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Mainstreaming Fair Trade Coffee: From Partnership to Traceability

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Summary. — This article analyzes the recent growth of Fair Trade and the mainstreaming of this previously alternative arena. Focusing on coffee, I identify a continuum of buyers ranging from “mission-driven” enterprises that uphold alternative ideas and practices based on social, ecological, and place-based commitments, to “quality-driven” firms that selectively foster Fair Trade conventions to ensure reliable supplies of excellent coffee, to “market-driven” corporations that largely pursue commercial/industrial conventions rooted in price competition and product regulation. Using a commodity network approach, my analysis illuminates the impacts of diverse buyer relations on producer groups and how relations are in some cases shifting from partnership to traceability.

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1. INTRODUCTION

Fair Trade represents a critique of historically rooted international trade inequalities and efforts to create more egalitarian commodity networks linking marginalized producers in the global South with progressive consumers in the global North. The Fair Trade model offers farmers and agricultural workers in the global South better prices, stable market links and resources for social and environmental projects. In the global North, Fair Trade provides consumers with product options that uphold high social and environmental standards and supports advocacy campaigns fostering responsible consumption practices. Though Fair Trade products continue to represent a minor share of the world market, certified sales are worth over US\$2 billion and are growing rapidly (FLO, 2007).

Fair Trade joins a growing array of market-based initiatives that promote social and environmental concerns through the sale of alternative, often certified, commodities. In this sense, Fair Trade is related to other social certifications found largely in apparel, footwear and other manufactured items and environmental certifications found largely in food, forest, and fiber products (Gereffi, Garcia-Johnson, & Sasser, 2001). Fair Trade distinguishes itself from other efforts in its breadth in incorporating both social and environmental concerns and its depth in tackling both trade and production conditions (Raynolds, 2002). With its rising popularity, Fair Trade has come to represent an important counterpoint to the ecologically and socially destructive relations characteristic of the conventional global food system. Yet this popularity has simultaneously put pressure on what was once an alternative commodity network to become part of the mainstream market, incorporating conventional business norms, practices, and institutions.

This article explores the impacts of mainstreaming on what was intended to be a rather unique partnership between Fair Trade buyers and producer groups. I develop a commodity network approach to investigate buyer/supplier relations in certified coffee, Fair Trade’s core arena. The study follows the commodity chain tradition in analyzing the power of dominant buyers in shaping global production and distribution relations (Gereffi, 1994) and the varied nature of buyer/supplier transactions (Gereffi, Humphrey, & Sturgeon, 2005). Yet I expand this approach in emphasizing the role of norma-

tive factors and non-economic actors in shaping network relations. My analysis documents the increasing distinction between three types of Fair Trade coffee buyers and their varied supplier relations. “Mission-driven” enterprises promote Fair Trade’s social, ecological, and place-based commitments, supporting organizational and democratic facets of coffee cooperatives and partnership-based trade relations. A new group of “quality-driven” buyers selectively foster Fair Trade principles to ensure reliable supplies of gourmet coffee, rendering trade relations less durable but potentially no less egalitarian if producers’ technical capacity is enhanced. Fair Trade’s sharpest challenge comes from the rise of “market-driven” corporate buyers who may meet audited certification requirements, but otherwise advance mainstream business practices fostering competition and intensive buyer control, causing a shift in network relations from partnership to traceability.

My analysis of the internal workings of the Fair Trade coffee sector is located in the secondary literature and draws extensively on primary documents (including organizational websites, publications, and internal documents). Key insights emerge largely from my field research. The perspectives of Fair Trade coffee buyers are distilled from structured and unstructured interviews with representatives of dozens of North American and European Fair Trade coffee importers and roasters and key Fair Trade organizations.¹ Analysis of Fair Trade coffee supplier perspectives draws on field research with four cooperatives in Peru and Mexico, which in each case involved semi-structured interviews with four to five cooperative leaders and focus groups with 8–12 members.² This article focuses on the overall nature of Fair Trade coffee buyer/supplier relations, rather than on the views of specific individuals or groups. To maintain confidentiality and uphold buyer/supplier relations, names are omitted where possible.

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2. AGRO-FOOD NETWORKS AND FAIR TRADE

Commodity studies provide an insightful avenue for investigating complex global production, trade, and consumption networks within the agro-food sector (Daviron & Ponte, 2005; Gibbon & Ponte, 2005; Hughes, 2001; Ponte, 2002; Reynolds, 2004; Talbot, 2002). A set of related approaches highlight the economic structure, spatial configuration, political governance, and social organization of international commodity relations.³ Gereffi's (1994) global commodity chain framework focuses on the interlinking of products and services, configuration of enterprises, and governance system allocating resources across the chain. This tradition highlights the intensification and shifting nature of corporate control in the global economy. According to Gereffi (1994), the historical rise of brand-name distributors is fueling a shift from "producer-driven" to "buyer-driven" commodity chains. Dolan and Humphrey (2000) and Marsden, Flynn, and Harrison (2000) advance this argument, demonstrating how dominant retailers drive the United Kingdom food sector, controlling their suppliers and creating private food quality and safety regulations. As Ponte (2002) argues, the global coffee market is also buyer-driven, but here power is largely concentrated in the hands of brand-name roasters who may or may not engage in retailing. While the buyer-driven model focuses needed attention on the power of dominant corporations to shape agro-food networks through demand mechanisms, the complexity of commodity relations suggests the need for a more nuanced analysis of chain governance variations (Dolan & Humphrey, 2000; Gibbon, Bair, & Ponte, 2008; Raikes, Jensen, & Ponte, 2000; Smith *et al.*, 2002).

In a recent article, Gereffi *et al.* (2005) propose a typology of inter-firm regulatory forms. Strengthening the focus on industrial organization and profitability concerns, this analysis shifts from a global "commodity chain" to a "value chain" terminology.⁴ In this typology, Fair Trade provides the archetype for "relational" chains, where buyer/supplier cooperation and power sharing prevail. Recognizing the limits of static categorization, Gereffi and his colleagues outline how chain governance may change over time. Specifically, they hypothesize that for relational chains the codification of production processes may promote either "modular" governance structures, where production is increasingly segmented among independent suppliers of specified items, or "captive" governance structures, where producers are increasingly subordinated through production standards and buyer contracts. Applying this model to coffee, Muradian and Pelulessy (2005), Ponte and Gibbon (2005) challenge Gereffi and colleagues' assertion that limited direct buyer control over suppliers is necessarily correlated with egalitarian firm relations, arguing that certification permits loose forms of market coordination to be associated with buyer domination. These findings suggest that while Gereffi and colleagues' governance typology may provide a useful starting point, an investigation of certified commodity relations requires an analytical focus beyond the activities of lead firms.⁵

Certification has emerged over the past decade as an important vehicle for governing relations within coffee, as in other agricultural and manufacturing sectors (e.g., Bartley, 2007; Cashore, Auld, & Newsom, 2004; Hatanaka & Busch, 2008). Although these new regulatory frameworks are technically voluntary, they are increasingly required for access to upscale differentiated markets. Certification systems involve specified standards, verification procedures, certifications, and often labels. Whereas traditional commodity standards focus on intrinsic product attributes, certification standards typically re-

late to social and environmental production processes. The strongest and most legitimate certifications have non-governmental organization (NGO) coordinating bodies which set and oversee compliance (Gereffi *et al.*, 2001). In the food sector, Fair Trade and organic certifications represent the most important of these third-party systems.⁶ As Murdoch, Marsden, and Banks (2000) suggest, these new qualification mechanisms generate new fields of power in agro-food networks.

To investigate these new institutional arrangements, this article favors a commodity "network" approach over a more structural commodity/value "chain" framework (see Hughes, 2001; Reynolds, 2004; Smith *et al.*, 2002). A network analogy highlights the web of social, as well as economic actors that define and uphold commodity relations. This approach recognizes that market activities are embedded in social as well as economic institutions (Polanyi, 1957), focusing attention in this analysis on how NGOs mediate Fair Trade buyer/supplier interactions. A network approach also helps counter the structuralist orientation of many commodity studies, acknowledging social constructionist insights into the symbolic nature of commodities (Appadurai, 1986). Shifting to a reflexive view of governance, or governmentality, a set of studies highlight the rationalities and techniques through which network actors govern themselves and others (Blowfield & Dolan, 2008; Gibbon & Ponte, 2008; Hughes, 2001). While this micro-analytic optic reveals the important discursive and performative practices comprising network relations, it often downplays more macro, institutional, and political economic concerns.

The convention literature provides an insightful framework for analyzing both the ideological and material facets of commodity networks by focusing on the constellations of norms, practices, and institutions which guide and justify economic relations (Allaire & Boyer, 1995; Boltanski & Thévenot, 1991).⁷ This tradition demonstrates how "commercial" and "industrial" conventions based on price competition and standardization configure products, trade, and firms in the mainstream economy, including the food sector (Valceschini & Nicolas, 1995). Yet in the new "economy of qualities," markets are organized by competition over the ability to "qualify" products through "the singularization of goods and the attachment of goods to (and detachment from) those who consume them" (Callon, Méadel, & Rabeharisoa, 2002, p. 202). Research suggests that in alternative food arenas—such as Fair Trade, organic, local, regional appellation, and slow foods—products, trade relations, and enterprises are differentiated and legitimated according to conventions rooted in personal trust, attachment to place, and social and ecological welfare concerns (Barham, 2002; Murdoch & Miele, 2004; Reynolds, 2002, 2004; Renard, 2005). Although divergent conventions are sometimes seen as creating distinct "worlds," in reality they are continuously negotiated within, as well as between, economic networks. My analysis follows the convention tradition in exploring to what degree "alternative" normative frameworks, qualification systems, and institutions mediate "mainstream" commercial/industrial conventions in Fair Trade networks, though it avoids some of the complex terminology and classifications proposed in this literature.

This article deepens our understanding of buyer/supplier relations in certified coffee networks by analyzing the concrete, and potentially divergent, ways in which Fair Trade coffee is defined, managed, and defended by specific importers/roasters and producer groups. My investigation follows the lead of the commodity chain tradition in analyzing the governance of global production, distribution, and consumption relations and the power of dominant buyers to shape inter-firm relations. Yet it balances this perspective with insights drawn from more

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