts of the world.

Lots of coffee is also grown on large plantations worked by day laborers. Some plantation owners uphold minimum wage laws and maintain decent working conditions, but many do not (James, 2000; Diebel, [1997](#)). Efforts to organize coffee workers have been largely unsuccessful because coffee production is highly decentralized. The seasonality of the coffee harvest and growers' management strategies (e.g., paying pickers a piece rate, which increases competition among them) also hampers union activities (see Ortiz, [1999](#)). Given such constraints, it is logical that NGOs and others

seeking to improve conditions for coffee workers have first targeted small farmers rather than landless workers.

If coffee sold under Fair Trade terms is also certified organic the price is US\$1.41/pound or US\$0.15 above the 'C' price, whichever is higher.

For more detailed information about the history of the Fair Trade movement, see Grimes ([2000](#)). Dicum and Luttinger ([1999](#)) and Levi and Linton ([2003](#)) summarize the emergence and growth of Fair Trade coffee initiatives. Raynolds ([2002b](#)) reviews existing research on the potential of Fair Trade as a poverty alleviation strategy.

Seattle's Best Coffee is now owned by Starbucks.

'Starbucks exclusive single-origin coffees purchased directly from the source' (Starbucks, [2003](#)).

Resnick's ([2003](#)) case study of Western Washington University students' efforts to put Fair Trade certified coffee on their campus documents challenges, strategies, and outcomes typical to such campaigns.

For comparison, in 2001 TransFair USA spent US\$486,202 on marketing and consumer education, or about \$0.002 per capita. TransFair Canada spent CA\$23,468, or about \$0.001 per capita (TransFair USA, [2002](#), TransFair Canada, [2002](#)).

72% of persons reporting the purchase of Fair Trade products said they bought coffee, making it by far the most common. Other products in the survey include crafts (40%), tea (36%), chocolate (25%), dried fruit (17%), honey (17%) and sugar (15%).

Full text: 'Some products from developing countries carry a 'fair trade' (USE APPROPRIATE NAME IN EACH COUNTRY) mark or label. This mark guarantees that the products have been produced ensuring fair working conditions for farmers and employees, and respecting the environment. It also means that a fair part of the profit is transferred back to the producers and/or workers. Have you ever heard about this type of products, or not?'

In the case of Luxembourg the country marker becomes non-significant with control for years that a labeling organization has been active there.

The relatively maturity of Max Havelaar Netherlands (founded in 1988) also led us to test for a cumulative effect of the time a certifying organization has been present, but

we found this not to be the case.

As of this writing, FLO is only considering cooperatives that already have organic certification for Fair Trade certification. Giovannucci ([2002](#)) and Taylor ([2002](#)) discuss reasons why market demand for organic coffee greatly surpasses demand for Fair Trade coffee.

Some cooperatives or groups of cooperatives sell 50–70% of their coffee on the Fair Trade market, others have not been able to sell any of it (Asencio, [2003](#); Bollen, [2003](#)). Lyon's ([2003](#)) case study describes an exceptional case: a Guatemalan cooperative that sells its entire harvest to a single Fair Trade purchaser.

Quoted in Cabrera ([2001](#)).

The five largest coffee trading companies, Aron, Cargill, Esteve, Neumann and Volcafe, purchase 46% of all exported coffee, and can definitely have a great impact on the coffee farmers' lives (Schrage, [2004](#), p. 65).

Sara Lee does have 'Supplier Selection Guidelines' that each supplier must comply to, which cover ethical standards, legal requirements, environmental requirements and employment practices. There has been much speculation over the actual effectiveness of this PVI, however, as the language in the guidelines seem vague and Sara Lee does not take any initiative to monitor their suppliers (Slob and Oldenziel, [2003](#)).

<http://www.ico.org/frameset/activset.htm>, accessed 29 April 2004.

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