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Part 3: Responses to Global Complexity—Ethical Trade

# Is Fair Trade-Organic Coffee Sustainable in the Face of Migration? Evidence from a Oaxacan Community

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## Abstract

Mexican coffee growers have been negatively affected by low world coffee prices coupled with reduced government support. One response by coffee farmers has been increasing migration to the US. Another response by some cooperatives has been to differentiate their coffee by certifying it as environmentally sustainable, organic, and/or Fair Trade. This paper examines the links among low coffee prices, migration, and certified coffee production and trade, drawing on a 2004 case study conducted in Oaxaca, Mexico. Although remittances from migrants help finance coffee production, increased migration drains human capital out of the region, which raises the opportunity cost of labor and hence local wages. In this sense, coffee growers who migrate to the US, partly to provide operating capital for coffee, undermine coffee

production by raising its costs. The findings raise doubts about the sustainability of the Fair Trade-organic coffee model in the face of migration opportunities.

A Chinese version of this article's abstract is available online at:

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Los productores de café de México han sido afectados negativamente por los bajos precios mundiales del café, y por una reducción en asistencia gubernamental. Una de las respuestas de estos productores ha sido aumentar la migración hacia los Estados Unidos. Otra respuesta, de algunas cooperativas, ha sido diferenciar su café como sustentable, orgánico y/o de comercio justo. Este artículo examina los vínculos entre el bajo precio del café, la migración, y la producción y comercialización de café certificado, a partir de un estudio de caso conducido en Oaxaca, México. A pesar de que las remesas de dinero de los emigrantes ayudan a financiar la producción de café, el aumento de la emigración reduce el capital humano de la región, lo cual sube el costo de oportunidad de la mano de obra y por lo tanto los salarios locales. En este sentido, los productores de café que emigran a los Estados Unidos, en parte para generar capital de trabajo para la producción de café, afectan negativamente la producción cafetera al aumentar sus costos de producción. Esto genera dudas acerca de la sostenibilidad del modelo del café orgánico y comercio justo en contextos en que hay oportunidades de emigración.

[摘 要]随着世界咖啡价格低廉以及政府支持减少,墨西哥咖啡种植者受到了双重的消极影响。一个反应来自咖啡种植者,越来越多的咖啡种植者移民去了美国。另一个反应来自一些合作社,他们的咖啡通过了各种诸如环境可持续、有机和/或公平贸易的认证,以示区别。基于 2004 年在墨西哥瓦哈卡州进行的一项案例研究,本文考察了低廉的咖啡价格、移民出境与经认证咖啡的生产和交易之间的关联。虽然移民侨汇有利于咖啡生产的融资,但不断增加的向外移民使这一地区人力资源大量流失。这就提高了劳动力的机会成本,继而提高了当地的工资。从这个意义上说,移民到美国的原咖啡种植者,虽然部分地提供了咖啡的运营资本,但同时也提高了咖啡的成本从而破坏了生产。本文的研究结果对公平贸易一有机咖啡模式在面对移民机会情况下的可持续性提出了怀疑。

# Notes

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- 1. Estimates based on preliminary results from a project of the Center for Socioeconomic and Technological Studies in Agriculture (CIESTAAM) entitled 'Sistema de Seguimiento de la Agricultura Orgánica de México.' The land and producer figures cited account for both 'in transition' and certified organic coffee (Lobato García, 2005).
- 2. Cabeza del Río was chosen based on the following criteria: importance of coffee production as an economic activity; large numbers of organized producers (socios) and nonorganized producers (libres); high quality coffee commanding a premium price; many producers with Fair Trade and organic certification, with correspondingly significant sales to Fair Trade-organic markets; and noteworthy presence of outmigration. See Lewis (2005) for sampling methodology.
- 3. A very small fraction of La 21 and Michiza producers are in transition to becoming certified organic (a three-year process), and thus receive a lower premium for their coffee. Both La 21 and Michiza have been promoting organic production since the mid-1990s. Michiza has been Fair Trade certified since the early 1990s and La 21 since the mid-1990s.
- 4. Correlation between percentage of US sojourns and international coffee price over the period 1982–2003, Pearson correlation = -.465 (p = .029).
- 5. Correlation between percentage of US sojourns and peso-dollar exchange rate over the period 1982–2003, Pearson correlation = .778 (p = .0001).
- 6. Circulation of remittances throughout a community to benefit migrant and nonmigrant households alike has been well studied in the last decade (see Durand et al., 1996, and Taylor, 1999).
- 7. Several such cost studies are underway, and one has been completed (Bacon, 2006).

#### Related Research Data

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Source: Globalizations

The New Economics of Labour Migration and the Role of Remittances in the Migration Process Source: International Migration

A Place Unbecoming: The Coffee Farm of Northern Latin America

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