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.

Key words — Fair Trade, coffee, commodity networks, certification, Latin America

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 normative 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. 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. 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; Raynolds, 2004; Talbot, 2002). A set of related approaches highlight the economic structure, spatial configuration, political governance, and social organization of international commodity relations. 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. 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 “captivate” governance structures, where producers are increasingly subordinated through production standards and buyer contracts. Applying this model to coffee, Muradian and Pelupessy (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.

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 relate 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. 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; Raynolds, 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 (Alaïre & Boyer, 1995; Boltanski & Thévenot, 1991). 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 singularity of goods and the attachment of goods” (Appadurai, 1986). Shifting to a reflexive view to “consume them” (Callon, Méadel, & Rabetarisoa, 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; Raynolds, 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
social constructionist convention studies, thus extending my research to include the social norms and practices, as well as institutions embedded within Fair Trade coffee markets. The commodity network approach developed here facilitates a consideration of the complex ideological and material relations enacted in commodity production and exchange, key variations in network actors and actions, and ongoing contestations over network governance.

3. FAIR TRADE NETWORKS: IDEAS, PRACTICES, AND INSTITUTIONS

Fair Trade is defined by its key institutional participants as an effort to re-qualify trade based on alternative norms of “fairness,” “partnership,” and “sustainable development” and to counter mainstream trade practices based on free market competition. As stated in a joint definition:

Fair Trade is a trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers—especially in the South. Fair Trade organizations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade (FINE, 2003).

Helping to account for Fair Trade’s current popularity, this definition speaks directly to public concern over social and environmental issues in the global economy. Although major Fair Trade groups voice a common commitment to these ideals, they are embodied differently in the movement’s two key strands.

The original strand of Fair Trade links alternative norms of fairness to new exchange relationships, based on direct importing and retailing, and non-profit business enterprises, tied to church and development organizations. In the post World War II period, alternative trade organizations (ATOs) were established to support associated producers by purchasing their handicrafts at favorable prices and selling them to dedicated consumers (Littrell & Dickson, 1999). In the 1960s and 1970s, World Shops proliferated across Europe serving as outlets for Fair Trade products and centers of political education. ATO initiatives expanded also in North America, selling largely through catalogs as well as stores. By the 1980s these initiatives had established shared norms and practices and an institutional framework of ATO associations. The largest, the International Fair Trade Association (IFAT), now has about 330 members from 70 countries (IFAT, 2007).

ATO networks promote norms of “fairness” and “partnership” via multifaceted material and non-material exchanges, creating “dense networks of connectivity” between Southern producers and Northern consumers (Whatmore & Thorne, 1997). Through their direct trade relations, ATOs seek to foster personal relations of trust, shortening the social and geographic distance between producers and consumers (Raynolds, 2002). ATOs promote progressive civic values by pursuing social equity and environmental sustainability within their own networks and encouraging consumers to consider assistance provided to disadvantaged producers as a fundamental facet of the value of their products. Civic norms are clearly visible in IFAT’s (2007) mission “to improve the livelihoods and well being of disadvantaged producers” through their ATO operations and by “speaking out for greater justice in world trade.” Maintaining the traditional focus of ATOs on public education and advocacy, IFAT plays an important role in challenging North/South inequalities through global forums and regional platforms (Wilkinson & Mascarenhas, 2007). While Fair Trade’s ATO strand appears quite successful in bolstering alternative movement ideas, innovative trade practices, and new institutions, its market success has been limited, with sales currently valued at about US$193 million per year (Raynolds & Long, 2007, p. 20).

The second major strand of Fair Trade was established in the late 1980s, using product certification to facilitate the move from handicrafts to food products and from alternative retail venues to mainstream supermarket sales (Renard, 1999; Wills, 2006). This strand is rooted in the creation of the Fairtrade Labeling Organizations International (FLO), its national market affiliates, and its certification system. In the Fair Trade certified model, alternative norms are advanced via specified standards and third-party oversight and are not necessarily tied to direct purchasing and sales practices or non-corporate enterprises (as they are in the ATO model).

FLO encapsulates Fair Trade ideals of “partnership” and “fairness” in formally documented standards for both buyers and suppliers. In the coffee sector, importers licensed by FLO must (1) buy from approved grower organizations using long-term contracts, (2) provide credit upon request, and (3) pay a floor price of $1.25 per pound for Arabica coffee, an organic premium of $0.20 per pound if applicable, and a social premium of $0.10 per pound for development initiatives. To be included on the FLO registry, coffee suppliers must (1) be small family-based operations, (2) be organized into democratic associations, and (3) pursue environmental goals (FLO, 2008). FLO has over recent years established a bureaucratic division of labor and set of oversight procedures following International Organization for Standardization (ISO) guidelines. Producer certification, once performed in-house for free, is now carried out by FLO-Cert, an autonomous agency which verifies producer compliance via regular audits billed to suppliers (FLO-Cert, 2005). Product labeling is overseen by FLO’s national initiatives, like TransFair USA and the UK Fairtrade Foundation, which license importers and distributors. At the point of sale, Fair Trade’s engagement with consumers is reduced to a small sticker guaranteeing that FLO standards have been met.

FLO’s system works to refashion Fair Trade’s alternative principles, based on fairness and trust, into a management system, based on formal standards and bureaucratic oversight. Although the adoption of mainstream market conventions threatens Fair Trade’s principles, it does not completely undermine these alternative norms and relations. FLO standards evoke mainstream business norms of objective measurement, but they do not fully conform to conventional expectations since they focus on trade relations rather than production conditions, rely on normative concepts like “long-term” and “democratic” rather than quantifiable indicators, and specify entry and process expectations rather than fixed benchmarks. Even though FLO has increasingly adopted mainstream auditing practices, its normative standards appear to make Fair Trade relations less susceptible to market rule than, for example, organic agriculture where certification standards are increasingly interpreted as a set of input restrictions (e.g., Mutersbaugh, 2002; Raynolds, 2008).

FLO and its national affiliates are fundamentally dedicated to the business of Fair Trade, courting the participation of corporate enterprises and promoting increasing certified sales. This mainstream business orientation has fueled significant market success over recent years (see Table 1). From its start in the coffee sector, FLO now certifies 18 different commodities, including tea, cocoa, sugar, bananas, flowers, and wine which are sold in 20 countries across Europe, North America,
and the Pacific. Certified Fair Trade sales total US$2 billion and are growing at 42% per year (FLO, 2007, p. 11). The United States and the United Kingdom lead the market for Fair Trade certified products, together accounting for over half of the total sales. Pointing to the success of FLO and its national affiliates in bringing Fair Trade to the attention of consumers, 27% of United States shoppers (TransFair USA, 2007) and 50% of United Kingdom shoppers (Fairtrade Foundation, 2005a) now recognize the certification label.

In short, ATO and FLO certified strands appear important in shaping contemporary Fair Trade networks, though in fundamentally different ways. Both strands have a stated commitment to alternative norms of partnership linked to personal values of trust, place, and civic responsibility. Within the ATO strand, Fair Trade’s alternative ideas are strongly and consistently institutionalized through the creation of alternative exchange relationships (based on direct importing and retailing) and alternative business enterprises (linked to churches and development organizations). Yet ATO markets remain small. In contrast, the FLO certification system has captured an important share of the market, yet this system of formal standards and third-party oversight exposes Fair Trade to substantial pressure from mainstream industrial and commercial conventions. As will be shown below, within the Fair Trade coffee sector the ATO and FLO labeling strands have become highly entwined, heightening tensions between alternative and mainstream ideas, practices, and institutions.

4. MAINSTREAMING BUYERS: COMMERCIAL COMPETITION

Coffee has brought Fair Trade firmly into the mainstream, with over 52,000 tons of certified coffee consumed each year in workplaces, educational institutions, restaurants, and homes around the world. Rising Fair Trade coffee consumption is linked to the growing differentiation of products and consumption experiences, including the ubiquitous upscale urban café chains. While overall coffee sales are stagnant, the market is booming for “sustainable coffees” with specific social and ecological traits defined via corporate, industry, or NGO criteria (Giovannucci & Ponte, 2005; MacDonald, 2007). Organic coffee is the most popular sustainable coffee, with the sales of 72,000 tons per year. Yet Fair Trade is quickly gaining ground and 77% of organic coffee in the United States is now also Fair Trade certified (Giovannucci & Villalobos, 2007). As noted in Table 2, the United States has the largest and fastest growing certified Fair Trade coffee market. Nearly 24,000 tons of Fair Trade certified coffee is sold in the United States each year, comprising roughly 3% of the national market (TransFair USA, 2007). The United Kingdom has the second highest sales, with an annual turnover of 6,000 tons of certified Fair Trade coffee, equivalent also to about 3% of the market (Fairtrade Foundation, 2005b). A total of 460 US and 89 UK importers and roasters are licensed to distribute certified coffee under the FLO system (Fairtrade Foundation, 2007; TransFair USA, 2007).

As the Fair Trade coffee sector has grown, the historical division between ATO and FLO certified networks has blurred. There remain a number of small coffee roasters that are fully committed to the ATO model. Some of these enterprises bypass FLO certification altogether, relying instead on direct contact with consumers to uphold claims of fairness. These roasters embed coffee with information regarding the people and places of production, instilling values in their products well beyond the quality of the coffee beans. In North America, many of these roasters import together via a cooperative that handles 1,000 tons of coffee per year (Cooperative Coffees, 2007). While this Fair Trade coffee channel, incorporating small coffee roasters/venders and their cooperative importer, reflects well the historical ATO organizational model, these enterprises are joined in their dedicated support of Fair Trade values by a broader set of “mission-driven” enterprises.

The majority of “mission-driven” coffee companies, whether large or small, combine strong commitment to Fair Trade’s alternative values with certified sales. Like the original ATOs these mission-driven enterprises sell only Fair Trade products yet, departing from that model, they utilize FLO certification to position their products in mainstream markets. Mission-driven coffee companies are involved directly in importing and roasting, though do little retailing. Equal Exchange, the oldest United States mission-driven coffee enterprise (founded in 1986), remains the largest US Fair Trade company (Equal Exchange, 2007a). This company helped launch the national labeling system and was TransFair USA’s first licensee. Equal Exchange has grown with the market and maintains its United States lead with annual sales of US$24 million (Equal Exchange, 2007b, p. 2). The mission-driven company Cafédirect has played a similarly pivotal role in the development of the UK Fair Trade market (Cafédirect, 2007a). Founded in 1991, Cafédirect helped establish the Fairtrade Foundation, and was the first to carry the FLO affiliate label. Cafédirect is now the United Kingdom’s fourth largest coffee company. With US$47 million in yearly sales, it holds 35% of the UK Fair Trade beverage market (Cafédirect, 2007b). Affirming their identification with Fair Trade’s ATO strand, these two mission-driven coffee companies are longtime members of IFAT, the major ATO association.

Equal Exchange’s commitment to civic ideas and practices linked to global ecological and social improvements goes well beyond FLO requirements. Equal Exchange, as its name sug-

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Table 1. Growth of certified fair trade

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified fair trade sales values (US$1,000)</td>
<td>1,033,000$</td>
<td>2,018,745</td>
</tr>
<tr>
<td>Certified fair trade sales volumes (MT)</td>
<td>58,809</td>
<td>221,439</td>
</tr>
<tr>
<td>Certified commodities</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>Certified producer groups</td>
<td>302</td>
<td>569</td>
</tr>
<tr>
<td>Producer countries</td>
<td>45</td>
<td>57</td>
</tr>
<tr>
<td>Market countries/national initiatives</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>Certified importers/traders</td>
<td>253</td>
<td>569</td>
</tr>
</tbody>
</table>


a Does not include items not measured in tons.

b Some commodities are grouped into categories and counted as one (like fresh fruits and juices).

Table 2. Certified fair trade coffee sales growth in major markets (metric tons roasted)

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>2002</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>0</td>
<td>1,854</td>
<td>23,568</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,164</td>
<td>1,954</td>
<td>6,238</td>
</tr>
<tr>
<td>France</td>
<td>112</td>
<td>1,386</td>
<td>6,175</td>
</tr>
<tr>
<td>Germany</td>
<td>3,606</td>
<td>2,942</td>
<td>3,908</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>3,345</td>
<td>3,140</td>
<td>2,845</td>
</tr>
<tr>
<td>Total*</td>
<td>11,662</td>
<td>15,654</td>
<td>52,077</td>
</tr>
</tbody>
</table>


* Includes total market, not just countries listed.
gests, focuses on challenging trade inequalities rooted in mainstream commercial conventions. As their website elaborates:

Equal Exchange’s mission is to build long-term trade partnerships that are economically just and environmentally sound, to foster mutually beneficial relations between farmers and consumers and to demonstrate, through our success, the contribution of worker cooperatives and Fair Trade to a more equitable, democratic, and sustainable world. (Equal Exchange, 2007a)

This mission statement promotes civic ideas of “trade partnership,” “economic justice,” and “environmental sustainability,” and commits to supporting cooperative institutions, as well as values. As a worker cooperative, Equal Exchange is uniquely positioned to bolster the organizational capacity of coffee producer cooperatives and to support democratic relations within, as well as between, supplier and buyer enterprises. Although Equal Exchange uses formal FLO certification to identify its products, it seeks to support personal and place-based affinities beyond the Fair Trade label. Equal Exchange has established a strong Interfaith program that promotes trust via “bridges” connecting producer and consumer “communities” including personal visits and information exchanges. Fostering consumer understanding and trust more broadly, Equal Exchange tells stories about the people and places of production on their promotional materials, packages, and website. Although the qualifications of Equal Exchange coffee are largely presented in social and ecological terms, company promotional materials also highlight the coffee’s taste and their receipt of industry cupping awards (Equal Exchange, 2007a).

The UK company, Cafédirect, is also fully committed to the original Fair Trade values. Founded by solidarity NGOs, this mission-driven company has an explicit development agenda aimed at improving the livelihoods of small-scale coffee producers through direct trade partnerships. Cafédirect’s mission is “to be the leading brand which strengthens the influence, income and security of producer partners in the South, by linking them directly to consumers in developed countries” (Cafédirect, 2007a). Cafédirect, like Equal Exchange, goes beyond the rhetoric of civic values to institutionalize these norms in its business model. Cementing norms of partnership and fairness, Cafédirect grants producer groups stock shares and representation on the company board. Furthering development goals, the company commits over 90% of profits to supporting producer capacity via a Producer Partnership Program facilitated by the NGO Twin Trading (Cafédirect, 2007b). As Cafédirect suggests, “While Fairtrade Labeling Organizations International (FLO) provides the industry standard, Cafédirect strives to surpass it” (Cafédirect, 2007a). Cafédirect seeks to support norms of personal trust and place attachment, communicating with consumers through web-based producer stories and through coffee packaging designed to show their 100% Fair Trade credentials, the circle connecting producers and consumers, and coffee production landscapes. Cafédirect’s logo, “bringing quality to life,” highlights its effort to socially requalify its product, linking coffee bean quality with the quality of life of producers and consumers.

Recently, we have also seen the rise of “quality-driven” firms which sell a large, but not 100%, share of their coffee as certified Fair Trade. Some gourmet coffee companies use Fair Trade certification—along with organic, shade-grown, and other labels—simply to satisfy consumer demand and convey their coffee’s multidimensional profile. What distinguishes quality-driven companies is that they see Fair Trade standards of direct trade, network transparency, and advance payment as ensuring reliable supplies of excellent coffee, particularly within increasingly popular single-origin lines. The United States has the largest quality-driven coffee sector, including a major importer and numerous roasters. Although these enterprises are located in somewhat different segments of the distribution chain, together they act as quality-driven buyers.

Sustainable Harvest, the major United States quality-driven importer, currently handles about 15% of national Fair Trade certified coffee imports (Griswold, 2007). This importer pursues a “relationship model” based on producer “training” to ensure coffee quality, network and price “transparency” to foster loyalty, “traceability” to origins to guarantee authenticity, “trade credit” to promote reliability, and above all “total quality” coffee. Sustainable Harvest is a for-profit company proud of its socially responsible credentials (Sustainable Harvest, 2008). This firm supplies Fair Trade coffee to boutique roasters (e.g., Equator Coffees), mid-sized companies (e.g., Allegro, owned by Whole Foods), and large corporations (e.g., Green Mountain Coffee Roasters). Despite their size and other variations, these roasters share a common commitment to coffee excellence and to utilizing Fair Trade certification as one vehicle for ensuring that excellence. They purchase a substantial (but not 100%) share of their coffee as FLO certified and see Fair Trade norms as generally compatible with their business models. These quality-driven buyers merge Fair Trade’s alternative ideas and practice with mainstream conventions: they espouse alternative norms of trust, partnership, and place attachments (visible in an annual conference of producers and roasters and an emphasis on coffee’s people and place origins), yet are equally committed to commercial and industrial norms of gourmet quality (evident in the focus on coffee cupping and quality scoring).

The largest and fastest growing share of Fair Trade certified coffee is now being sold by “market-driven” firms which appear to have little if any allegiance to Fair Trade’s mission. With its mainstreaming, Fair Trade coffee has entered the minor lines of giant coffee brand corporations, like Starbucks, Procter & Gamble, and Nestlé, and dominant supermarket and box store own-brand lines, like Tesco and Costco. These market-driven companies source their coffee from conventional importers and may themselves be primarily involved in roasting or retailing. While these firms are expected to uphold FLO standards in the sourcing of labeled coffee, they do not support Fair Trade norms in the majority of their sourcing or business arrangements. There is concern that FLO standards, even for certified coffee, may be undermined by these uncommitted buyers. Certainly the rising dominance of market-driven corporations and the heavy reliance on FLO certification to uphold Fair Trade principles raises questions as to whether Fair Trade’s alternative ideas and practices are being maintained.

Starbucks’ reticent agreement in 2000 (under activist pressure) to sell certified coffee represented Fair Trade’s first major step into the mainstream (Macdonald, 2007). Starbucks remains ambivalent about Fair Trade, identifying as the only issue that is “very important” to “external stakeholders,” but less important to the company (Starbucks, 2007, p. 3). The company’s mission—to be the “premier purveyor of the finest coffee”—reflects little affinity with Fair Trade, never mentioning producers or equity concerns. Starbucks imports 8,000 tons of Fair Trade certified coffee, 6% of its total volume with a decrease expected (Starbucks, 2007, pp. 24–25). For Starbucks Fair Trade is a type of coffee, not a business model, and the one certified blend is simply listed in a menu of 39 varieties. In contrast, Starbucks has developed its own standard system—the Coffee and Farmer Equity Practices (Cafe) Program—which reflects company values and covers the majority of its coffee (Starbucks, 2007, p. 21). CAFE practices focus on ensuring the gourmet quality and “traceability” of
coffee via detailed documentation of origins and producer practices. Starbucks’ CAFE standards subordinate social and environmental norms to industrial and market conventions, using traceability as a mechanism for supplier management and control.

The recent move of many of the world’s largest coffee corporations into Fair Trade heightens concerns about token engagement. Although Fair Trade certification only applies to a specific labeled item, companies may be pursuing a “halo” effect, where a nominal commitment to improvements in one area is used to burnish an entire corporation’s image. For example, Nestlé, one of the most infamous and boycotted companies in the world, in 2004 introduced a Fair Trade certified blend. Fair Trade is not a term that appears in Nestlé’s Corporate Business Principles or “Principles of Purchasing” and this certified line represents a miniscule share of the company’s coffee (Nestlé, 2007). Yet most consumers assume that Fair Trade certification of this, and other corporations, involves a positive evaluation of their entire business. Market-driven coffee brands like Nestlé, Procter & Gamble, and Sara Lee appear to be purchasing token amounts of Fair Trade certified coffee to “clean wash” their corporate image and ensure access to a growing market segment without embracing Fair Trade ideas or practices.19

The integration of Fair Trade certified coffee into the own-brand lines of dominant retailers represents the newest wave of mainstreaming. In the United States, Costco has recently converted its own-brand coffee to Fair Trade certified. In the United Kingdom, the largest supermarket chain, Tesco, and most other major chains sell store-brand FLO certified coffee. Although these retailers give shelf space to Fair Trade products, their primary focus is on roasting or retailing, with importing left to conventional traders.20

In sum, mainstreaming has increased the range of enterprises involved in Fair Trade coffee distribution, with buyer engagement ranging from what I term “mission-driven” to “market-driven,” with “quality-driven” buyers falling between these two poles. Although buyers are understood as falling on a continuum, to facilitate an understanding of major differences, Table 3 outlines buyer types based on their ideological and material Fair Trade commitment. Mission-driven buyers are distinguished by their Fair Trade values of partnership, personal and place attachments, and civic responsibility, their 100% Fair Trade sales, and their direct purchasing. Roasters incorporate Fair Trade into their business models (and are thus all Fair Trade organizations) though most depart from the ATO direct sales model and utilize FLO certifications. My analysis finds a growing sector of “quality-driven” buyers that embrace Fair Trade norms of trade partnership, long-term purchasing, and transparency since they help ensure reliable supplies of gourmet coffee, yet use certification to codify and delimit their ethical commitments. Roasting and importing are typically done by different firms which handle a significant but not exclusive amount of Fair Trade coffee and reflect some affinity with Fair Trade in their socially responsible business models. Propelling the mainstreaming of Fair Trade is the increasing entry of “market-driven” buyers that limit their material and discursive engagement to public relations defined minimums. These companies reinterpret Fair Trade’s alternative norms and practices of “partnership” in light of commercial and industrial goals of “traceability,” using certification as a tool for supply chain management. Major market-driven buyers are all brand-name corporations which focus primarily on roasting or retailing, with importing left to conventional traders.

5. MAINSTREAMING PRODUCERS: UNDERMINING COOPERATIVE PARTNERSHIPS

Over the past decade, Fair Trade production has grown dramatically throughout the global South. This growth has been fueled by world market conditions favoring new differentiated products and by local social and ecological movements (Wilkinson & Mascarenhas, 2007). Although non-certified Fair Trade coffee production is relatively limited, 228 coffee producer groups are now involved in FLO networks (FLO, 2007). As noted in Table 4, Mexico and Peru are the leading Fair Trade certified coffee producers. Mexico has 39 FLO registered cooperatives, representing about 25,000 members, which export 5,914 tons of certified coffee annually. Peru has 25 associations, representing about 34,000 producers, exporting 10,982 tons of Fair Trade certified coffee a year, roughly 26% of the world’s total (FLO, 2007).

My research with FLO affiliated coffee cooperatives in Mexico (with Campesinos Ecológicos de la Sierra Madre de Chiaapas and the Union de Ejidos San Fernando) and Peru (with La

<table>
<thead>
<tr>
<th>Buyer engagement in fair trade</th>
<th>Roaster business model</th>
<th>Products</th>
<th>Trade relations</th>
<th>Trade norms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission-driven</td>
<td>Fair Trade organizations</td>
<td>100% Fair Trade</td>
<td>Direct purchases from producers</td>
<td>Partnership</td>
</tr>
<tr>
<td>Quality-driven</td>
<td>Socially responsible companies</td>
<td>Significant share Fair Trade</td>
<td>Purchases from alternative traders</td>
<td></td>
</tr>
<tr>
<td>Market-driven</td>
<td>Conventional corporations</td>
<td>Minimal share Fair Trade</td>
<td>Purchases from conventional traders</td>
<td>Traceability</td>
</tr>
</tbody>
</table>

Source: Author’s research.

Table 4. Certified fair trade coffee export growth in major producer countries (metric tons green)

<table>
<thead>
<tr>
<th>Country</th>
<th>1997</th>
<th>2001</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peru</td>
<td>1,538</td>
<td>3,227</td>
<td>10,982</td>
</tr>
<tr>
<td>Mexico</td>
<td>3,325</td>
<td>4,585</td>
<td>5,914</td>
</tr>
<tr>
<td>Colombia</td>
<td>1,333</td>
<td>1,528</td>
<td>3,379</td>
</tr>
<tr>
<td>Guatemala</td>
<td>1,759</td>
<td>1,868</td>
<td>3,350</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>0</td>
<td>0</td>
<td>3,324</td>
</tr>
<tr>
<td>Total</td>
<td>13,114</td>
<td>16,983</td>
<td>42,240</td>
</tr>
</tbody>
</table>


a Includes total exports, not just countries listed.
Central Puurana de Cafetaleros and La Asociacion Provincial de Cafetaleros Solidaridos San Ignacio) illuminates buyer/supplier relations from the perspective of producers. These cooperatives embody many of the key variations among Fair Trade coffee suppliers, ranging in age from 8 to 24 years, in size from 300 to 6,000 members, and in annual export volumes from 300 to 1,900 tons. All four associations sell as much of their export coffee in Fair Trade markets as possible to secure network benefits. Given their high quality coffee and current market demand, these groups are able to sell most of their exports in certified Fair Trade markets. Since each association currently sells Fair Trade coffee to three to six buyers and has prior experience with other buyers, officials are able to point to major differences in the nature of network relations.

Producer groups often contrast what they call “good” buyers with “regular” buyers or “social” with “commercial” buyers, based on distinctions in material and non-material relations. Association leaders tend to refer to what I characterize as “mission-driven” and “quality-driven” buyers together as “good” or “social” buyers (including Equal Exchange, Café Direct, Cooperative Coffees, Sustainable Harvest, and others). What they call “regular” or “commercial” buyers are what I classify as “market-driven” buyers: mainstream coffee traders—including Volcán and ECOM-Coffee (two of the world’s largest importer/exporters)—who sell to Starbucks, Nestlé, Tesco, and numerous other corporations. The dichotomous buyer classification used by producer groups reinforces my assertion that a sharp divide exists between mission-driven and market-driven buyers and that quality-driven buyers appear to behave more like the former than the latter group.

Producer associations identify FLO stipulated price floors as the major non-variable benefit of selling in Fair Trade markets. Since FLO audits payment documents, all buyers of Fair Trade certified coffee pay the required minimum price, including the US$0.10 social premium for coffee improvement projects (like training in coffee quality, organic certification, and storage facilities) and social programs (like scholarships, medical funds, and diversification projects). In recent years, many mission-driven and quality-driven buyers have paid more than the FLO floor price to help offset rising production costs and the shrinking Fair Trade advantage in periods of high world market prices. Although these higher prices reflect buyers’ civic commitments, they are in most cases linked to rising coffee bean quality expectations, with some associations distinguishing a new category of gourmet/Fair Trade/organic coffee. Despite the ratcheting up of quality requirements, producer groups concur that this coffee category is their most profitable and are anxious to increase sales volumes. Large market-driven buyers pay FLO prices for certified coffee, but rarely more, and sometimes pressure cooperatives to accept less favorable contracts or to match higher priced Fair Trade/organic contracts with lower priced Fair Trade/non-organic sales.

Producer association leaders report clear variations in the second key benefit they see in selling to Fair Trade markets: the pre-financing which underwrites member production credit and coffee payments upon delivery. FLO standards require that buyers pre-finance up to 60% of the coffee contract price on request. Although this pre-financing is central to the Fair Trade model, it is not always forthcoming. According to producer organizations, mission-driven and quality-driven importers/roasters always provide pre-financing. These buyers have well established relations with socially oriented banks like Root Capital and Oikocredit and ensure cooperatives’ credit access. In contrast, market-driven buyers often leave credit arrangements to producer associations and may refuse to buy from cooperatives that request financing, arguing that they are in the business of buying coffee, not loaning money. By avoiding credit obligations, market-driven buyers undermine a key facet of the trade “partnership,” molding their relations with Fair Trade suppliers to match their conventional sourcing relations.

There are sharp differences among buyers also in their responses to the third key facet of the Fair Trade arrangement: that buyer/supplier relations be stable and long-term. Market-driven buyers sign one-year contracts as required by FLO, but do no more to stabilize purchases. According to cooperative leaders they never know if contracts with mainstream buyers like Volcán and ECOM-Coffee will be renewed, since these distributors often shift Fair Trade suppliers (like other suppliers) to cut costs or access high-demand coffee varieties. In sharp contrast, mission-driven buyers establish market ties with producer groups that last for years, often decades, and rarely drop a supplier. As one cooperative leader notes, these buyers “understand that maintaining long-term relations implies seeing us through years when our coffee quality is restricted, when our association itself has troubles... they help us recuperate.” Although quality-driven buyers pursue multiyear purchasing and will accommodate short-term quality and volume declines, this official suggests that they “will not accept coffee that is not gourmet and have less patience if problems persist.” According to Sustainable Harvest and its gourmet clients, trade ties based on coffee excellence are stable and self-reinforcing, since buyers want to maintain supplies of high-grade coffee and suppliers want to ensure access to high-priced coffee markets. But if coffee excellence unravels due to what is seen as cooperative neglect, the trade commitment of quality-buyers also unravels.

It is in discussions about the nature of the Fair Trade “partnership” that producer associations point out the sharpest contrasts among buyers and their commitment to alternative Fair Trade versus mainstream commercial conventions. As a cooperative manager explains, “Principles and markets are both important, but they need to be balanced. There are some that are overly focused on market opportunities and perhaps lose sight of Fair Trade’s key principles.” Association leaders attest that they have no partnership with mainstream roasters like Nestlé or Starbucks or traders like Volcán and ECOM-Coffee: these are “regular” “commercial” market transactions that involve advantageous FLO prices. Market-driven buyers follow common business practices in their dealings with producer associations, withholding market information, competing with other buyers, and fueling competition between suppliers. Cooperative leaders suggest that while the specific facets of their relations with mission-driven and quality-driven buyers vary, they involve “more than a market.” These Fair Trade buyers are credited with providing access to market information, introductions to other buyers, opportunities for producer interaction, and links to technical and development organizations which strengthen producer groups and their market opportunities. Encapsulating this difference, cooperative leaders suggest that while the value of mainstream sales can be assessed by their volumes, the benefits of selling to more committed Fair Trade buyers can be far larger. In the words of a cooperative leader, “some buy only a small amount, but their assistance is much greater...they are true partners. They help with training, with improving quality, with market channels.”

Producer groups see shared values as undergirding the Fair Trade partnership. FLO standards require that producer associations be democratic, but democratic norms and practices are hard to maintain within conventional buyer/supplier
relations. Market-driven Fair Trade buyers like Volcafé and ECOM-Coffee follow mainstream business practices in insisting on dealing with professional cooperative managers, centralizing power and undermining the position of elected officials. Association leaders suggest that quality-driven buyers are better to work with because they “respect” their cooperative organizations and understand that they work in their own way. What most enhances the democratic basis of coffee associations is when there is a synergy between supplier and buyer organizational models, as there is when producer cooperatives sell to mission-driven buyers who are organized as cooperatives (as are Equal Exchange and Cooperative Coffees) or as producer shareholder enterprises (as is Cafédirect). Producer cooperative members suggest that working with these buyers reinforces their own democratic ideas and efforts to maintain participatory decision making and leadership structures.

Transparency, another key Fair Trade value incorporated into FLO producer standards, is similarly difficult for coffee associations to foster unless it is maintained throughout buyer networks. Market-driven companies like Starbucks are often criticized for their secrecy in product assessments, since it undermines cooperative efforts to create transparent price and quality specifications for their members. In contrast, transparency is central to trade relations with mission-driven and quality-driven buyers. Mission-driven enterprises foster transparency in a range of organizational practices as part of their commitments to trade equity and relations of trust. Buyers like Equal Exchange, Cafédirect, and Cooperative Coffees share information on their product price criteria as well as on their market margins and profit distribution. Transparency is pursued more narrowly by quality-driven enterprises, but these buyers clearly articulate their coffee quality and price specifications to help suppliers meet their demands. Fostering this transparency, Sustainable Harvest, for example, brings gourmet clients and producer representatives together for coffee cuppings, to generate common product evaluations, and for market analyzes, to clarify the ties between prices and cupping scores, Fair Trade and organic certifications, and other coffee attributes.

In sum, from the perspective of producer cooperatives, mission-driven and quality-driven buyers appear to forge somewhat variable but significant Fair Trade partnerships. Mission-driven buyers are seen by producer groups as adhering most closely to Fair Trade principles, espousing norms of “equality” and “transparency” in their internal operations as well as their supplier relations and going far beyond FLO requirements in their price, credit, and long-term buying practices. These buyers support alternative norms based on social and ecological welfare, trust, and place-based commitments, although their supplier relations are not immune from commercial pressures particularly related to rising gourmet coffee requirements. Quality-driven buyers uphold many mission-driven enterprise practices, especially relating to pricing, pre-financing, and transparency, but have a more utilitarian approach to producers which is based on ensuring supplies of excellent coffee. Resulting buyer/supplier partnerships incorporate alternative conventions, yet are strongly influenced in their longevity and depth by mainstream commercial concerns.

In sharp contrast, producer groups report that there is no partnership between themselves and market-driven buyers. Large commercial traders are critiqued for avoiding key FLO obligations, particularly pre-financing, and for undermining key Fair Trade principles, like “equality” and “transparency.” Highlighting the anonymity of these markets and the one-way nature of the traceability promoted by market-driven companies, producer groups typically do not know the end buyers of the Fair Trade coffee sold to corporate traders. Association leaders generally distrust the global coffee brand corporations that have recently entered Fair Trade, suggesting that they are using certification to deflect attention from long held exploitative practices. Starbucks, for example, is accused of destabilizing cooperatives and using traceability requirements to undermine producer independence as part of a “neo-colonial” strategy (Mariscal, 2004). Nestlé is similarly criticized for engaging in token purchases, competing with committed buyers, and pursuing exploitative business practices in Fair Trade (Renard & Pérez-Grovás, 2007). As one cooperative leader suggests “Nestlé is not to be trusted. They say they will buy Fair Trade coffee, but they will exploit the farmer, they always do.” While market-driven buyers may technically be in compliance with FLO requirements, supplier relations are guided by mainstream market forces, not by trust or civic commitments.

6. CONCLUSIONS

This study illuminates the impacts of the ongoing process of mainstreaming on Fair Trade commodity networks and what was once a rather unique partnership between dedicated importers and producer groups. Initially promoted by alternative trade organizations firmly committed to the movement’s progressive values, Fair Trade’s rising popularity has encouraged the entry of new enterprises into key commodity areas like coffee. Echoing concerns that Fair Trade mainstreaming may bolster market shares while undermining movement principles (Low & Davenport, 2005; Moore, Gibbon, & Slack, 2006; Raynolds, Murray, & Wilkinson, 2007), my findings suggest that some coffee buyers are using Fair Trade labels largely as a vehicle to capture markets and certification largely as a mechanism to enhance traceability. Yet challenging more deterministic readings of mainstreaming, this research (1) identifies significant variations among Fair Trade buyers based on their mix of market and movement priorities and (2) reveals the contested nature of buyer/supplier relations in Fair Trade networks from the perspective of both importers/roasters and producer cooperatives.

The article demonstrates the utility of a commodity network approach in unraveling the divergent and multifaceted dimensions of global trade relations. My findings support the commodity chain argument that world markets are governed in significant ways by major buyers (Gereffi, 1994), which in the case of Fair Trade coffee includes both brand-name roasters and retailers (Ponte, 2002). Expanding this tradition’s focus on structural relations and lead firms, the network approach developed here highlights Fair Trade’s discursive as well as structural dimensions and the role of NGOs and certification systems in shaping trade relations. Following the more social constructionist approach advanced in convention studies (Boltanski & Thévenot, 1991), I illuminate the norms and reflexive practices as well as institutions which justify and uphold Fair Trade. My findings confirm the importance of new qualifications, advanced in Fair Trade via informal NGO efforts and formal product certification, in shaping firm relations and consumer attachment to particular products (Callon et al., 2002).

Within the Fair Trade coffee sector, mission-driven buyers promote alternative conventions based on social, ecological, and place-based commitments. These enterprises often use certification to position products, but sell only Fair Trade goods and engage progressive values in their internal business models.
and direct trade with producers. Mission-driven buyers reflexively pursue equality, transparency, and respect in their material as well as narrative practices. Producers groups confirm that these buyers forge important partnerships based on shared values, organizational commonalities, and multifaceted ties. While this pattern of buyer/supplier coordination may be characterized as “relational” in nature (Gereffi et al., 2005), mission-driven buyers are not immune from market pressures and clearly exert their power over suppliers in ratcheting up coffee quality expectations.

The growth of gourmet coffee sales and increasing popularity of sustainability labels has fueled the rise of a new segment of quality-driven Fair Trade buyers. These buyers embrace Fair Trade norms of transparency, stable purchasing, prefinancing, and pricing in so far as they foster reliable supplies of excellent coffee. While they espouse progressive social and ecological values, these buyers promote coffee qualification systems founded largely on gourmet specifications and market pricing. Producer groups suggest that quality-driven buyers can create new types of partnerships via collaborative engagements in improving bean quality, capturing gourmet flavors, protecting coffee origins, and bolstering markets. Although gourmet standards may be used by buyers to dictate supply conditions and dominate producers, if quality improvements increase producers’ ability to define their coffee quality and position it in global markets—as for example via regional appellation systems—supplier autonomy and power could be enhanced, promoting “modular” forms of buyer/supplier coordination (Gereffi et al., 2005).

Fair Trade’s sharpest challenge comes from the entry of market-driven buyers who vigorously pursue mainstream business norms and practices. Dominant coffee brand corporations limit their Fair Trade engagement to public relations defined minimums, using the FLO label to position themselves and their products within the market. These corporations purchase certified coffee through conventional channels which may meet FLO audited standards and thus benefit producers via higher prices, yet still promote price competition, supplier manipulation, and product regulation. Market-driven buyers appear to offset the control they lose by agreeing to third-party certification by increasing their market power and regulatory control over suppliers, transforming Fair Trade from a mechanism of partnership to one of traceability. In this context, certification may permit loose market ties to be associated with buyer domination (Muradian & Pelupessy, 2005; Ponte & Gibbon, 2005), creating “captive” buyer/supplier relations (Gereffi et al., 2005).

This study contributes to the recent theoretical debates regarding governance in global networks by demonstrating how we can integrate an understanding of (1) macro-level patterns of buyer-driven global trade relations and more micro-level concerns regarding the nature of specific buyer/supplier coordination and (2) the structural features of commodity networks and the actions and norms which uphold or undermine these relations. Gibbon et al. (2008) argue that governance can be conceptualized as either “driving,” “coordinating,” or “normalizing” relations within “global value chains” and that these views are largely incompatible. I propose that these three analytical vantage points can and should be combined to deepen our understanding of network governance. As demonstrated in this analysis, processes of mainstreaming and buyer power shape the context for varied and shifting forms of buyer/supplier relations and how firms and NGOs materially and discursively create, maintain, and potentially challenge network relations, thus merging driving, coordinating, and normalizing forms of governance. From a policy perspective, my findings suggest that Fair Trade buyer/supplier relations are open to negotiation and that contestations over the qualifications of Fair Trade coffee provide important openings for alternative enterprises and relations particularly where new qualities resonate with consumers and can be controlled by producers.

NOTES

1. Interviews took place at seven Fair Trade and coffee conferences in North America, Latin America, and Europe as well as phone calls and email exchanges during 2000–07.

2. This research took place during June–September 2007.

3. There are four major approaches to commodity studies: commodity systems analysis emphasizes national labor organization and relations; commodity chain analysis emphasizes world-wide temporal and spatial relations; filiere analysis emphasizes national political regulation and institutions; and value chain analysis emphasizes business organization and profitability (see Raikes et al., 2000; Raynolds, 2002).

4. The term value chain derives from the industrial relations and business literatures (see Footnote 3).

5. Gereffi et al. (2001) pioneered work on certifications and their noncorporate bases.


7. For more on convention theory see Ponte and Gibbon (2005), Raikes et al. (2000), and Wilkinson (1997).

8. The FINE alliance includes FLO, IFAT, NEWS!, and EFTA and is known by its acronym.

9. As one reviewer rightly notes, critics often argue that FLO standards are subjective and not measurable.

10. The gourmet coffee sector is less well developed in Europe, but some UK companies like Taylors of Harrogate and Union Roasters appear to represent a similar quality-driven Fair Trade coffee segment.

11. While I do not want to downplay the fact that in this case there is a two-stage buying process (roasters buy from importers who in turn buy from producers), to the extent to which roasters and importers pursue the same goals they can be analyzed together as quality-driven buyers.

12. The relationship coffee model is founded on these five Ts: training, transparency, traceability, trade credit, and total quality (Sustainable Harvest, ND).
13. Green Mountain Coffee Roasters (GMCR), the second largest US vender of Fair Trade coffee, has 28% of its coffee Fair Trade certified (Peyser, 2007).

14. The Specialty Coffee Association of America has established a system for evaluating “cupping quality” based on the coffee’s fragrance, aroma, taste, nose, after taste, and body (SCAA, 2007).

15. Although these companies are not involved in importing, their market-driven character appears to characterize both tiers of buyer relations.

16. Starbucks has an environmental mission and social responsibility report.

17. Starbucks reports that Fair Trade sales are likely to fall because it will start pegging sales to “customer demand” (Starbucks, 2007, p. 25), demand which is dampened by the company’s failure to visibly display or regularly serve Fair Trade coffee.

18. CAFE prerequisites relate to coffee quality and economic accountability. It has no social or environmental requirements, but rewards producers for particular practices in these areas (Starbucks, 2007).

19. These corporations are also involved in promoting alternative, less stringent, social and environmental standard systems like Utz and RainForest Alliance certification (Raynolds et al., 2007).

20. UK supermarkets differ in their Fair Trade commitment, with the Co-operative standing out for its less market-driven engagement (Barrientos & Smith, 2007; Moore, Gibbon, & Slack, 2006).

21. Until recently (and still for new groups or those with low elevation or non-organic coffee) cooperatives were able to sell less than half their exports in high-priced Fair Trade markets (Raynolds, Murray, & Taylor, 2004).

22. The cooperative leaders interviewed often discussed practices of particular buyers. So as not to harm buyer/supplier relations, I avoid using company names unless similar comments have already been published.

23. While producers note some distinctions in their relations with quality-driven buyers, they may be reluctant to distinguish this buyer category in a negative way from mission-driven buyers since both are seen as far better than market-driven buyers and they would not want to jeopardize exports.

24. The FLO price guarantee has been critical in shoring up coffee farmer income over much of the past two decades since the world market price has been far lower than the FLO minimum. Yet world coffee prices have recently risen, shrinking the Fair Trade price advantage.

25. The issue is not fraud. Importers are guaranteeing access to less expensive coffee. But since the coffee is typically organic, cooperatives are paying high certification costs and receiving no sales premium.

26. Sustainable Harvest organizes bank meetings and invites officials to attend their annual conference with producer representatives.

27. Some well established cooperatives are able to negotiate with socially oriented banks directly. Others use their corporate contracts as collateral and borrow from local banks at much higher interest rates.

28. When Mexican producers were hit by a hurricane, quality-driven buyers (like Sustainable Harvest) as well as mission-driven buyers (like Cooperative Coffees, Equal Exchange, and Cafédirect) helped them recuperate and maintained their purchases.

29. See Mariscal (2004) and Renard and Pérez-Grovas (2007) for accounts of these practices.

REFERENCES


