

Séance 1- Synthèses

Rationing in the Fair Trade Coffee Market: Who is entering the market and how?
Jeremy Weber

The central component of the Fair Trade coffee system is a guaranteed minimum price to Fair Trade producers. This minimum price has generally remained above the price of the world coffee market, leading to a classical case of a price floor of above the market clearing price in which quantity supplied exceeds quantity demanded. Of course, not all coffee producers can access the preferential price of Fair Trade; to sell in the Fair Trade coffee market a producer must obtain the certification of the Fair Trade Labelling Organizations (FLO). Nevertheless, the supply of Fair Trade coffee has consistently exceeded the quantity which Fair Trade Coffee buyers have demanded, requiring additional rationing mechanisms to determine who obtains Fair Trade contracts. This market reality has led Fair Trade coffee wholesale buyers to increasing demand high quality organic coffee from their Fair Trade coffee suppliers as a way of rationing Fair Trade contracts, a trend which has only gained momentum in the last five years. In addition, since 2004 the FLO has begun charging Fair Trade coffee organizations to both receive and to renovate the FLO certification.

This paper plants three questions: What are the implicit and explicit costs which producers' organizations incur to enter the current Fair Trade coffee market, including obtaining the FLO certification and an organic certification? How significant are these barriers for marginalized producers generally envisioned as the beneficiaries of the Fair Trade coffee system? Finally, given the answers to the first two questions, what type of producers are most likely to enter the current Fair Trade coffee system and under what circumstances?

To answer these questions this paper examines the experiences of six coffee organizations in the department of San Martín, Perú. Organized coffee cultivation has emerged in San Martín in only the last ten years. As such, all of these organizations are young, having been established between 1998 and 2002. The experiences of this group range from one organization which has directly exported over 6,000 quintiles of Fair Trade organic coffee since 2004 to one cooperative which has failed to begin the FLO or organic certification processes.

Preliminary findings show that both the requisites for the FLO certification and those of an internationally accepted organic certification present significant obstacles for young coffee organizations. For the FLO certification, producers have confronted the following barriers, organizing members into a functioning organization, obtaining a contract from an international buyer, accessing financing for exports as well as to pay for the FLO certification, and achieving the necessary volume of export quality coffee. In the case of organic certifications, organizations have faced significant hurdles in the following areas,

financing the three year certification process, providing the technical assistance to meet organic standards, and organizing an internal control system.

In addition, preliminary findings show that the aforementioned barriers increase in intensity for producers with below average incomes, and who are widely dispersed in areas with poor transportation. In the first place, low income producers rarely have the capital to invest in any type of certification let alone to make the investments required to bring post-harvest processing inline with organic standards. Secondly, the cost of organic certification increases in areas with poor transportation as well as in cases where producers are widely dispersed. This increases the cost of external visits, which generally charge per day, as well as the cost of organizing and maintaining and internal control system required for organic certification.

It is telling that all of the four organizations that have either the FLO certification or an organic certification have had significant external financial and technical assistance. The cooperative Oro Verde, which is the most successful coffee organization in this study, received support from the United Nations valued at over \$US 150,000 as well as low interest loans of around US\$100,000 to finance exports. The other three organizations which have certifications received support from institutions such as the United States Agency for International Development, The World Bank, Peruvian government institutions, and local NGOs.

The preliminary results of this study of the experience of young coffee organizations in San Martín suggest that small rural producers have little chance of entering the Fair Trade coffee market without substantial support from non-governmental organizations or government programs. Given that FLO and organic certifications are international standards, the experience of the organizations in San Martín is probably common. As such, the current system is most likely excluding the very producers which it aims to help, unless such producers receive external support. Is this the manner in which the Fair Trade coffee movement intends to expand? Furthermore, is it acceptable that the Fair Trade market externalizes its costs on institutions that work in rural development? Such questions deserve attention from actors involved in the governance of the Fair Trade coffee system.

Day-to-day dialectical tensions within fair trade organizations: A case study
Luc K. Audebrand and Marie-Claire Malo

According to several authors (e.g., Moore, 2004; Low & Davenport, 2005), the fair trade (FT) phenomenon finds itself at a crossroads and important challenges lie ahead (e.g., differentiation from conventional trade, preservation of the movement's identity, increasing market access). What are the impacts of those challenges in the commonplace everyday activities of Canadian fair trade organizations (FTOs)? What internal conflicts are lying under these challenges? The purpose of our presentation is to examine in some

detail the often-hidden “dialectical tensions” (Lourenço & Glidewell, 1975; McGuire, 1988) which fashion life within and between FTOs. Our basic assumption is that FTOs, just like any other “living” phenomena, involves dialectical tensions, i.e., internal conflict of contradictory forces. Dialectical tensions become visible most strikingly during conflict between individuals and groups that are committed to opposing ideas; oppositions, polemics, collisions and quarrelling are ridden with dialectical tension and always leave a loophole, exposing FTOs to some kind of novelty. In fact, the tension arising from those contradictory forces is a source of action and vitality (Marková, 2003). Dialectical tensions are neither enigmatic nor indecipherable, but are expressed through pragmatic manifestations inextricably linked to the conditions and contexts in which FTOs are involved, i.e. at the margin of the mainstream market economy. Moreover, different actors in the same FTO may adopt different views and attach different meaning to those pragmatic manifestations. Unfortunately, dialectical interplay often works “backstage”, beyond actors’ mindful awareness, and requires to be unconcealed.

For three months we followed the employees of a Canadian FTOs in their daily activities. We watched them interact with each others and with other actors in the field. We paid attention to their spontaneous ideas, fears, phantasms as they were enacted in various social interactions. Our field ethnography provides a thick description of the internal tensions of contradictory forces taking place in this FTO which shows the dialogical properties of being multifaceted and multivoiced. As we shall describe in this presentation, the dialogical perspective is particularly pertinent to describe social interactions within and between organizations dealing with FT. The theoretical framework we draw upon is based on Bakhtinian dialogism, issued from the Russian philosopher and literary scholar Mikhail Bakhtin (1895-1975). Dialogism is not a “theory” as the term is traditionally used, but is better thought of as a metatheoretical perspective (Baxter & Montgomery, 1996). It shares with other dialectical approaches a rather small set of conceptual assumptions that revolved around the notions of *contradiction, change, praxis, and totality* (Benson, 1977, Seo & Creed, 2002). Bakhtin (1981, p. 272) regards all social processes as the product of a contradiction-ridden tension-filled unity of two embattled tendencies: *centripetal* (i.e., forces of unity) and *centrifugal* (i.e., forces of difference) tendencies. Moreover, he sees centripetal and centrifugal forces as always constituted in the immediate context. For that matter, Bakhtin uses the term “chronotope” to capture the idea that every antithetical dyad is enacted in a concrete temporal-spatial context: “Every entry into the sphere of meaning is accomplished only through the gates of the chronotope” (1981, p. 258). Hence, phenomena can change drastically from one chronotope to another. Every social moment is polyphonic, i.e. involves multiple, fully valid voices representing different perspectives, no matter the issue (Bakhtin, 1984). As people come together in any social interaction, they create a host of dialectical forces (Baxter & Montgomery, 1996).

Although Bakhtin is beginning to receive attention among social scientists (Baxter & Montgomery, 1996; Marková, 2003), dialogism is still a largely unfamiliar terrain to scholars interested in organizational study. Hence, our presentation will have two major contributions. First, it will help to appreciate how FTOs are dealing with dialectical tensions in their commonplace everyday activities. Second, it will help to understand FT

from a unique perspective. FT can be described as a collection of complex social practices, which are, by their very nature, multifaceted and multivoiced. In sum, what matters here is the presentation of a coherent argument for a conceptual framework that enables the exploration of FT-related issues from a dialogical perspective.

Globalising Justice in Coffee Supply Chains: Can Starbucks mainstream the transformative potential of Fair Trade?

Kate Macdonald

In recent years, a broad coalition of social actors has directed intense criticism towards what is widely claimed to be a distorted and unjust structure of the conventional global trading system. Attempts to elaborate such critique into a constructive agenda of 'globalising justice' have helped stimulate a search for new forms of institutional and regulatory innovation that might enable goals of poverty reduction and defence of rural livelihoods to be reflected in the design of the global trading system. Particularly prominent have been a proliferation of initiatives in the coffee industry, in which many small producers and workers continue to live and work in conditions of extreme poverty.

This paper will review two initiatives that attempt to embody principles of fairness and justice within the institutions through which coffee trade is structured and governed: the Fair Trade system, and Starbucks' 'Café Practices' program. Drawing on detailed empirical research conducted in Nicaragua, it will consider the potential of these initiatives to empower small producers and workers participating directly in international coffee supply chains, as well as their potential to advance broader objectives of sustainable rural development. In light of this evidence, deeper questions will be explored regarding the potential of such initiatives to function as transformative strategies to 'mainstream' principles of fairness and justice within the structures of global trade.

The Challenges of Mainstreaming Fair Trade: A Case Study of the Day Chocolate Company

Kirsty Golding

Fair Trade (FT) has the potential to make a major contribution to the social, economic and environmental goals of sustainable development (SD), but this depends upon achieving greater penetration of mainstream markets. Entry into these high-volume, mainstream distribution channels, however, brings with it certain problems. In particular, it accentuates a tension that is fundamental to FT's *modus operandi*, working both "in and against the market" (Barratt-Brown, 1993: 169). That tension might be captured in the following questions:

- How can we achieve the economic expansion of FT without simultaneously compromising – or even renegeing on – its core ethical principles?
- Is it possible to preserve the movement's basic values in the face of commercial success?
- Do mainstreaming strategies risk reducing the ethical core of FT products to the status of a mere augmentation?

This paper explores how – and how successfully – one FT organisation, the Day Chocolate Company (DCC), navigates the challenges of FT marketing. FT principles, and specifically part-ownership of the company by the Ghanaian producer cooperative, Kuapa Kokoo, are integral to the organisation's *raison d'être* and brand meaning. At the same time, the company sees itself in many respects as a conventional business, positioning its 'Divine' offering in the mainstream marketplace. The company seeks to balance these dual aspects to its own and the brand's identity without diluting either. Essentially, the brand comprises an affordable range of FT chocolate targeted at the UK mainstream market and sold alongside familiar brands such as Cadbury and Nestlé. The organisation's most recent advertising campaign embodies a radical departure from existing approaches. It represents an innovation designed to achieve buy-in from a wider audience of "chocolate-lovers", as opposed to "ethicals",¹ without rendering FT's social proposition secondary. It thus provides an expedient opportunity to explore the challenges FT faces at this critical juncture.

The campaign forms the focal point for analysis. Its constituent ads are analysed alongside the organisation's other marketing materials using an approach analogous to Altheide's (1996) ethnographic content analysis and semiotics (a theory of signs exploring the generation and communication of meaning through symbols). This analysis is supported by interview data. Overall, the case highlights the challenges associated with balancing FT's myriad conventions, and the accentuation of those challenges as FT reaches a critical juncture. It suggests that one way to manage these difficulties might stem from the synergistic use of multiple communication channels to sell both the chocolate product and the FT message. The implications for FT's potential contribution to the goals of SD and for the future development of FT marketing are considered.

¹ Interview with Senior Manager (2005).