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# Playing Fair: Understanding Fair Trade

## *Expanding the farmer-chef connection*

**Imagine your restaurant without coffee or tea.** Imagine the pastry kitchen without chocolate or sugar. You're committed to direct, local purchasing when possible, but some restaurant staples are grown thousands of miles away. Many chefs make purchasing decisions based on relationships they've cultivated with farmers, fishermen, and like-minded purveyors. It's tough to shake hands with Guatemalan coffee farmers and Ghanaian cocoa producers, so a different set of criteria is called for when buying these foods.

Like farmers in our own communities, many growers around the world struggle to earn a living as markets fluctuate and trade policies shift. The distribution of their goods through long supply chains diminishes their chances to earn healthy profits for their work. No matter where they live, farmers benefit from shortening the supply chain and engaging in more direct marketing.

Many chefs will overlook certain tropical foods in favor of local ones. For those you can't do without, fair trade provides a purchasing option whose principles align with the support of local and organic foods.

## The Business of Fair Trade

In the past decade, Fair Trade has emerged as a choice for businesses and consumers with an interest in social responsibility. The market-based program promotes sustainable development by guaranteeing fair prices to farmers in developing countries and working with them to market their own products, like coffee, tea, herbs, fruit, and cocoa. By organizing farmers into cooperatives that sell directly to importers, Fair Trade shortens the distance between producers and consumers and returns higher profits to farmers.

For example, coffee farmers who participate in fair trade and sell their beans through cooperatives can receive two to three times as much for their coffee as on the commodity market. According to TransFair USA, the independent non-profit certifier of Fair Trade products in the U.S., over \$80 million in additional revenue has been channeled to farmers in 58 countries around the world since 1999. Direct sales eliminate exploitative middlemen and can create long-standing, mutually beneficial relationships between importers and farmers.

To be certified and marketed as Fair Trade, transactions between cooperatives and importers are monitored by certifying agencies like TransFair USA and Fair Trade Labeling Organizations (FLO), a European-based collective of agencies that set international fair trade standards. The standards are based on a set of principles that emphasize direct marketing, environmental stewardship, fair prices, and social development, including democratic business structures in the form of worker-owned cooperatives.

### Fair Trade Facts

Fair Trade certification in the U.S. is available for the following products: coffee, tea, herbs, cocoa, chocolate, sugar, rice, vanilla, bananas, mangoes, pineapples, and grapes.

Fair Trade accounts for roughly 2% of the \$22 billion domestic retail coffee market.

The average \$3 latte returns less than 2 cents to non-Fair Trade farmers.

Americans drink 2.3 billion pounds of coffee annually--more than any other nation.

Four multinational corporations control the coffee market: Kraft Foods, Proctor & Gamble, Sara Lee, and Nestle.

90% of the world's cocoa is grown on family farms.

Over 5 million people worldwide benefit from Fair Trade.

sources: TransFair USA, Oxfam America

## From small farms to plantations: Fair Trade products, Fair Trade growth

The second most widely traded commodity after oil, coffee remains the most developed market for Fair Trade. Coffee is best grown under shade in small plots, and small family farmers grow over 50% of the world's coffee in countries like Ethiopia, Costa Rica, Brazil, and Mexico. Because most coffee farmers work on rural family farms and generally have little knowledge of the international market, they often end up selling their beans to middlemen at prices below the cost of production. The low wages force many off their land or out of coffee farming. But as Fair Trade gains momentum, participating coffee farmers are seeing more profits. Sales of Fair Trade coffee have seen a 75% average annual increase since 1999.

Cocoa production resembles coffee production in many ways. Cocoa can only grow within 20 degrees of the equator, and most is exported to Europe and the United States. Most cocoa is grown by farmers on small holdings, often in remote places. As with coffee, cocoa farmers often sell their beans to middlemen who undervalue the crop. In major cocoa-producing countries like the Ivory Coast, the industry has been cited for using illegal child labor on cocoa farms. Fair Trade cocoa prohibits use of child labor in production, and although it's impossible to keep complete tabs on the industry, advocates hope that Fair Trade gives farmers enough of an economic incentive to forgo child labor.

Although Fair Trade began as a way to bring a better quality of life to small farmers, products grown on plantations, like tea, bananas, pineapple, and other fruit, have also entered the market. Some members of the Fair Trade community believe that working within a plantation model (as opposed to a democratic collective of small farmers) dilutes Fair Trade's impact.

### Resources:

[www.transfairusa.org](http://www.transfairusa.org)  
[www.fairtradefederation.com](http://www.fairtradefederation.com)  
[www.maketradefair.com](http://www.maketradefair.com) (an Oxfam project)  
[www.okeusa.com](http://www.okeusa.com)  
[www.globalexchange.org](http://www.globalexchange.org)  
[www.equalexchange.org](http://www.equalexchange.org)  
[www.altereco-usa.com](http://www.altereco-usa.com)

**"Ask yourself how you can connect as deeply as is practical with the people who are growing your food."**

-Jonathan Rosenthal, president, OkéUSA, a Fair Trade banana company.

But others point to rising consumer demand for equitable supply chains across the board. Though many small farm cooperatives have taken a stand against plantation participation in Fair Trade, it's also thought that if plantation workers and small farmers forge relationships around the common goals of Fair Trade, they could help improve quality of life for a greater number of agricultural workers.

### In the Restaurant: Fitting in Fair Trade

Chefs determine value by weighing a number of factors in any given product, including quality, cost, and accessibility. Global purchasing requires chefs to scrutinize their choices more closely than usual to make their decisions. No matter how you navigate Fair Trade in the restaurant, there's a chance you'll ask:

**How does it taste?** "Fair Trade is a beginning point for quality," explains a TransFair USA spokeswoman. High quality is not necessarily a criterion for Fair Trade certification, but there's a symbiotic relationship between the two. By providing higher revenues and access to credit, Fair Trade offers farmers the chance to invest in their operations, thereby improving quality. The decade-old first wave of Fair Trade coffees weren't known for their great taste, say chefs. But over time, farmers and importers have worked together to improve coffee quality, and Fair Trade coffee's quality now rivals many well-regarded specialty coffees.

**Is it available?** This market-driven trade model depends on consumer demand for momentum. As the movement grows and quality improves, diners will connect Fair Trade and high quality--and the more they will ask for Fair Trade foods in restaurants. If demand is there, supply will follow, say Fair Trade advocates.

**Is it affordable?** Fair Trade products vary in price, but the most developed markets offer goods at prices competitive with gourmet and

specialty products. "Fair Trade coffee will cost more than Folger's," says Lynsey Miller, food service sales director at Equal Exchange, a Massachusetts-based Fair Trade importer. "But for comparable quality, it's right in the ballpark."

### A Sustainable Triangle: Local, Organic, and Fair Trade

Buying local foods and buying Fair Trade foods have similar principles behind them. Making these purchases gives chefs a chance to shorten the supply chain and forge a closer connection with producers. And as consumers more frequently ask where their food comes from, working with Fair Trade producers gives chefs a chance to articulate their values beyond buying local produce and organic meats.

Fair Trade is not without its detractors. Critics contend that Fair Trade's price guarantees are the equivalent of a subsidy, and that it encourages overproduction and lowers prices for commodities across the board, making matters worse for non-Fair Trade farmers. Fair Trade expert Jonathan Rosenthal concedes that while Fair Trade is not a perfect system, it "provides a reliable way to have some knowledge of who you're buying from." For chefs, Rosenthal suggests that when planning your restaurant purchases, consider the type of supply chain you'd like to be a part of, and fit Fair Trade in where it works.

And though Fair Trade might be one in a collection of purchasing decisions you've made regarding certain foods, supporting the model helps to broaden the idea of sustainability. Like the local and organic movements, Fair Trade ties the quality of the product to the farmer's quality of life and the long-term health of the land.

### Communique #22:

#### Fair Trade

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